

**South Orangetown Central School District  
Report on Capital Projects and Facilities Maintenance Update  
For the Period Ended February 28, 2025**

## **TABLE OF CONTENTS**

Executive Summary	1
Overview, Procedures Performed, Observations, and Recommendations	2 – 6
Status of Prior Year Observations – Facilities Maintenance	6 – 8
Corrective Action Plan	8

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We have been engaged by the Board of Education (the “Board”) to provide internal audit services to South Orangetown Central School District (the “District”) with respect to the internal controls related to capital projects for the period July 1, 2024 through February 28, 2025, as well as to provide an update on the status of implementation of recommendations regarding internal controls related to facilities maintenance.

The objectives of the engagement were to evaluate the efficiency, effectiveness, and compliance of the District’s internal controls related to capital projects and facilities maintenance with relevant policies, procedures, and regulatory requirements, where applicable.

Our procedures were not designed to express an opinion on internal controls related to capital projects and facilities maintenance, and as such, we do not express such an opinion. Our audit of the District's capital projects and facilities maintenance procedures identified areas of strength as well as opportunities for improvement. By implementing the recommended improvements, the District can further enhance the efficiency and effectiveness of its capital projects and facilities maintenance procedures. The results of our procedures are presented on the following pages.

This report is intended solely for the information and use of the Board, the Audit Committee, and management of the District and is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the courtesy and assistance extended to us by personnel of the District.

We are available to discuss this report with the Board or others within the District at your convenience.

Our observations and recommendations are directed at the improvement of the system of internal controls and should not be considered a criticism of, or reflection on, any employee of the District.

Very truly yours,

R.S. Abrams & Co., LLP  
May 8, 2025

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**SOUTH ORANGETOWN CENTRAL SCHOOL DISTRICT**  
**Report on Capital Projects and Facilities Maintenance Update**  
**For the Period July 1, 2024 – February 28, 2025**

**OVERVIEW, PROCEDURES PERFORMED, OBSERVATIONS, AND**  
**RECOMMENDATIONS**

**AREA: CAPITAL PROJECTS POLICIES**

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Overview: School districts are legally required to establish and implement capital project policies to ensure proper planning, funding, and oversight of infrastructure improvements. Capital projects include construction, renovation, and maintenance of school properties to provide safe and effective learning environments. Policies also ensure compliance with New York State Education Department (NYSED) regulations, health and safety standards, and financial oversight requirements, including voter-approved budgets and state-aid funding provisions.

Relevant Board Policies Examined:

- Policy #6691, *Capital Asset Accounting*
- Policy #6742, *Change in Scope of Work on Capital Construction Projects*
- Policy #7000, *Facilities Development Goals*
- Policy #7100, *Facilities Planning*
- Policy #7365, *Construction Safety*

Procedures Performed:

- Conducted interviews with key District personnel to assess internal controls and oversight of capital projects.
- Verified published Board policies reference Board approval for capital projects, construction safety, roles and responsibilities for the Board, Superintendent, and management.
- Verified published Board policies mandate a five-year capital facilities plan and annual reevaluations of facility plans and whether the District has adopted the plans.
- Verified Board policies require thresholds for Board approval for change orders.
- Verified Board policies are established to require public notification of construction projects and address safety standards and inspections.

Observation: Policy #7100, *Facilities Planning*, requires the District to develop a five-year capital facilities plan that is updated annually. Per our inquiries with the District, we noted the District currently uses the building condition surveys, which are performed every five years, to evaluate facility needs, but does not have a five-year capital facilities plan as required per its policy.

Recommendation: We recommend the District utilize the building condition surveys to develop a written five-year capital facilities plan as required by Policy #7100, *Facilities Planning*. We recommend this plan be reevaluated annually as per District policy.

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**SOUTH ORANGETOWN CENTRAL SCHOOL DISTRICT**  
**Report on Capital Projects and Facilities Maintenance Update**  
**For the Period July 1, 2024 – February 28, 2025**

**AREA: BUDGETING AND FUNDING**

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Overview: Capital projects are funded through a combination of bond proceeds, state aid, capital reserves, budgetary appropriations, and grants, with all funding sources thoroughly documented and approved before project initiation.

The budgeting process begins with the Board’s approval of capital project plans, followed by submission to NYSED’s Office of Facilities Planning for review and approval. Once approved, the Office of State Aid compiles project financing details and estimated construction costs, ensuring that all funding aligns with approved financial plans.

Any budget modifications or change orders undergo a structured approval process, requiring the Assistant Superintendent for Business and Operations and Facilities Planning Team review, with Board of Education approval for changes exceeding \$25,000.

Procedures Performed:

- Reviewed the District’s policies and procedures regarding budgeting and funding of capital projects.
- Verified that all capital project budgets are formally approved by the Board and, where applicable, by school district voters.
- Examined the funding sources for capital projects, including bond proceeds, state aid, capital reserves, budgetary appropriations, and grants to confirm they are adequately documented and properly allocated.
- Compared budgeted to actual expenditures incurred to date for capital projects, assessing any significant overages or change orders and reviewing corrective actions taken, if applicable.
- Compared budgeted to actual expenditures incurred to date to assess the percentage of completion of each significant capital project relative to the total budget for each respective project and discussed with management to determine if the project will be completed as planned.

The table below summarizes the total budgeted amount per the appropriation status report for each active project, expected completion date as per the District’s architect, total expenditures incurred to date per the appropriate status report for each active project, and the percentage of total budgeted amount expended to date for each respective active project. The results indicate that most projects are progressing towards their anticipated completion dates or completed as noted below. Final cost reports have not yet been submitted for the projects below, as final payments and retainage releases are still pending for the respective projects.

**SOUTH ORANGETOWN CENTRAL SCHOOL DISTRICT  
Report on Capital Projects and Facilities Maintenance Update  
For the Period July 1, 2024 – February 28, 2025**

Project Name	Expected Completion Date	Total Budget	Total Expenditures to Date	Estimated Percentage of Budget Expended to Date
CLE Sound & Lockdown	12/23/2024	\$ 389,841	\$ 326,678	84%
WOS Sound & Lockdown	12/23/2024	\$ 448,729	\$ 389,443	87%
SOMS Nurse’s Suite	10/30/2024	\$ 665,763	\$ 585,212	88%
Capital Bond Project Phase 1	12/23/2024	\$ 344,335	\$ 322,521	94%
Capital Bond Project Phase 1	8/29/2024	\$ 379,799	\$ 349,732	92%
Capital Bond Project Phase 1	8/23/2025	\$ 8,500,629	\$ 5,703,570	67%
Capital Bond Project Phase 1	12/23/2024	\$ 313,005	\$ 274,770	88%
Capital Bond Project Phase 1	8/23/2025	\$ 7,875,647	\$ 5,573,777	71%
Capital Bond Project Phase 1	12/23/2024	\$ 356,587	\$ 333,110	93%
Classrooms WOS	12/23/2024	\$ 271,550	\$ 254,341	94%

Observation: No exceptions noted.

Recommendation: No recommendations noted.

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**AREA: PROCUREMENT AND VENDOR MANAGEMENT**

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Overview: All contractors and vendors undergo a formal bidding process or a request for proposal, and their qualifications, insurance, and references are reviewed before awarding contracts. Invoices are reviewed and approved by the construction manager, architect, and District officials, with payments issued only after verifying that the work has been completed as per contract terms.

Procedures Performed:

- Interviewed key District personnel to obtain an understanding of the procurement process specific to capital projects.
- Sampled fifteen (15) expenditures from the capital projects fund from July 1, 2024 to January 31, 2025 to verify:
  - Contractors were selected through a formal bidding process, state contract, or cooperative bid, as applicable.
  - Reference checks, insurance, and other qualifications were obtained prior to awarding the contract.
  - All vendor invoices were reviewed and approved before payment.

Testing Results:

- 11 out of 15 (73%) contractors tested were awarded through a formal bidding process.
- 4 out of 15 (27%) contractors tested were awarded through a state contract or cooperative bid.

**SOUTH ORANGETOWN CENTRAL SCHOOL DISTRICT**  
**Report on Capital Projects and Facilities Maintenance Update**  
**For the Period July 1, 2024 – February 28, 2025**

- 15 out of 15 (100%) expenditures contained proper reference checks and all invoices were approved prior to payment.

Observation: No exceptions noted.

Recommendation: No recommendations noted.

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**AREA: PROJECT MANAGEMENT AND EXECUTION**

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Overview: Capital project oversight is managed by the Assistant Superintendent for Business and Operations in collaboration with the Director of Facilities, the Architect, and the Construction Manager. Regular bi-weekly and monthly job meetings provide ongoing project oversight, ensuring transparency and timely decision-making.

Throughout the course of a project, daily audits by the construction manager track progress, enforce safety protocols, and verify contractor performance. Regular site inspections assess worksite safety, structural integrity, and environmental compliance, including specialized testing for asbestos remediation and air quality when necessary.

Change orders follow a formal approval process, requiring the Assistant Superintendent for Business and Operations and the Facilities Planning Team Review, with Board approval for significant modifications as per District policy #6742, *Change in Scope of Work on Capital Construction Projects*.

Procedures Performed:

- Verified documentation exists for bi-weekly job meetings held with the Assistant Superintendent for Business and Operations, Director of Facilities, Architect, and Construction Manager.
- Verified project milestones are tracked through daily audits and regular status meetings with the Construction Manager.
- Compared planned vs. actual project completion dates and obtained explanations for projects with significant delays, if any.
- Confirmed documentation exists for regular site inspections conducted for safety, structural work, and environmental compliance.
- Verified contractor work quality is assessed for ongoing projects.
- Sampled 10 (100% of the population for active projects) change orders to verify proper approvals were obtained in accordance with District policy.

Observation: No exceptions noted.

Recommendation: No recommendations noted.

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**SOUTH ORANGETOWN CENTRAL SCHOOL DISTRICT**  
**Report on Capital Projects and Facilities Maintenance Update**  
**For the Period July 1, 2024 – February 28, 2025**

**AREA: REPORTING**

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Overview: Projects are prioritized based on the Building Conditions Survey, which evaluates urgency, need, and safety concerns. Once approved, projects follow a structured NYSED approval process, including the submission of a Letter of Intent, the appointment of a NYSED project manager, and the acquisition of required permits before work begins.

At project closeout, the Architect issues a Certification of Substantial Completion, confirming that all contractual obligations, warranties, and final inspections have been met.

Procedures Performed:

- Verified the District submitted a Letter of Intent and was acknowledged by NYSED prior to bidding.
- Verified all required NYSED approvals and permits were obtained before construction began.
- Verified SA-139 and SA-4 forms were submitted and approved for funding approval, if applicable.
- Verified Certification of Substantial Completion was completed for completed capital projects and submitted to NYSED timely.

Observation: No exceptions noted.

Recommendation: No recommendations noted.

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**STATUS OF PRIOR YEAR OBSERVATIONS – FACILITIES MAINTENANCE**

**Area: Preventative Maintenance**

Observation: Policy #7100, *Facilities Planning*, states the District will develop a comprehensive five-year capital facilities plan. Per the aforementioned policy, the District is required to update the plan annually. The District utilized building surveys to determine the needs of its facilities, but did not develop a comprehensive five-year capital facilities plan as per its policy.

Status: *Not Implemented.*

Observation: Work orders can only be generated by authorized individuals and not all employees within the facilities department or employees outside of the facilities department. The work order within the ML work order system (the “system” or the “work order system”) can only be updated by these authorized individuals. There was no mechanism within the system by which employees outside of the facilities department can make requests or create a work order for tasks.

**SOUTH ORANGETOWN CENTRAL SCHOOL DISTRICT**  
**Report on Capital Projects and Facilities Maintenance Update**  
**For the Period July 1, 2024 – February 28, 2025**

Status: *Implemented.* The District has provided all staff at the District with access to request a work order.

Observation: Documentation surrounding completed work orders was not maintained in the system such that oversight and approval can be provided by and clearly documented by the respective supervisors in the facilities department and reviewed by individuals outside of the facilities department.

Status: *Implemented.* Significant improvements have been made to the internal documentation within the work order system since our initial review, including the name(s) of individual(s) assigned to work order tasks, hours taken to complete the respective task along with the respective hourly rate(s) of the individual(s) assigned to the task, and a focus on properly assigning priority levels to work orders as they are reviewed and assigned by the head custodians at each building and/or the Director of Facilities. While these improvements are recognized, there are still opportunities for further refinement that the District is working towards, including utilizing the functionalities of the system to include supporting documentation and information within the work order tasks for invoices relating to materials and supplies purchased, before/after images evidencing the completion of the tasks, and service reports to document procedures performed on a consistent basis.

Observation: We noted the District did not have procedures in place to document status updates/reasons for delays on work orders that have been outstanding for an extended period. During our review of the work order system in the prior year, we identified multiple work orders labeled as high priority that were outstanding for over 90 days.

Status: *Implemented.* Significant improvements have been made to the internal documentation within the work order system since our initial review, including a focus on properly assigning priority levels to work orders as they are reviewed and assigned by the head custodians at each building and/or the Director of Facilities. As a result, appropriate attention is given to higher priority tasks. While these improvements are recognized, there are still opportunities for further refinement that the District is working towards, including documentation for any work orders that are not completed in a timely fashion to explain why delays might be occurring. We recommend that the District consider establishing escalation procedures for work orders that remain open beyond a reasonable timeframe based on its respective priority level (for example, automatic alerts after 14-30 days).

Updated Control Risk: Low (L)

**Area: Safety Inspections and Compliance**

Observation: The District did not retain documentation for the following:

- Regular scheduling and completion of internal safety inspections.
- Identification and documentation of safety hazards.
- Documentation surrounding resolution of the identified hazards.

Status: *Implemented.* Significant improvements have been made to the internal documentation within the work order system since our initial review, including adding regularly scheduled preventative maintenance tasks to the work order system as well as internal safety inspections. While these improvements are recognized, there are still opportunities for further refinement that the District is

**SOUTH ORANGETOWN CENTRAL SCHOOL DISTRICT**  
**Report on Capital Projects and Facilities Maintenance Update**  
**For the Period July 1, 2024 – February 28, 2025**

working towards, including documentation of the results of the inspections to confirm that there were no safety hazards identified.

Updated Control Risk: Low (L)

**Area: Training and Skills Development**

Observation: We noted the District did not have a comprehensive training program in place for employees within the buildings and grounds department. We noted the District did not provide onboarding training for new hires, did not provide formal training on how to use the work order system, and did not have a clear employee development process in order to ensure the continued training of its facilities employees.

Status: Implemented. The District requires all buildings and grounds staff to complete a series of Global Compliance Network (GCN). The District maintains a listing by employee to track their completion of these required trainings. Additionally, the District provided formal training to the building and grounds department staff on how to use the work order system.

Updated Control Risk: Low (L)

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**CORRECTIVE ACTION PLAN**

The District is required to prepare a corrective action plan in response to any observations contained in the internal reports. As per Commissioner's Regulations §170.12, a corrective action plan, which has been approved by the Board, should be submitted to the State Education Department within 90 days of the receipt of a final internal report.

The approved corrective action plan and a copy of the respective internal report should be submitted using the NYSED Business Portal.