



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, NY 12234

New York State Education Department
Office of Audit Services
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Albany, New York 12234
518 473-4516

February 19, 2026

Mark Laurrie
Superintendent
Niagara Falls City School District
630-66th Street
Niagara Falls, NY 14304

Dear Mr. Laurrie:

Enclosed is the final audit report (ESF-0923-02) corresponding to our audit of Niagara Falls City School District. The objective of this audit was to determine if Education Stabilization Funds (ESF) received under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA) Act were spent in accordance with award requirements and federal regulations. This audit was conducted pursuant to Section 305 of the Education Law, and the scope of the audit covered the period March 13, 2020 through September 30, 2023.

Within 90 days of the issuance of this report, we request school officials provide a written corrective action plan to the Office of Audit Services which details the specific steps that were taken by the Niagara Falls City School District to implement the recommendations in the audit report.

We appreciate the cooperation and courtesies extended to NYSED staff during the audit. If you have any questions or require additional information, please contact Karen Thornton, Audit Manager (Karen.Thornton@nysed.gov) or Lauri Walker, Auditor-in-Charge (Lauri.Walker@nysed.gov).

Sincerely,

James Kampf
Director, Office of Audit Services

Attachments

cc: Anthony Paret, President - Board of Education
Betty A. Rosa, Commissioner
Jeffrey Matteson, Senior Deputy Commissioner for Education Policy
Jason Harmon, Deputy Commissioner Performance Improvement & Management Services
Theresa Billington, Assistant Commissioner, Office of Accountability
Erica Meaker, Assistant Commissioner, Office of Federal Grants
Sarah Martin, Supervisor, Grants Finance

Audit Report

Niagara Falls City School District

Education Stabilization Fund Audit
for the Period
March 13, 2020 through September 30, 2023

ESF-0923-02

February 19, 2026

The University of the State of New York
THE STATE EDUCATION DEPARTMENT
Office of Audit Services
Albany, New York 12234



Executive Summary

Objectives

To determine if the Niagara Falls City School District (District) Education Stabilization Fund (ESF) expenditures were reasonable, necessary, and allocable under the CARES and CRRSA Acts, and to assess their compliance with all applicable federal, state, and local laws and regulations. The audit covered the period from March 13, 2020 through September 30, 2023.

Background

On March 27, 2020, Congress passed, and the President signed into law, the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act created an Education Stabilization Fund (ESF) to prevent, prepare for and respond to the coronavirus¹, under which New York State received:

- \$1.037 billion in Elementary and Secondary School Emergency Relief (ESSER) funds to support the ability of local educational agencies (LEAs), including charter schools that are LEAs, with emergency relief funds to address the impact that Novel Coronavirus Disease 2019 (COVID-19) has had, and continues to have, on elementary and secondary schools across the nation; and
- \$164.2 million in Governor's Emergency Education Relief (GEER) funds for the purpose of providing educational agencies with emergency assistance to address the impact of COVID-19.

On December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA) Act. The CRRSA Act provides \$81.88 billion nationwide in a second Education Stabilization Fund to prevent, prepare for and respond to COVID-19².

- \$4 billion in Elementary and Secondary School Emergency Relief (ESSER II) funds to support the ability of local educational agencies (LEAs), including charter schools that are LEAs, with emergency relief funds to address the impact COVID-19 has had, and continues to have, on elementary and secondary schools across the nation; and
- \$322.9 million in Governor's Emergency Education Relief (GEER II) funds for the purpose of providing educational agencies with emergency assistance to address the impact of COVID-19, of which \$250.1 million is for an Emergency Assistance to Non-Public Schools (EANS) grant program.

¹ NYS Education Department, Federal Education COVID Response Funding, "CARES Act" <https://www.nysed.gov/federal-education-covid-response-funding/coronavirus-aid-relief-and-economic-security-cares-act>

² NYS Education Department, Federal Education COVID Response Funding, "Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA Act)", n.d. <https://www.nysed.gov/federal-education-covid-response-funding/coronavirus-response-and-relief-supplemental-appropriations>

The Niagara Falls City School District (District) was awarded \$4,471,940³ in ESSER I/GEER I funds under the CARES Act and \$13,410,035⁴ in ESSER II funds under the CRRSA Act, for a combined total of \$17,881.975.

Key Findings

For the audit period March 13, 2020 through September 30, 2023, we found:

1. The District did not maintain time and effort certification documentation on file for all staff paid from a federal grant in accordance with their time and effort reporting requirements for federal funds and the District's certification forms were not in compliance with Uniform Guidance.
2. The District did not ensure purchases were made in accordance with Uniform Guidance or their own written policies and procedures and lacked internal controls to ensure necessary documentation required was maintained for all purchases.
3. The District did not properly monitor and account for technology materials, supplies, and equipment that we tested in accordance with Uniform Guidance and maintained incomplete and inaccurate inventory records. Additionally, District officials did not arrange for an annual physical inventory of all assets, as required by their policies and procedures, nor provide documentation that a bi-annual inventory was conducted for compliance with Uniform Guidance.
4. The District did not effectively manage and account for equitable services to non-public schools in accordance with the CARES Act §18005(a) and §18005(b). Additionally, payments to 17 non-public schools and three other public agencies (LEAs) were determined to be unallowable resulting in questioned costs of \$27,202.

Key Recommendations

We recommend the District Officials:

1. Improve internal controls over time and effort records certifying charges to federal grants to ensure they are accurate, complete, and maintained on file.
2. Revise federal grant certification forms to be in compliance with Uniform Guidance 2 CFR §200.430(g) (previously 2 CFR §200.430(i) Nov.12, 2020) Standards for Documentation of Personnel Expenses.
3. Review and update the procurement policy, as necessary, to ensure all required documentation, including verbal and written quotes, is maintained on file.
4. Provide training to the Purchasing Agent to ensure they are knowledgeable of all procurement methods and the documentation requirements.
5. Provide training to the Claims Auditor to ensure they are knowledgeable of all procurement methods and all required documentation is included in the voucher packet prior to approving claims for payment.
6. Review and make necessary updates to their fixed asset and inventory policy to ensure it includes procedures for computing devices, technology equipment,

³ NYS Education Department, Federal Education COVID Response Funding, "CARES Act Allocations and Application Information", n.d. <https://www.nysed.gov/sites/default/files/programs/federal-education-covid-response-funding/cares-act-allocation-chart.xlsx>

⁴ NYS Education Department, Federal Education COVID Response Funding, "CRRSA Act Allocations and Application Information", n.d., <https://www.nysed.gov/sites/default/files/programs/federal-education-covid-response-funding/crrsa-allocations-chart.xlsx>

supplies and materials, including establishing per unit thresholds for items and documentation requirements.

7. Ensure the School Business Administrator arranges for an independent contracted firm to conduct an onsite physical inventory and appraisal of District property, equipment, and material at least once every two years for federal grant purposes, or annually in accordance with the District's Board policy, and document and reconcile the results with its accounting records.
8. Review and update their policies and procedures for federal awards to include the administration of equitable services to non-public schools to ensure the District is maintaining control of funds and is in compliance with federal and state laws, rules and regulations and the terms and conditions of the federal awards.
9. Contact the Department's Office of ESSA-Funded Programs for instructions, referencing this report, and submit a revised Final Expenditure Report reflecting a reduction of \$23,313 in ESSER 1 funds and \$3,889 in GEER I funds for the unallowable/questioned costs reflected in this report.

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Introduction

Background

The Niagara Falls City School District (District) is accredited by the New York State Department of Education. The District is located in Niagara County and serves residents in the City of Niagara Falls and is one of thirteen participating school districts in the Orleans-Niagara Board of Cooperative Educational Services (BOCES). The vision of the District is to be a world-class quality organization educating all students for life and the mission of the Niagara Falls Board of Education is to guarantee educational excellence by creating strategic goals which we will monitor, analyze, assess and evaluate utilizing the quality process and ensuring customer satisfaction.

The District is governed by the Board of Education (Board), which was composed of nine elected members. The Board is responsible for the general management and control of the District's financial and educational affairs. The Superintendent is responsible, along with other administrative staff, for the day-to-day management of the district under the Board's direction.

The District operates eight elementary schools, two preparatory schools (middle schools 7th & 8th grades), one high school, and a community education center. For the 2020-21 through 2022-23 school years, the District's adopted budgets, which were funded primarily with state aid, federal sources, and real property taxes, and the student enrollment figures are presented in Chart 1, as follows:

Chart 1

School Year	Enrollments K -12	Adopted Budget
2022-23	6831	\$ 164,895,787
2021-22	6937	\$ 153,148,179
2020-21	6813	\$ 153,168,496

CARES Act

On March 27, 2020, Congress passed, and the President signed into law, the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act created an Education Stabilization Fund (ESF) to prevent, prepare for, and respond to the coronavirus under which New York State has received:

- \$1.037 billion in Elementary and Secondary School Emergency Relief (ESSER I) funds to support the ability of local educational agencies (LEAs), including charter schools that are LEAs, with emergency relief funds to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools across the nation. Pursuant to the terms of the CARES Act, allocations were calculated using the relative shares of grants awarded under Title I, Part A of the Elementary and Secondary Education Act (ESEA) for the most recent fiscal year (2019-20); and

- \$164.2 million in Governor’s Emergency Education Relief (GEER I) funds for the purpose of providing educational agencies with emergency assistance to address the impact of COVID-19. These funds were allocated to eligible school districts using the relative shares of grants awarded under Title I, Part A of the ESEA for the most recent fiscal year (2019-20).

CRRSA Act

On December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA Act). The CRRSA Act provided \$81.88 billion nationwide in a second Education Stabilization Fund to prevent, prepare for and respond to COVID-19, under which New York State has received:

- \$4 billion in Elementary and Secondary School Emergency Relief (ESSER II) funds to support the ability of local educational agencies (LEAs), including charter schools that are LEAs, with emergency relief funds to address the impact COVID-19 has had, and continues to have, on elementary and secondary schools across the nation; and
- \$322.9 million in Governor’s Emergency Education Relief (GEER II) funds for the purpose of providing educational agencies with emergency assistance to address the impact of COVID-19, of which \$250.1 million is for an Emergency Assistance to Non-Public Schools (EANS) grant program.

The Niagara Falls City School District was awarded \$4,471,940 in ESSER/GEER funds under the Cares Act (\$3,823,861 ESSER I and \$648,079 GEER I) and \$13,410,035 in ESSER II funds under the CRRSA Act. The District used the funds for summer learning programs to close learning gaps for the neediest students due to the pandemic, mental health services and supports, supplies and materials to ensure the health and safety of students and staff, and for educational technology supplies, and resources to maintain continuity of learning for students and teachers.

Objectives, Scope, and Methodology

The Office of Audit Services conducted an audit to determine if the Niagara Falls City School District Education Stabilization Fund (ESF) expenditures were reasonable, necessary, and allocable under the CARES and CRRSA Acts and to assess their compliance with all applicable federal, state, and local laws and regulations. The audit covered the period from March 13, 2020 to September 30, 2023.

To accomplish our objectives, we interviewed school officials, assessed financial controls, reviewed policies and procedures for procurement, processing revenues, expenditures, and payroll, examined documentation provided by school officials to support the financial transactions, reviewed relevant laws, and interviewed staff.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), with the sole exception of an external peer review. Those procedures require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our

audit objectives. In addition, GAGAS requires a review performed by a team of external peers, independent of the audit organization, at least once every three years. Due to recent changes in personnel and budget constraints, an external peer review was not conducted. We anticipate that an external peer review will be performed in the near future, and the lack of an external audit peer review has had no material effect on the assurances provided.

Audit Findings and Recommendations

Audit Finding 1: Time and Attendance Certifications

In accordance with *Uniform Guidance* 2 CFR §200.430(i) (Nov. 12, 2020), charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated, be incorporated into the official records of the non-federal entity and reasonably reflect the total activity for which the employee is compensated by the non-federal entity, not exceeding 100% of compensated activities. If the records do not meet these standards, activity reports, prescribed certifications, or equivalent documentation may be required.

Additionally, the District has an *Education Stabilization Funds (ESF) Grants Policy and Procedures Manual*, dated October 2020, which includes the District's time and effort reporting requirements for federal funds. The District's policy requires that it will keep time and effort documentation on file for any staff member who is paid from a grant which will document the funding sources, staff member's full-time equivalent (FTE) percentages, school location, position, and is signed by the employee. If paid one hundred percent FTE from a grant, bi-annual forms will be completed; if paid less than one hundred percent FTE from a grant, monthly time and effort documents will be completed, and all forms will be kept on file.

We chose a random sample of 38 employees from a total of 211 that were reported on the Final Expenditure Reports (FS-10-F) submitted to NYSED for the ESSER I, GEER I, and ESSER II grants, and reviewed the employee's personnel activity reports, and/or certification forms, year to date payroll transaction reports, and pay rate documentation to verify the salaries charged to the grant were accurately calculated, paid, properly allocated, and supported with documentation.

We found salaries and wages were accurately calculated, paid, properly allocated, and supported with documentation. However, we found irregularities in our review of the employee's completed certification forms, as follows:

- For all employees, the certification forms did not state the period for which the employee was certifying. Therefore, we could not determine if one hundred percent of the employees' activities were covered by the certifications. The form requested the employee certify twice annually in August of the current year and February of

the following year, with the form due to the Human Resources Office in November of the current year and June of the following year. It was not clear if employees were certifying that their activities were performed through August and February, or the date signed by the employee. When utilizing bi-annual certifications, the first certification would cover the first six months of the school year (i.e., July through December), and the second certification would cover the last six months of the school year (i.e., January through June) and include the period covered on each form. Staff certifications should be completed after the work has been done, so that it reflects the actual activities performed.

- For all employees, the certification forms did not reference the federal grant by name. Instead, employees were instructed to provide the funding account code number only. The District had multiple versions of the certification form for the school years ending 2021 and 2022. Two versions included a pre-populated account code number, while one version required the employee to complete this information. The forms requested the account code number, but no reference to a federal grant or an account name. Although some forms indicated that the employee was funded with the CARES Act program, the District received various sources of CARES Act funding, including ESSER I and GEER I. Certifications should clearly reference the federal program related to the employee's activities performed and include, at a minimum, the federal program name.
- One or both signed certification forms were not on file for all employees:
 - a. One employee (ESSER I) was missing the first signed certification form.
 - b. Two employees (ESSER I) were missing the second signed certification form.
 - c. Two employees (1-ESSER I, 1-ESSER II) were missing both signed certification forms.
 - d. Ten employees' (ESSER II) certification forms were not provided for the salaries charged in the 2022-23 school year.

District officials did not always follow their policies and procedures for documenting salary and wage allocations for employees funded with federal programs. Certification forms did not clearly state the period covered, identify the federal grant by name, and not all forms were maintained. When we discussed the certification form with District officials, they agreed that they would review and update the time and attendance certification forms. Specifically, they will include the time period the employee is certifying, add the grant name to the certification form, and request certifications upon completion of the grant work performed during the specified period.

Without sufficient internal controls to document charges to federal grants, the District cannot provide assurances that the salaries and wages are accurate, allowable, properly allocated, and reasonable. For example, employees may not be familiar with account numbers related to the federal grants and could provide the wrong number. Although the District instructs employees to reference their offer letters for this information, it too only references the account number. If the wrong number is reported, the District could over or under report charges to federal awards. If controls are not improved, there is an

increased likelihood that errors and irregularities of a more significant nature could occur and go undetected.

Recommendations

1. District officials must ensure staff are following policies and procedures and improve internal controls over time and attendance to ensure records certifying charges to federal grants are accurate, completed after the work has been performed, and maintained on file.
 2. District officials should revise federal grant certification forms to be in compliance with Uniform Guidance and include fields for beginning and ending dates of work that reflect 100% of the time for which the employee is certifying and the name of the federal award.
-

Audit Finding 2: Procurement

In accordance with *Uniform Guidance* 2 CFR 200.404 (Nov. 12, 2020), a cost is reasonable if it does not exceed an amount that a prudent person would incur under the circumstances prevailing when the decision was made to incur the cost. In determining the reasonableness of a given cost, consideration must be given to whether the cost represents a deviation from the recipient's or subrecipient's established written policies and procedures for incurring costs.

The District's *Education Stabilization Funds (ESF) Grants Policy and Procedure Manual*, dated October 2020, includes procedures referencing the District's purchasing policy in Attachment A, titled *Niagara Falls City School District Purchasing Policy*. The policy outlines the District's methods of purchasing and establishes thresholds for supply and services purchases. Each purchase is based on the aggregate amount, which must not exceed the upper limit of the threshold, with the lowest responsible bidder receiving the bid, as summarized below:

1. Supply Purchases, if the aggregate amount of which:
 - A. \$1,500 or Less: Micro-purchase means a purchase of supplies using simplified acquisition procedures, the aggregate amount of which does not exceed \$1,500. The micro-purchase method is used in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost.
 - B. \$1,501- \$3,500: The District will solicit three (3) verbal quotes from vendors.
 - C. \$3,501 - \$19,999: The District will solicit three (3) written quotes from vendors. .

D. \$20,000 and Over: The District will publicly advertise and accept bids. The lowest responsible bidder will receive the bid.

2. Services Purchases

- A. \$5,000 or Less: Micro-purchase means a purchase of services using simplified acquisition procedures, the aggregate amount of which does not exceed \$5,000. The micro-purchase method is used in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost.
- B. \$5,001 - \$10,000: The District will solicit three (3) verbal quotes from vendors.
- C. \$10,001 - \$34,999: The District will solicit three (3) written quotes from vendors.
- D. \$35,000 and Over: The District will publicly advertise and accept bids. The lowest responsible bidder will receive the bid.

We compared this language to the District's *Purchasing Policy*, which is referenced in Appendix A of the *ESF Grants Policies and Procedures Manual*, and noted the District's *Purchasing Policy* omits the language for "aggregate purchase amount" in the requirements for purchase methods and thresholds. We also found this language omitted from the District's *Purchasing Manual*, revised August 2023, and Board *Policy #5410 – Purchasing*, revised July 6, 2023. A school district's policies and procedures should contain consistent language in all purchasing policies, so not to cause confusion for staff performing day-to-day functions. Additionally, a school district must consider the aggregate purchase amount or total cost of the item(s) purchased when determining the purchase method to ensure the cost is reasonable and to ensure the prudent and economical use of the District's funds.

The District reported supplies and materials costs totaling \$161,735 for the ESSER I and GEER I grants on the Final Expenditure Report (FS-10-F) submitted to NYSED. We selected a random sample of 10 transactions, totaling \$85,008, to determine if items purchased were allowable, reasonable, and allocable and purchased in accordance with the District's policies and procedures. We found five purchases from supplies and materials totaling \$29,129 lacked the necessary documentation to show that at least three verbal or written quotations were obtained prior to the procurement of the items. Further, during our review of documentation, it was noted that the Claims Auditor reviewed and approved the claims for payment without having all required documentation available for review.

District officials did not ensure all purchasing policies and procedures contained consistent language, which may have caused confusion for District staff. Additionally, District officials did not ensure purchases for federal grants were made in accordance with their *ESF Grants Policies and Procedures Manual*, dated October 2020. Specifically, when verbal or written quotations are required, written documentation recording the three

vendors solicited is to be maintained in the procurement record to ensure the price is reasonable and the best price and/or value was obtained. The Claims Auditor failed to verify that all required documentation in accordance with the District's *ESF Grants Policies and Procedures Manual* were included in the voucher packet prior to approving claims for payment.

When the District does not ensure the necessary documentation is maintained, the District cannot provide assurance that goods and services are purchased in the most prudent and economical manner. Furthermore, without corrective action, the District is at an increased risk for overpaying for goods and services, making unsupported payments, and may not be in compliance with federal and state rules and regulations, which can lead to loss of funding and future audit findings.

Recommendations

3. District officials should review all of their procurement policies to ensure they contain accurate, complete, and consistent language and update them, as necessary, to ensure all required documentation is maintained on file, including verbal and written quotations.
 4. District officials should provide training to the Purchasing Agent to ensure they are knowledgeable of all procurement methods and the documentation requirements in accordance with the District's purchasing policy.
 5. District officials should provide training to the Claims Auditor to ensure they are knowledgeable of documentation requirements for all procurement methods and all required documentation is included in the voucher packet prior to approving claims for payment.
-

Audit Finding 3: Asset Management and Inventory

In accordance with *Uniform Guidance* 2 CFR §200.313(d) (Nov. 12, 2020), *Management requirements*, "Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, at a minimum, meet the following requirements:

1. Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
2. A physical inventory of the property must be taken, and the results reconciled with the property records at least once every two years.

3. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
4. Adequate maintenance procedures must be developed to keep the property in good condition.
5. If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.”

Additionally, the District’s *Inventories and Accounting of Fixed Assets (5620)* policy (last revised December 18, 2014) states: “The Superintendent or his/her designee shall be responsible for maintaining a continuous and accurate inventory of equipment owned by the District in accordance with “The Uniform System of Accounts for School Districts”.

“All supplies and equipment purchased and received by the School District shall be checked, logged, and stored through an established procedure.

The School Business Administrator shall be responsible for accounting for general fixed assets according to the procedures outlined by the Uniform System of Accounts for School Districts and GASB Statement 34 Regulations.

These accounts will serve to:

- a) Maintain a physical inventory of assets;
- b) Establish accountability;
- c) Determine replacement costs; and
- d) Provide appropriate insurance coverage.

Fixed assets with a minimum value established by the Board that have a useful life of one (1) year or more and physical characteristics not appreciably affected by use or consumption shall be inventoried and recorded on an annual basis. Fixed assets shall include land, buildings, equipment and materials. Construction in progress shall be reclassified to the appropriate asset class and be subject to depreciation upon receipt of notice of substantial completion.”

Also, “Assets shall be recorded at initial cost or, if not available, at estimated initial cost; gifts of fixed assets shall be recorded at estimated fair value at the time of gift. A property record will be maintained for each asset and will contain, where possible the following information:

- a) Date of acquisition;
- b) Description;
- c) Cost or value;
- d) Location;
- e) Asset type;
- f) Estimated useful life
- g) Replacement cost;
- h) Current value;
- i) Salvage value;
- j) Date and method of disposition; and

k) Responsible official.

The School Business Administrator shall arrange for the annual inventory and appraisal of School District property, equipment and material. Any discrepancies between an inventory and the District's property records on file should be traced and explained."

Also, the District's *ESF Grants Policy and Procedure Manual*, dated October 2020, included procedures for property classifications for equipment, supplies, computing devices and capital assets, and the information to be maintained in the inventory records for each equipment and computing device purchased with federal funds. The manual also included disposition of property procedures and the requirement for a physical inventory of the property to be taken, and the results reconciled with the property records, at least once every two years. Additionally, the District's *ESF Grants Policy and Procedure Manual* requires that it maintains a control system that ensures adequate safeguards are in place to prevent loss, damage, or theft of the property.

Furthermore, the *District's Data Networks and Security Access (5674)* policy includes requirements to "establish procedures for tagging new purchases as they occur, relocating assets, updating the inventory list, performing periodic physical inventories, and investigating any differences in an effort to prevent unauthorized and/or malicious access to these assets."

We requested and reviewed the District's inventory and asset policies and procedures, the current district wide inventory reports, non-public schools inventory reports, and the Final Expenditure Reports (FS-10-F) for both ESSER I and GEER I to determine if inventory records were complete, current, and accurate, and if assets were safeguarded and maintained in accordance with Uniform Guidance 2 CFR §200.313(d) (Nov. 12, 2020).

We selected a random sample of 20 supplies and materials purchases reported on the Final Expenditure Reports (FS-10-F) for the ESSER I and GEER I grants totaling \$18,724. We requested and reviewed both purchase and property records documentation for each item, physically inspected each item through photo verification, and compared purchases to the district wide inventory report and non-public schools inventory reports. Additionally, we interviewed District officials to inquire about inventory procedures and their most recent annual physical inventory inspection. We were advised:

- The District's technology supplies, materials, and equipment inventory records are maintained in a separate inventory system managed by the Information Services Department.
- Although the District plans to integrate their technology supplies, materials, and equipment records into the new inventory system in the future, they do not have specific written policies and procedures to track and account for the technology supplies, materials, and equipment in this separate inventory system. District officials informed us that "most" of the technology equipment purchased is recorded in this system, but no specific dollar value has been established as a threshold for recording such items. For example, a mouse is considered a consumable supply and is not included, but Chromebooks, I-pads, and smart

boards are supply items included in the technology inventory records. For the District to comply with its *Inventories and Accounting of Fixed Assets* policy, the technology equipment must be tagged, and a physical inventory conducted once a year.

- In 2021, the District contracted with a third-party consultant for inventory management services to assist with establishing supportable property values, to comply with GASB-34 property cost accounting requirements, and to conduct an asset inventory valuation to occur every five years, which included a physical valuation of buildings and their contents to begin in 2022.

We found the District's inventory records were neither complete nor accurate. The District's Inventory policy was last reviewed in 2014, when it is recommended that policies and procedures be reviewed annually.

For the 20 purchases in our sample, we found:

- For all 20 purchases, the District's inventory records did not include the supplies and materials purchases made on behalf of the non-public schools. District officials advised that off-site technology items purchased, such as the supplies (e.g., keyboards, tables, chairs, whiteboards) purchased on behalf of the non-public schools, were not included in either inventory system. However, the School Business Office Secretary maintained a separate listing of the items purchased on behalf of each non-public school and photos for all items in our sample were provided.
- The District does not have detailed written policies and procedures for technology materials, supplies, and equipment that are to be maintained in the Information Services Department's inventory system, and it is unclear what technology items are to be inventoried. We received conflicting responses from District officials and staff about their procedures. One staff member stated, "items valued at \$500 or more are to be inventoried" and another stated, "most technology items are to be inventoried" which does not include a per unit cost threshold. We found technology supplies and materials costing less than \$500 were assigned inventory tags and were also included in the "Non-Public School Inventory Lists". The District did not put written policies and procedures in place to ensure consistent treatment of all technology purchases and did not ensure inventory records were accurate and complete.
- District officials did not conduct an annual physical inventory per the District's policy or a biennial physical inventory per Uniform Guidance during the scope of our audit, as required. However, District officials advised us the consultant conducted the first inventory/valuation in October 2022, but that report was not provided to us. We were provided with an inventory report titled, "NFCSD Fixed Asset Listing 6/30/2023" from the District, which agreed with the capital asset balances, net of depreciation, on June 30, 2023. However, it did not include a notation or field for the date of the last physical inventory, nor appear to be a report from a third-party consultant.

Lack of written policies and procedures for all applicable assets and systems can result in inconsistent results, errors, and irregularities and the District cannot provide assurance that their inventory records are accurate or complete. The District's failure to comply with Uniform Guidance and their own *Inventories and Accounting of Fixed Assets* policy creates an increased risk that their assets could be lost, stolen, or misused. Even if a physical inventory is performed, the District would not be able to account for all fixed assets due to the District's incomplete inventory records. Therefore, District officials cannot ensure that all assets purchased remain in the District's custody and this could result in future audit findings and loss of funding.

Recommendations

6. District officials should review their *Inventories and Accounting of Fixed Assets* policy and make necessary updates to: (1) include procedures for computing devices, technology equipment, supplies and materials, including the specific devices required to be maintained in the District's inventory system; (2) ensure like items are consistently treated by establishing per unit thresholds, including how aggregate purchasing may change the classification of the asset; (3) include exceptions for financial statement purposes; and (4) include documentation requirements.
7. District officials should ensure the School Business Administrator arranges for an independent contracted firm to conduct an onsite physical inventory and appraisal of District property, equipment, and material at least once every two years for federal grant purposes, or annually in accordance with the District's Board policy; and document and reconcile the results with the accounting records.

Audit Finding 4: Equitable Services

In accordance with the Cares Act, equitable services requirements:

- §18005(a) requires local educational agencies (LEA) to provide equitable services in the same manner as provided under section 1117 of the Elementary and Secondary Education Act of 1965 to students and teachers in non-public schools, as determined in consultation with representatives of non-public schools; and
- §18005(b) requires that "the control of funds for the services and assistance provided to a non-public school under subsection (a), and title to materials, equipment, and property purchased with such funds, shall be in a public agency, and a public agency shall administer such funds, materials, equipment, and property and shall provide such services (or may contract for the provision of such services with a public or private entity).

Additionally, the NYSED Office of ESSA Funded Programs' 2020 CARES Act: Administration of GEER Funds and ESSER Funds guidance document updated October 2020, states:

“LEAs are required to provide equitable services to students and teachers in non-public schools serving District-resident students, even if the non-public school has not previously participated under Title I, Part A or Title VIII of the ESEA of 1965”. For both GEER and ESSER funds, “a non-public school” means a non-public elementary or secondary school that is accredited, licensed, or otherwise operates in accordance with State law and was in existence prior to the date of the qualifying emergency for the CARES Act programs. For this purpose, the date of the qualifying emergency is March 13, 2020.”

In summary, the LEA is required to:

- Engage in timely and meaningful ongoing consultation with all non-public schools serving District resident low-income students residing in participating Title I public school attendance areas regarding any use of funds allowed for in ESSER and GEER. This includes non-public schools located inside and outside of the District’s geographic catchment area. The LEA will determine the allocation amount of ESSER and GEER funds available to the non-public school for equitable services in a manner consistent with Section 1117 of the Elementary and Secondary Education Act (ESEA).
- For NYSED purposes, the LEA will document the consultation by completing the *CARES Act: 2020-21 Written Affirmation of LEA Consultation with Non-Public School Officials - Updated* form, which calculates the per pupil amount, non-public school allocation, and planned costs of services to be provided for both ESSER and GEER funds. The non-public school official must either check if they agree or disagree that timely and meaningful consultation occurred before the LEA made any decision that affected the participation of eligible non-public school students and sign the form. The LEA representative signs the form and a copy will be sent to NYSED.
- Maintain control of funds for services and assistance provided to non-public school students and teachers under the CARES Act programs, keep title to and exercise continuing administrative control of all materials, equipment, and property purchased with CARES Act funds, and provide services to the non-public school directly or through contract with another public or private entity. In addition, no funds may go directly to a non-public school, even for reimbursement purposes.
- Ensure all services and benefits an LEA provides with ESSER funds are secular, neutral, and nonideological.

The District engaged in consultation with 24 non-public schools to provide equitable services with planned allocations totaling \$171,879 (i.e., ESSER I \$146,970, GEER I \$24,909). We initially reviewed the District’s documentation for consultation, expenditures, and payments for 12 schools and expanded our review to all 24 non-public schools due to irregularities we found with the control of funds. Specifically, we found instances where goods were shipped directly to a non-public school, materials were not included in the District’s inventory records and payments were made directly to the non-public schools for reimbursements and unliquidated balances. We also found the District did not comply with all CARES Act requirements for providing equitable services to non-public schools, as follows:

- The District paid three other public agencies (LEAs) directly without having a three-way consultation between the District, the non-public school, and the other LEA, or a contract that included the responsibilities of each LEA for payments totaling \$18,618 (i.e., ESSER I \$15,919, GEER I \$2,699). The District provided copies of the *CARES Act: 2020-21 Written Affirmation of LEA Consultation with Non-Public School Officials – Updated* form for each of the five non-public schools, but these forms only required the non-public school officials and District officials to sign. There was no indication that any consultation or discussion of the responsibilities of each LEA took place. We found five non-public schools requested their equitable services funds be managed by another LEA. The District paid three LEAs on behalf of the five non-public schools without having three-way consultation or agreements/contracts, MOUs, spending plans, or documentation of actual expenditures, such as purchase orders, invoices, and canceled checks that detailed how the funds were spent. For one LEA, there was an email that requested the LEA send an invoice to the District for the full amount of the ESSER I and GEER I equitable services funds on behalf of the non-public school. After the invoice was received, payment was issued to the LEA along with a request that the LEA provide details of the disbursement of funds once spent. However, the District had no other documentation of communications with the LEA after payment was sent. Consequently, after the District sent payments directly to the non-public school's LEA, they had no other documentation that it monitored spending or maintained title to any supplies, materials and equipment that may have been purchased for the five non-public schools. We consulted with NYSED Office of ESSA Funded Programs and determined that the payments to the other public agencies (LEAs) without a contract, monitoring of spending, and maintaining control of funds was not allowable.
- The District paid three non-public schools reimbursements totaling \$7,050 (i.e., ESSER I \$6,510, GEER I \$540) for expenses the non-public school previously paid, such as storage fees, supplies and materials which were not allowable.
- The District paid 11 non-public schools for unliquidated funds totaling \$1,534 (i.e., ESSER I \$884, GEER I \$650). Prior to the end of the grant performance period for ESSER I and GEER I funds, the School Business Office staff reconciled the non-public schools' allocation and expenditures and issued letters to each non-public school with an accounting summary for each fund. Checks were issued to each non-public school for the remaining unliquidated balance in each fund. The direct payment to each non-public school for its unliquidated fund balance is not allowable.
- For 12 non-public schools, the District did not limit expenditures to the amount budgeted per the consultation form for both the ESSER I and GEER I funds, and the total allotted budget was exceeded. Although the net effect was zero, expenditures were not properly allocated, which can result in inaccurate grant reporting. Each fund must be accounted for separately and have its own separate accounts. Since unliquidated balances were paid to non-public schools and unallowable the remaining adjustment is immaterial.

- For two non-public schools, the District did not have the signed consultation form on file.

The District did not maintain full control of funds in accordance with the CARES Act equitable services requirements to non-public schools when administering the ESSER I and GEER I funds. The District did not ensure the title of materials, supplies, equipment, and/or property purchased with such funds remained with the District, or other public agency. Additionally, the District did not record purchases on behalf of the non-public schools in their inventory records, resulting in the inventory records being incomplete and inaccurate. Although the District reported they requested purchase information and inventory listings from the LEA's who were given non-public school monies, not all complied.

We asked District officials to provide an explanation for their non-compliance with the equitable services requirements and whether they sought guidance from NYSED's Office of ESSA Funded Programs regarding the payments for reimbursements and unliquidated balances. District officials reported that they were not aware that the payments for both reimbursement and unliquidated balances were not in compliance with the CARES Act requirements and acknowledged they had not sought guidance from NYSED's Office of ESSA Funded Programs.

When the District does not have written policies and procedures, employees lack direction, and guidance, District personnel may not be informed of all requirements, laws and regulations. This increases the likelihood that errors and irregularities could occur and go undetected. The District lacked sufficient controls over the administration and services required to be provided to non-public schools which resulted in unallowable payments and questioned costs totaling \$27,202, presented in Chart 2:

Chart 2

Equitable Services Provided to Non-Public Schools:	ESSER I	GEER I	TOTAL
Direct Payments to Other Public Agencies (LEAs) No Contract	\$15,919	\$2,699	\$18,618
Direct Payments to Non-Public Schools for Reimbursements	\$ 6,510	\$ 540	\$ 7,050
Direct Payments to Non-Public Schools for Unliquidated Balances	\$ 884	\$ 650	\$ 1,534
Total Questioned Costs	\$23,313	\$3,889	\$27,202

Recommendations

8. District officials should review and update their policies and procedures for federal awards to include the administration of equitable services to non-public schools to ensure the District maintains control of funds and is in compliance with federal and state laws, rules and regulations and the terms and conditions of the federal awards.
9. Contact the Department's Office of ESSA-Funded Programs for instructions, referencing this report, and submit a revised Final Expenditure Report reflecting a

reduction of \$23,313 in ESSER I funds and \$3,889 in GEER I funds for the unallowable/questioned costs reflected in this report. The Grants Finance Office will send Form FS-80, Notice of Overpayment, to your District confirming the amount overpaid, and provide remittance instructions.

Schedule of Questioned Costs

Fund: CARES ACT - ESSER I				
Project: 5890-21-1965				
Period: March 31, 2020 - September 30, 2022				
Category	Code	FINAL EXPENDITURES	QUESTIONED COSTS	ADJUSTED EXPENDITURES
Professional Salaries	15	\$3,661,374.00	\$ -	\$3,661,374.00
Support Staff Salaries	16	\$ -	\$ -	\$ -
Purchased Services	40	\$ 9,552.00	\$ -	\$ 9,552.00
Supplies & Materials	45	\$ 136,911.00	\$(23,313.00)	\$ 113,598.00
Travel Expenses	46	\$ -	\$ -	\$ -
Employee Benefits	80	\$ 16,024.00	\$ -	\$ 16,024.00
Indirect Cost	90	\$ -	\$ -	\$ -
BOCES Services	49	\$ -	\$ -	\$ -
Minor Remodeling	30	\$ -		\$ -
Equipment	20	\$ -	\$ -	\$ -
Total		\$3,823,861.00	\$(23,313.00)	\$3,800,548.00

Fund: CARES ACT - GEER I				
Project: 5895-21-1965				
Period: March 31, 2020 - September 30, 2022				
Category		FINAL EXPENDITURES	QUESTIONED COSTS	ADJUSTED EXPENDITURES
Professional Salaries	15	\$ 615,461.00	\$ -	\$ 615,461.00
Support Staff Salaries	16	\$ -	\$ -	\$ -
Purchased Services	40	\$ -	\$ -	\$ -
Supplies & Materials	45	\$ 24,824.00	\$(3,889.00)	\$ 20,935.00
Travel Expenses	46	\$ -	\$ -	\$ -
Employee Benefits	80	\$ 7,794.00	\$ -	\$ 7,794.00
Indirect Cost	90	\$ -	\$ -	\$ -
BOCES Services	49	\$ -	\$ -	\$ -
Minor Remodeling	30	\$ -	\$ -	\$ -
Equipment	20	\$ -	\$ -	\$ -
Total		\$ 648,079.00	\$(3,889.00)	\$ 644,190.00

Appendix A

Contributors to the Report

- James Kampf, Director of Audit Services
- Karen Thornton, Audit Manager
- Lauri Walker, Auditor-in-Charge
- Maria Stamoulis, Staff Auditor
- Bushra Bhatti, Staff Auditor
- Jorel Johnson, Staff Auditor
- Drew Baker, Staff Auditor
- Madiha Pervez, Staff Auditor

Appendix B

Audit Response from Niagara Falls City School District Officials



School District of the City of Niagara Falls, New York

630 66th Street ♦ Niagara Falls, NY 14304 ♦ (716) 286-4211 ♦ Fax: (716) 286-4283

New York State Education Department
Office of Audit Services
Attn: Mr. James Kampf, Director
89 Washington Avenue, EB 524
Albany, NY 12234

October 10, 2025

Dear Mr. Kampf,

The City School District of the City of Niagara Falls (District) has reviewed the draft audit report (ESF-0923-02) dated September 16, 2025, conducted by the New York State Education Department, (Auditors) for the period March 13, 2020 through September 30, 2023.

The District was notified of the audit on September 11, 2023. The first onsite fieldwork began in October 2023, and lasted for approximately one week. Subsequent to the conclusion of the onsite fieldwork, the District received numerous voluminous document requests, and thereafter, uploaded identified documents to the requested portal numerous times. The District received a preliminary audit finding report on January 21, 2025, and provided additional information to the auditors on February 12, 2025. The last correspondence prior to receiving this audit was in March 2025 and a final document request was received and uploaded in September, 2025.

While the District acknowledges the findings of the audit, the District maintains that it was a good steward of the Federal funds that were awarded during an unprecedented global pandemic with ever-changing guidance provided on how to expend such awards.

The total amount of the funds that were audited during the period was \$17,881,975. The costs questioned by auditors (\$27,202) were included in the equitable services to 25 non-public schools in the amount of \$171,879. These funds were included in the \$4,471,940 allocation of ESSER I/GEER I funds that the District was awarded in April of 2020 and received during the 2020-2021 school year as a part State Aid.

During this period, the District engaged in timely and meaningful ongoing consultation with all 25 non-public schools and had written affirmation with all non-public school officials.

Following, please find the District's responses to the findings of the auditors, together with corrective actions that have or will be taken, and completion dates for implementation.

Audit Finding #1 – Time and Attendance

1. The District did not maintain time and effort certification documentation on file for all staff paid from a federal grant in accordance with their time and effort reporting requirements for federal funds and the District's certification forms were not in compliance with Uniform Guidance.

Implementation Plan of Action:

Once the District was made aware of the recommendations to change the District's existing Time and Attendance Certification Form in October of 2023, certification forms were immediately amended to include the time period, and the complete Federal grant name. These amended certification forms have been in use since December 2023. The forms are now completed twice a year, in December, and in June, upon completion of the grant work during the specified period. These new forms were provided to the auditors in January 2024; however, this item remains a finding.

SED Comment 1.

Implementation Date:

December 2023

Individuals Responsible:

Administrator for School Business Services

Audit Finding #2 - Procurement

2. The District did not ensure purchases were made in accordance with Uniform Guidance or their own written policies and procedures, and lacked internal controls to ensure necessary documentation required was maintained for all purchases.

Implementation Plan of Action:

The District acknowledges the findings of the auditors, but disputes the finding as it pertains to compliance Uniform Guidance and the District's procurement policies and procedures. All purchases in question were made in compliance with the District's purchasing policy. Additionally, all purchases were made through the equitable services allocation for non-public schools. The five purchases in question are described below. The item number references the preliminary audit report received on January 29, 2025:

- Item #43 – This order was for cleaning supplies (disinfectant, hand sanitizer) purchased for a non-public school per their LEA Agreement. The items had individual unit costs between \$17.95 - \$152.61. Such costs are below the purchasing threshold of \$1,500, therefore judgement/catalog pricing was used.
- Item #45 – This order was for curriculum materials for distance learning purchased for a non-public school per their LEA Agreement. This item was deemed to be a sole source, as it was curriculum materials. Therefore this purchase was also made in compliance with the District's purchasing policy.
- Item #47 – This order was for 11 laptop computers purchased for a non-public school per their LEA agreement to support the hybrid learning model. The individual price of the laptops was \$711. This amount is below the purchasing policy threshold of \$1,500, therefore judgement/catalog pricing was used.
- Item #49 – This order was for online learning platforms to support the hybrid learning model purchased for a non-public school per their LEA agreement. The price of the subscription was \$275 per user. This amount is below the purchasing policy threshold of \$1,500, therefore judgement/catalog pricing was used.
- Item #50 – This order was for 3 Dell Conference room monitors purchased for a non-public school per the LEA agreement to support the hybrid learning model. The individual price of the monitors was \$978 per unit. This amount is below the purchasing policy threshold of \$1,500 therefore, judgement/catalog pricing was used.

The preceding demonstrates that in all instances the District complied with the District's purchasing policy, and that the items purchased were allowable expenditures per the guidance. The District ensured all necessary documentation was maintained, and has assurance that the goods and materials purchased were appropriate and allowable.

SED Comment 2.

Audit Finding #3 – Asset Management and Inventory

3. The District did not properly monitor and account for technology materials, supplies, and equipment that we tested in accordance with Uniform Guidance and maintained incomplete and inaccurate inventory records. Additionally, District officials did not arrange for an annual physical inventory of all assets, as required by their policies and procedures, nor provide documentation that a bi-annual inventory was conducted for compliance with Uniform Guidance.

Implementation Plan of Action:

The District engaged an independent consultant to conduct an onsite physical inventory in August of 2024. This practice will continue biannually. The District will also begin conducting an annual inventory and reconciling the results to the internal asset listing. There is now one comprehensive asset listing that includes the District inventory, the inventory purchased with funds allocated to the non-public schools, and all information technology inventory.

Implementation Date:

August 2024

SED Comment 3.

Individuals Responsible:

Administrator for School Business Services

Audit Finding #4 Recommendations – Equitable Services

4. The District did not effectively manage and account for equitable services to non-public schools in accordance with the CARES Act §18005(a) and §18005(b). Additionally, payments to 17 non-public schools and three other public agencies (LEAs) were determined to be unallowable resulting in questioned costs of \$27,202.

District Response

The District did request purchase information and inventory listings from LEAs who were given non-public monies. However, not all LEAs complied with District requests. Given the lack of guidance at the time, the District did not believe it was making unallowable payments.

Per the NYSED Q&A document regarding Pre-award costs, ESSER and GEER funds were allowed to be used for pre-award costs dating back to March 13, 2020, when the national emergency was declared. Non-public schools purchases submitted to the District for reimbursement fell within the approved expenditure period, but before the District received its allocation and award. The District determined that it was acceptable to reimburse for those allowable expenses (which were primarily cleaning supplies, PPE, and storage fees to house excess desks and student furniture) so the non-public school could safely return students to the classroom and comply with social distancing regulations.

Despite repeated efforts to get non-public schools to provide purchase requests to utilize remaining funds owed to them through the ESSER and GEER awards, several had unused monies during the final stages of the grant funding period. At that time due to the minimal amounts remaining, the District chose to release those funds directly to the non-public schools. The District made a conscious good faith effort to interpret guidance, and determine the best way to handle the remaining funds, opting to deliver the funds to the non-public schools.

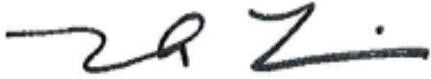
SED Comments 4

Implementation Plan of Action:

The District will await guidance from the State Education Department Office of Audit Services.

SED Comment 5.

Respectfully,

A handwritten signature in black ink, appearing to read 'Mark Laurrie', with a stylized flourish at the end.

Mark Laurrie
Superintendent

Appendix C

SED Comments to Audit Response

1. The findings presented in this report reflect conditions identified during the audit period March 13, 2020 through September 30, 2023. While District officials have implemented certain corrective actions and made improvements to their Time and Effort Certification Form prior to the issuance of this report, audit findings appropriately report conditions that existed during the audit period.
2. The District's *Education Stabilization Fund (ESF) Grants Policy and Procedure Manual*, dated October 2020, outlines procurement thresholds and associated documentation requirements, including consideration of aggregate purchase amounts. Our review identified differences in terminology and language between this manual and other purchasing policies and procedures. Clarifying this language across policies may help promote consistent application of procurement requirements and reduce confusion regarding documentation expectations..

For the five purchases for the non-public schools (items 43, 45, 47, 49, and 50), each purchase contained one or more items in which the aggregate purchase amount exceeded \$1,500 and supporting documentation for required verbal or written quotations was not available. Additionally, while the District indicated that select purchases were processed using a sole/single source method, documentation supporting this determination was not available for audit review. Maintaining complete procurement records supports transparency and strengthens the District's ability to demonstrate compliance with its established procedures and Uniform Guidance. We have updated the report, where appropriate, to reference the District's *ESF Grants Policy and Procedure Manual*

3. This finding was updated to reference the District's *Education Stabilization Fund (ESF) Grants Policy and Procedure Manual*, dated October 2020. The revisions were made for clarification purposes and do not alter the underlying compliance expectations described in the report.
4. Our audit identified instances where certain equitable services expenditures and payment practices were not aligned with CARES Act equitable services requirements. For example, making direct payments to non-public schools for reimbursements or unliquidated balances was not allowed. We advised District officials that they should consult with NYSED Program Representatives for technical assistance with the non-public schools and questions on allowable payments to prevent non-compliance and loss of funding in the future.
5. Instructions regarding the recovery of questioned costs are included within the report.