



Longwood Central School District

**Review of McKinney-Vento and Foster Care Revenues
and Expenditures**

2020 – 2021 Fiscal Year

June 2021

The Board of Education
Longwood Central School District
35 Yaphank Middle Island Road
Middle Island, New York 11953

Board of Education:

We have been retained to function as the internal auditor for the Longwood Central School District (hereinafter, "the District"). Our responsibility is to assess the internal control systems in place within the District, and to make recommendations to improve upon possible control weaknesses or deficiencies. In doing so, we hope to provide assurance to the District's Board, management, and residents, that the fiscal operations of the District are being handled appropriately and effectively.

BACKGROUND

Students typically attend public schools in the district in which they reside. However, school districts sometimes educate nonresident students, such as foster children who are placed in a district by a social service agency and certain homeless children who choose to attend a district outside the district of their temporary housing. The costs for services provided to nonresident foster and homeless children are initially borne by the district that provides the services ("District of Attendance" or "DOA"). To recover costs related to educating and in some instances transporting a student, the educating district (DOA) must seek reimbursement from the district in which the student resided when placed in foster care or became homeless as defined under the McKinney Vento Act ("District of Origin" or "DOO"). In addition, the DOA can recover costs related to transporting a foster or homeless student through grant funding, the Local Department of Social Services (LDSS), and/or the System to Track and Account for Children (STAC).

Accordingly, it is the responsibility of the DOA to identify all nonresident students in a temporary housing situation and all nonresident students in foster care who are receiving services from the DOA in order to:

- identify the DOO,
- determine whether the DOO and/or LDSS is responsible for reimbursing the DOA,
- accurately calculate costs to be reimbursed to the District,
- prepare and submit the necessary documentation to the DOO/LDSS/STAC Unit in a timely manner in order to receive reimbursement, and
- input the student in the STAC, if applicable.

OBJECTIVE

The objective of our audit was to determine whether there are adequate internal controls over the revenues and expenditures related to educating and transporting homeless and foster students. Such controls include identifying students eligible for DOO or LDSS reimbursement, assessing the adequacy of required support documents, and evaluating invoices and support documents received from other districts for cost reimbursement. Our review assessed whether the District received and provided sufficient documentation to substantiate the District's

obligation to issue payment and right to request reimbursement for services provided to homeless and foster students. We also assessed whether the information obtained by the District was maintained properly in the District's student management database, PowerSchool.

SCOPE AND PROCEDURES PERFORMED

The scope of this review entailed gaining an understanding of the District's student registration process and utilization of PowerSchool. This was accomplished by interviewing key District personnel currently responsible for overseeing the homeless and foster registration, billing, and accounts payable; reviewing District policies and procedures surrounding foster and homeless students; confirming whether homeless and foster student registration files are accurately maintained; and verifying whether the District maintained proper support to identify homeless and foster students.

As part of our testing, we obtained listings from the District of foster students and homeless students for whom the District billed another district for the 2019-2020 school year. The District indicated the DOO on the lists provided to us. We selected 32 of the 320 homeless students with a DOO of Longwood and 10 of the 45 homeless students with a DOO other than Longwood from the McKinney Vento listings provided. We then selected 2 of the 15 foster students with a DOO of Longwood and 10 of the 45 foster students with a DOO other than Longwood. For each selection, we performed testing to assess the District's procedures for identifying foster and homeless students, to verify whether proper documentation was maintained, and to determine whether the District requested the proper funding for the cost of educating and transporting (if applicable) these students.

We also selected all foster students and homeless students for whom the District received a bill during fiscal 2020 and fiscal 2021 from another district. These bills included 11 foster students from fiscal 2019, 2 homeless students from fiscal 2017, and 22 homeless students from fiscal 2019. For each student, we verified whether proper documentation was maintained and the bills from the DOOs contained proper support to substantiate the District's obligation to issue payment.

CONCLUSION

Our review indicated that the District has implemented internal controls and procedures to address documentation requirements and to seek funding from appropriate sources once homeless students and foster students are identified. However, we noted areas where additional internal controls could be implemented.

The detailed results of our review are included in Sections I, II, and III of this report.

I. POLICIES AND PROCEDURES

Districts must designate a liaison for children and youth experiencing homelessness (Homeless Liaison). The McKinney-Vento Act (hereinafter “Act”) requires liaisons to ensure that “homeless children and youths are identified by school personnel through outreach and coordination with other entities and agencies.” This is meant to allow districts to provide support and offer appropriate services to the family, child, and/or youth.

Homeless children must be enrolled immediately (i.e., within 1 day of the parent's request) and remain enrolled while the District obtains required enrollment documentation. In addition, transportation must be arranged for the student timely, which is generally within 3 business days. Under the Act, children and youth who lack “a fixed, regular, and adequate nighttime residence” will be considered homeless, but the Act does not define these terms. However, the National Association for the Education of Homeless Children and Youth and the National Law Center on Homelessness & Poverty issued guidance which offers some clarity with the following definitions:

Fixed: A fixed residence is one that is stationary, permanent, and not subject to change.

Regular: A regular residence is one which is used on a regular (i.e., nightly) basis.

Adequate: An adequate residence is one that is sufficient for meeting both the physical and psychological needs typically met in home environments.

Once enrolled, students who are homeless should be identified as such within a district’s student management system. Districts are encouraged to check in with parents whose children are McKinney-Vento eligible (or youth themselves in the case of unaccompanied homeless youth) at the end of each school year to determine whether their housing situation has changed and make appropriate arrangements for the next school year if there has been a change.

Maintaining an updated list of homeless students and adequate documentation is important as districts are eligible for funding/reimbursement to cover the cost of educating and transporting these students under the McKinney-Vento Act.

The District has implemented Policy 5150: *School Admissions*, Policy 5151: *Homeless Children*, and 5151-R: *Homeless Children Regulation*, which outline the District’s responsibilities related to the admission, education, and transportation of homeless and foster children.

In addition, districts must appoint a Foster Care Point of Contact (POC) who will work collaboratively with representatives from LDSS. The designated POC shall not be the same as the liaison designated under McKinney-Vento for homeless students, unless that person has sufficient time, capacity, and ability to carry out the duties of both positions. The District has appointed separate employees to be the McKinney-Vento Homeless Liaison and the Foster Care POC. The POC responsibilities include, but are not limited to, coordinating with POCs from other districts on State law implementation; making timely best interest determinations, documenting the decision, and notifying necessary school district personnel; coordinating transportation agreements; and monitoring that children in foster care are enrolled in and regularly attending school.

When a child enters foster care, or is currently in foster care and changes placement, the LDSS should take the necessary steps to collaborate with local educational agencies (LEAs) to make a

best interest determination that considers the student's individual situation and educational program and needs. The District is responsible for the cost of educating all foster students with a DOO of Longwood CSD. Conversely, the District can bill the DOO for the cost of educating those foster students attending the District whose DOO is not Longwood CSD. As foster students' housing arrangements are often transient, it is crucial to maintain a current listing of foster students and maintain updated documentation.

Issue 1: We noted 1 of the students selected for foster revenue testing had been adopted in a prior year; however, this was not indicated in the listing provided by the District.

Risk: The student information system may not contain accurate information about the current housing status for all students.

Level: Moderate

Recommendation: We noted the District has since updated the status of the student. We recommend any changes in student housing situations, specifically homeless/foster status be reflected in PowerSchool.

II. DOCUMENTATION

McKinney-Vento

Students experiencing homelessness may attend the district where temporarily housed, the district where last enrolled, or the DOO; whichever district has been determined to be in the best interest of the student.

In addition, per Regulation 100.2(x), the designated district shall immediately review the STAC 202 form to ensure that it has been completed properly (i.e., the form must be signed by the LDSS or a school district representative to attest that the student has moved to temporary housing as required by NYSED).

Lastly, Regulation 100.2(x) states that the designated district shall determine whether the DOA designation is consistent with the best interests of the homeless child. The District is responsible for "designate[ing] and train[ing] an employee (who may also be the McKinney-Vento liaison) who will be responsible for making best interest determinations in accordance with the requirements ...[below]:

- (1) presume that keeping the homeless child or youth in the school of origin is in the child's or youth's best interest, except when doing so is contrary to the request of the child's parent or guardian...;
- (2) consider student-centered factors...;
- (3) if after considering...[1 and 2 above], the [designated district] determines that it is not in the homeless child's best interest to attend the school of origin or the school designated by the designator, the [designated district] must provide a written explanation of the reasons for its determination...[and in the meantime] [t]he homeless child or youth must be enrolled in the school in which enrollment is sought by the designator during the pendency of all available appeals."

Additionally, NY Education Law § 3209(2)(e) states a STAC-202 form shall be completed for each student identified as homeless who is seeking enrollment in the District. Copies of the form should be submitted to the following:

- NYSED STAC Unit (if last permanent housing was in a different district),
- the DOA,
- the DOO,
- the district where last enrolled,
- the parent, guardian, unaccompanied youth, or director of a residential program for runaway and homeless youth, and
- the LDSS (if the student was placed in temporary housing by LDSS).

The District (Longwood CSD) may be the DOO, DOA, and district where the student was last enrolled (the school of origin, or “SOO”). When the District is the DOO, the DOA, and the SOO, it does not need to submit a STAC-202 form to the NYSED STAC Unit or LDSS.

Auditor’s Comment: Out of the 32 homeless students selected with a DOO of Longwood, we noted 8 homeless students who entered homelessness while attending school in the District and who remained in the District. While the District is not required to provide a STAC-202 to NYSED or another district for these students, NYSTEACH states that a STAC-202 form should be completed and maintained for record-keeping purposes. We were informed the District began the practice of maintaining STAC-202 forms for these situations when the current McKinney-Vento Liaison was appointed in the 2019-2020 school year and these 8 students entered homelessness before this practice began.

The McKinney-Vento Act requires districts to enroll homeless students even if they do not have the paperwork normally required for enrollment (e.g., school records, medical records, proof of residency, etc.). Per the National Center for Homeless Education, “for those students whose records might be damaged, destroyed, or otherwise unavailable, it is incumbent upon the receiving schools to begin to build new student records immediately based on information gathered from parents, students, local district or state-level student databases, and any other reliable sources of student information.”

During our testing, we noted the following:

Issue 2: There are 4 homeless students whose registration form was not dated. As such, we were unable to determine if the students were enrolled within 1 day of the parents’ request (i.e., after registering at the District). In addition, we noted 8 instances in which the District was unable to provide support indicating timely arrangement of transportation for those homeless students selected.

Risk: The District may not be in compliance with the McKinney-Vento Act.

Level: Moderate - High

Recommendation: We recommend the District enroll homeless students immediately (i.e., within 1 day of the parent's request) and ensure registration forms are dated to substantiate timely enrollment of the student. In addition, we recommend the District maintain

documentation of when transportation was arranged for homeless students (e.g., documentation showing when student first received transportation) and/or work with the transportation software provider to query a report that shows when a student was eligible to begin and when a student began receiving transportation services each school year.

Issue 3: There is 1 homeless student with a DOO other than the Longwood whose file did not contain education records from the SOO nor any other documentation used to place the student.

Risk: Noncompliance with State documentation requirements. In addition, the District may not be able to determine proper placement of homeless students.

Level: Moderate

Recommendation: We recommend the District obtain education records from the SOO where possible and maintain such records within PowerSchool. When education records cannot be obtained, we recommend the District maintain in PowerSchool any documentation used to place the student and document when support could not be obtained.

Foster

Chapter 56 of the Laws of 2018 mandates that the best interest determination rests ultimately with the LDSS, after consultation with the LEA. As such, the District should work collaboratively with the LDSS to ensure that foster children are transported to the school determined to be in the child's best interest and educational stability is maintained. In all cases, this DOA is presumed to be the school the child is currently attending unless a change of school placement is in the child's best interest. The determination of the DOA (best interest determination) must be documented pursuant to Chapter 56 of the Laws of 2018. The District is responsible for ensuring Form LDSS-2999 and best interest determination documentation are maintained in each student's file. In addition, NYS Education Department (NYSED) and the NYS Office of Children and Family Services (NYS OCFS) requires that a foster student's ITP be completed and commenced within two to three business days for in-district transportation, or five to seven business days for out-of-district transportation of notification of best interest determination. Upon receipt of the best interest determination and Form LDSS-2999 from the LDSS, an ITP must be developed, and the student enrolled immediately. Because of the importance of timely enrollment and transportation arrangement, it is good practice to date-stamp these forms and other documentation to provide an audit trail of events.

Issue 4: We noted the District does not maintain documented ITPs.

Risk: Noncompliance with State documentation requirements.

Level: Moderate - High

Recommendation: We acknowledge that the District has developed a local transportation agreement with the LDSS; however, we recommend the District also develop an ITP for

each student placed in foster care to be in compliance with State guidelines and regulations.

Issue 5: We noted the District does not consistently maintain best interest determination documentation. we noted 20 students out of the 23 foster students (12 revenue selections and 11 expenditure selections) for whom the District did not maintain or obtain such documentation.

Risk: Noncompliance with State documentation requirements. In addition, from a foster care expenditure perspective, the District may be paying for the cost of educating a student for whom the District is not fiscally responsible.

Level: Moderate - High

Recommendation: We recommend the District ensure it obtains and maintains best interest determination documentation for all foster students, as this information is used to substantiate the District's obligation to pay other districts or right to bill other districts and/or the LDSS. Such information can be uploaded and maintained in the student's PowerSchool file.

Issue 6: We noted the District does not formally document the procedures performed when the District is informed of a student entering foster care (e.g., transportation arranged, appropriate District personnel notified, best-interest determination completed, etc.).

Risk: There is an increased risk of inadequate documentation and noncompliance with regulations.

Level: Low-Moderate

Recommendation: We recommend the District formalize procedures for actions taken by the POC and other District personnel when a student is placed in foster care. In addition, we recommend the POC document when each procedure is performed (e.g., when the LDSS-2999 was obtained, when the Individualized Transportation Plan [ITP] was developed, and when various personnel have been notified). The District may use the template provided by NYSED within the Tool Kit for Local Educational Agencies and Local Social Services Agencies to document such information.

III. FUNDING & EXPENDITURE

McKinney-Vento

It is the responsibility of the DOA to educate and transport students experiencing homelessness. In some circumstances, however, a district may be able to recuperate funds used for educating and transporting homeless students. Districts can claim state transportation aid for the cost of transporting homeless students for whom the district is the DOA.

Funding is available for certain programs and activities that support the educational success of students experiencing homelessness. The McKinney-Vento Competitive Grant Program is available every three years. In addition, a district may use Title I, Part A funds to provide similar services for economically disadvantaged students, including transportation of homeless students, but only as a last resort when funds or services are not available from other public or private sources, such as public health clinics, or local discretionary funds (sometimes provided by the PTA).

Issue 7: We noted the District did not receive McKinney-Vento grant funding during the period under review (2019-2022 grant period). However, we noted the District did receive McKinney-Vento grant funding under the 2016-2019 grant period.

Risk: The District may not be maximizing revenue.

Level: Low-Moderate

Recommendation: We recommend the District continue to apply for McKinney-Vento grant funding when applications for the next three-year funding period is open.

Aid is available to districts for educating homeless students. While the eligibility may extend across school years, the reimbursement is specific to a school year. The STAC Unit requires application for each school year that the student is homeless. As the District is only eligible for aid if the student's DOO is another district, we verified whether the District included those students selected whose DOO was another district in the District's STAC.

To assess the District's controls for revenue related to homeless students, we selected 32 of the 320 homeless students from the listing provided to us and performed testing to determine whether the District maintained adequate documentation, the student's temporary housing falls within District borders, the District included the student in the STAC, and the District utilized funding available to offset costs in excess of aid, if applicable.

The District can bill the DOO for the cost of educating a student who was homeless, found permanent residency outside the District, and chose to continue attending school at the District. The student is permitted to do this for the remainder of a year in which permanent housing was found. In addition, the student may remain at the District for an additional year if it is his/her terminal grade at the school. For our homeless student selections who resided outside the District and were included on the District's list of students who found permanent housing, we determined whether the District correctly billed the DOO. **No exceptions were noted.**

To assess the District's controls surrounding the payment of invoices from DOAs for the cost of educating homeless students, we selected all homeless students for whom the District was billed during the 2019-2020 and 2020-2021 school years and performed testing to determine the accuracy of the invoices paid and whether the support provided by the DOA was adequate.

Issue 8: There are 2 homeless students for whom the District received an invoice for the cost of education; however, the supporting documentation did not include the STAC 202 form.

Risk: The District may be paying for the cost of educating a student for whom the District is not fiscally responsible.

Level: Moderate-High

Recommendation: We recommend the District only pay invoices from districts when adequate documentation is provided to substantiate the student's housing situation (e.g., STAC 202 form showing homeless status and/or proof of residency showing permanent housing status in Longwood).

Foster

Funding is also available to a district for the cost of educating students in foster care. Because the DOA is responsible for transporting foster students, the student is included in the claim for State Transportation Aid. The District may also use Title I, Part A funds for costs not reimbursed by transportation aid if: 1) the student is temporarily housed within the District and the student is attending the SOO, 2) the student is temporarily housed outside the District, or 3) the student is temporarily housed in a neighboring state. Prior to fiscal 2018-2019, transportation costs not reimbursed by State aid or Title I funds were split between the District and DOO. Subsequent to that, any transportation costs not reimbursed by State aid or Title I funds are split between the District and the LDSS.

While the DOA is responsible for educating foster students, the DOO is responsible for the costs associated with educating those students. As such, the DOA may bill the DOO for any costs associated with educating foster students in excess of aid received. Costs associated with the transportation of foster students in excess of any aid received is shared equally with the LDSS. **No exceptions were noted with regards to billing of the DOO.**

Auditor's Comment: Although our testing of revenue related to foster billing yielded no exceptions, there were documentation and record-keeping issues noted in Sections I and II of this report.

We also selected all foster students for whom the District received a bill for the cost of education and verified whether the District received proper support from the DOA prior to submitting payment. **No exceptions were noted with regards to payment to the DOA.**

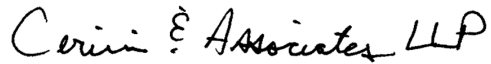
Auditor's Comment: Although our testing of education and transportation costs related to foster students yielded no exceptions, there were documentation and record-keeping issues noted in Sections I and II of this report.

Auditor's Comment: During our testing, we noted 5 instances in which the District was billed the cost for transportation for foster students and 1 instance in which the District was overbilled for tuition costs. The District caught each of the errors and correctly adjusted the amount due. We commend the District for its internal controls surrounding its review of foster care invoices and payments.

We understand the fiduciary duty of the Board of Education, as well as the role of the internal auditor in ensuring that the proper control systems are in place and functioning consistently with the Board's policies and procedures.

We would like to thank the staff at the District for its cooperation and professionalism during our testing. Should you have any questions regarding anything included in our report, please do not hesitate to contact us at (631) 582-1600.

Sincerely,

A handwritten signature in cursive script that reads "Cerini & Associates LLP".

Cerini & Associates, LLP
Internal Auditors