Lewiston Porter Central School District

Review of Internal Controls over the System to Track and Account for Children (STAC) Process

withum

January 9, 2026

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Audit Committee
Lewiston Porter Central School District
4061 Creek Road
Youngstown, NY 14174

We have performed an internal audit of the internal controls over the system to track and account for children (STAC) process of Lewiston Porter Central School District (the District). Our internal audit was performed during the 2025-2026 fiscal year in accordance with the terms of our engagement letter and the applicable internal audit procedures. Our report contains the following:

- **Executive Summary** - An overview of the risk factors considered, an overall internal audit rating, and a summary of the key observations.
- **Observations and Recommendations** – Details related to specific findings noted during the audit.

This report contains recommendations for improvement in internal controls for consideration by the Board of Education, the audit committee, and school district officials.

This report is intended solely for the information and use of the District. It is not intended to be and should not be used by anyone other than these specified parties. The New York State (State) Comptroller's Office may be provided with a copy of this report in connection with fulfilling their oversight responsibilities.

We appreciate the cooperation extended to us during this review. If we can be of assistance to you or if you have any questions concerning this report, please contact Joanne Spencer or Kathryn Barrett at (585) 344-1967.

Sincerely,

Kathryn Barrett, CPA
Partner, Attest

Table of Contents

EXECUTIVE OVERVIEW **4**

INTRODUCTION 4
INTERNAL AUDIT SCOPE 4
OVERVIEW OF ISSUES 4
CONCLUSION 5

INTERNAL AUDIT APPROACH **6**

SCOPE AND METHODOLOGY **6**

COMMENTS OF DISTRICT OFFICIALS AND CORRECTIVE ACTION **6**

DETAILED OBSERVATIONS AND RECOMMENDATIONS **7**

APPENDIX A **11**

INTERNAL AUDIT METHODOLOGY 11

APPENDIX B **12**

INTERNAL AUDIT PROCEDURES PERFORMED 12

APPENDIX C **14**

OBSERVATIONS FURTHER DETAILED 14

EXECUTIVE OVERVIEW

Introduction

We recently completed an internal audit of the District's internal controls over the STAC process with a primary objective of evaluating the significant control points for effectiveness, adequacy, and efficiency of operations. This report is intended solely for the information and use of the District, and should not be used for any other purpose.

Internal Audit Scope

We completed an internal audit of the District's STAC process in accordance with the internal audit plan and planning memo. Our internal audit was performed to:

- Gain an understanding of the functions and processes,
- Identify the risks and exposures,
- Assess the impact of such risks on the internal control environment, and
- Evaluate the adequacy of internal controls in place to mitigate the identified risks.

Overview of Issues

During the course of our work, we discussed the progress of the audit and our findings with management. Our detailed findings and recommendations for improving controls and operations are described in the detailed issue matrix of this report. A summary of key issues is provided below.

Issue Description	Relative Risk	Resolution Level of Difficulty
1. Unable to compare individualized education program (IEP) required program and related services to actual program and related services provided	High	Moderate
2. Lack of District policies and procedures	High	Low
3. Differences in IEP required program and related services and actual program and related services provided	Moderate	Low
4. Differences in costs incurred for program and related services provided to final cost reports submitted to SED	Moderate	Low
5. Unable to compare costs for program and related services provided to final cost reports submitted to SED	Moderate	Low

Relative Risk is an evaluation of the severity of the concern and the potential impact on operations or state aid. Items rated as "High" are considered to be of immediate concern and could cause a significant operational issues or impact on state aid if not addressed in a timely manner. Items rated as "Moderate" may also cause operational issues or an impact on state aid and do not require immediate attention, but should be addressed as soon as possible. Items rated as "Low" could escalate into operational issues or an impact on state aid, but can be addressed through the normal course of conducting business.

Resolution Level of Difficulty is an evaluation of the estimated level of difficulty and potential cost to resolve the concern based on our experience. Items rated as "High" are considered to be difficult to resolve and/ or will require a significant amount of planning and management involvement/ oversight in order to obtain resolution. Items rated as "Moderate" are not as difficult to resolve and/ or do not require a significant amount of planning, but may be time-consuming to resolve. Items rated as "Low" are items that are not complex and/ or do not require significant amounts of planning and time to resolve.

Conclusion

A "Unsatisfactory" internal audit rating, as defined below, was assigned following this internal audit based on the identification of the key findings summarized above, as well as other less significant comments that can be addressed by management in the normal course of business.

RATINGS	CONDITIONS
SATISFACTORY	No significant deficiencies exist, while improvement continues to be appropriate; controls are considered adequate and findings are not significant to the overall District.
NEEDS IMPROVEMENT	Some improvement needed to bring District to acceptable status but if continues without attention, could lead to further deterioration and an unsatisfactory status.
UNSATISFACTORY	Significant deficiencies exist which could lead to material financial loss or embarrassment to the District.

INTERNAL AUDIT APPROACH

To accomplish the scope of this internal audit, we reviewed:

- Frontline reports
- Student Individualized Educational Plans (IEP)
- BOCES final cost reports
- Provider invoices
- Transportation costs summaries
- State Education Department (SED) reports

It should be recognized that controls are designed to provide reasonable, but not absolute, assurance that errors and irregularities will not occur, and that procedures are performed in accordance with management's intentions. There are inherent limitations that should be recognized in considering the potential effectiveness of any system of controls. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes in judgment, carelessness, or other personal factors. Control procedures can be circumvented intentionally by management with respect to the execution and recording of transactions, or with respect to the estimates and judgments required in the processing of data.

Further, the projection of any evaluation of control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, and that the degree of compliance with procedures may deteriorate.

SCOPE AND METHODOLOGY

During this internal audit, we examined internal controls over the STAC process by the District that existed at the time of our internal audit. More information on such standards and the methodology used in performing this internal audit is included in Appendix A of this report.

COMMENTS OF DISTRICT OFFICIALS AND CORRECTIVE ACTION

The results of our internal audit and recommendations have been discussed with District officials and their comments, which appear in this report, have been considered in preparing this report.

Management should prepare a corrective action plan that addresses the recommendations in this report. The Audit Committee has the responsibility to review, accept, and monitor the implementation of the corrective action plan. For guidance in preparing the corrective action plan, management may refer to applicable sections in the publication issued by the Office of the State Comptroller entitled *Local Government Management Guide*.

DETAILED OBSERVATIONS AND RECOMMENDATIONS

Observation	Recommendation	Management Response
1. Unable to compare IEP required program and related services to actual program and related services provided		
For many of the students selected for testing, Withum was unable to compare the program and related services required per the IEP to the program and related services actually provided because: a. Withum received IEPs that only covered a partial period for the school year being tested, therefore, Withum was not able to agree services provided (and billed) during the fiscal year to the services required to be provided per the IEP for the full school year. In addition, Withum didn't receive an IEP for a selection. b. The District was unable to provide information (i.e. contracts, invoices, reports) that detailed the program and related services provided, the frequency of services actually provided, and the start and end dates of the period. See Appendix C for further details.	Withum recommends District personnel prepare student STACs based on the District's fiscal year. If the services provided to the student changes during the year, the STAC should be updated as necessary. Withum recommends District personnel request and retain invoices from third party providers that detail the services provided, frequency of the service, and the period the services were provided. If the invoices don't detail the services, then Withum recommends the District obtain a contract that does detail the services provided, frequency of the service, and the period the services were provided. In addition, we recommend the District retain all documents that support STACd costs.	**Corrective Action:** The District is exploring moving from anniversary to fiscal year, which will facilitate full year STACs. The District will ensure invoices provide sufficient detail to confirm services are in compliance with IEPs. **Responsible Party:** Breanna Burke, Director of Special Education **Target Date:** September 2026

Observation	Recommendation	Management Response
2. Lack of District policies and procedures		
Based on discussions with District personnel and the District's third party consultant, there is no written criteria for STACing students and the District and third party consultant consider differing criteria. The different criteria may produce different results. In addition, there doesn't appear to be an effective monitoring process in place at the District to ensure IEP required services are actually provided, and all costs related to programs and related services are reported to SED in final cost reports. See Appendix C for further details.	Withum recommends the District establish a written policy for students who should be STACd with consideration to criteria that would maximize state aid (i.e. STACing all private placements, all extended school year placements, all students with 1:1 aides, and students with a high frequency and/or multiple related services). We also recommend the District establish procedures to ensure that IEP required programs and related services are actually provided, and all costs incurred related to programs and related services provided are reported to SED in final cost reports for BOCES, private, summer school, and in-district placements. In addition, we recommend the District consider amending prior year final STAC reports submitted to SED to the extent necessary to maximize state aid. Furthermore, we recommend that appropriate District personnel have access to and review SED STAC reports (i.e. DQAPP, Goldstar, DQSBO, AVL, EFH670) for effective monitoring purposes.	**Corrective Action:** The District will establish a policy for the STAC process. Costs will be determined for all in-district students and compared to the current year STAC threshold. Required services will be compared to invoices/reports to ensure compliance. Prior year STACs will be amended, if necessary. Department office staff will be provided with all necessary and appropriate access to monitor the STAC process. **Responsible Party:** Breanna Burke, Director of Special Education **Target Date:** September 2026

Observation	Recommendation	Management Response
3. Differences in IEP required program and related services and actual program and related services provided		
For some of the students selected for testing, Withum noted: a) the related service frequency required per the IEP did not agree to the BOCES detail report for actual services provided, b) a specific related service was provided by BOCES, but did not appear to be listed as a service required per the IEP, and c) specific related services were required per the IEP, but did not appear to be listed on the related services actually provided by BOCES. See Appendix C for further details.	Withum recommends District personnel receive training to understand, compare, and ensure that program and related services required per the IEP are provided with the required frequency.	**Corrective Action:** District staff will receive the necessary training to ensure compliance. **Responsible Party:** Breanna Burke, Director of Special Education **Target Date:** September 2026
4. Differences in costs incurred for program and related services provided to final costs reports submitted to SED		
For some of the students selected for testing, Withum noted differences in costs of program and related services provided when comparing supporting details to the STACd costs reported to SED. See Appendix C for further details.	Withum recommends the District ensure that all program and related services costs for students who are STACd are reported to SED. For summer school placements, we recommend that all transportation costs, maintenance costs, and aide costs (1:1 or 2:1), if applicable, be included in STACd costs to maximize state aid. For private placements, we recommend that all aide costs (1:1 or 2:1), if applicable, be included in STACd costs, if not already included in SED rate, to maximize state aid. In addition, we recommend the District consider amending prior year final STAC reports submitted to SED to the extent necessary to maximize state aid.	**Corrective Action:** STACs will be prepared to ensure all costs are reported. All summer and private placement STACs will be prepared to ensure all costs are included. STACs will be reconciled at year end to ensure costs are properly captured. **Responsible Party:** Breanna Burke, Director of Special Education **Target Date:** September 2026

Observation	Recommendation	Management Response
5. Unable to compare costs for program and related services provided to final cost reports submitted to SED		
For some of the students selected for testing, Withum was unable to compare costs of program and related services actually provided to the amounts reported in the final STAC cost reports submitted to SED because: a. We were not provided with: 1) information (i.e. contracts, invoices) that contained itemized costs, 2) the calculation of costs for program services, related services, and transportation, 3) the frequency of programs and related services provided, and 4) a description of the costs. b. Withum was unable to determine if the District's final cost reports submitted to SED included all students whose total costs exceeded the District's qualifier for the 24-25 school year because we were not provided with the District's qualifying threshold for the 24-25 school year, for BOCES, private placement, and in-district selections. c. We were not provided with a detailed calculation of the District's costs submitted to SED for the 23-24 and 24-25 school years for BOCES, private placements, summer school, and in-district selections. See Appendix C for further details.	Withum recommends District personnel receive training to understand, compare, and ensure that all costs for program and related services actually provided are being STACd. In addition, we recommend the District ensure that all program and related services costs for students who are STACd are reported to SED. We also recommend the District obtain and retain all documents that support STACd costs.	**Corrective Action:** The District will be utilizing a new third party consultant beginning in July 2026 for STAC submissions. Office staff will receive guidance and training to develop a new process to ensure STACs contain all applicable costs. **Responsible Party:** Breanna Burke, Director of Special Education **Target Date:** September 2026

APPENDIX A

Internal Audit Methodology

To accomplish our internal audit objective, we performed a risk assessment of the internal controls in order to design our internal audit to focus on areas of higher risk. Our risk assessment included evaluations of the following areas: accounting systems, budgeting, centralized and decentralized cash receipts, grant administration, state aid, purchasing and cash disbursements, internal claims auditing, payroll, employee benefits and paid time off, fuel depot, and fixed assets.

During the risk assessment, we interviewed appropriate District officials and reviewed pertinent documents such as District policies and procedures manuals and financial records and reports. Further, we reviewed the District's internal controls and procedures over the computerized financial databases to ensure that the information produced by such systems was reliable.

After reviewing the information gathered during our risk assessment, we determined where weaknesses existed, and evaluated those weaknesses for the risk of potential fraud, theft and/or professional misconduct, and identified for internal audit those areas most at risk. The Audit Committee selected the STAC process for further audit testing.

We interviewed appropriate District officials and third party consultant to obtain an understanding of the District's controls and procedures for the STAC process. We reviewed Frontline reports, IEPs, BOCES reports, invoices, transportation costs summaries, and SED reports and guidance.

Our internal audit methodology requires that we understand the District's management controls and those laws, rules and regulations that are relevant to the District's operations included in the scope of our internal audit. An internal audit includes performance of procedures related to transactions recorded in accounting and operating records and applying such other internal auditing procedures, as we consider necessary in the circumstances. We believe that the procedures performed provide a reasonable basis for the findings, conclusions, and recommendations contained in this report.

APPENDIX B

Internal Audit Procedures Performed

We performed the procedures enumerated below, which were agreed to by the Audit Committee of the District. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures performed are summarized as follows:

We made a random sample of 5 BOCES placements, 5 private placements, 10 in-district placements with a 1:1 aid or high cost, and 3 summer school placements for each of the fiscal year ended June 30, 2024 and 2025 from STAC and Frontline reports provided by the District.

For all the students selected for testing, we were to verify that an IEP exists that covers the period of service being claimed and we were to agree the services required as documented on the IEP. We were unable to verify that an IEP exists for the period of service being claimed for many of the selections and we were unable to compare services required as documented on the IEP to services provided for many of the selections.

<u>BOCES Placements:</u>

1. We were to obtain the Final Student Enrollment for Students with Disabilities report provided by BOCES for the fiscal years ended June 30, 2024 and 2025.

   We obtained the report for the fiscal year ended June 30, 2024, but did not obtain the report for the fiscal year ended June 30, 2025 as it was not available from the BOCES at the time of the testing.

2. For fiscal year ended June 30, 2024, for all students whose costs exceeded the District's qualifier, we were to review the District's High Cost STAC-3 Amendment Report (HCSAR) submitted to SED for these students and verify that the costs submitted to SED for these students agree to the costs reported on the Final Student Enrollment for Students with Disabilities report provided by BOCES.

   We were unable to review the District's HCSAR, or summary of the District's submitted costs, to SED for these students, and therefore, we were unable to verify that costs submitted to SED agreed to the costs reported on the Final Student Enrollment for Students with Disabilities report provided by BOCES.

<u>Private Placements:</u>

3. We were to obtain the private placement contracts and the monthly invoices for these students for the fiscal years ended June 30, 2024 and 2025.

   We were unable to obtain private placement contracts and some invoices for these students.

4. For fiscal year ended June 30, 2024, for all students whose costs exceed the District's qualifier, we were to review the HCSAR submitted to SED for these students and verify that the costs submitted to SED for these students agree to the costs reported on the invoices.

We were unable to review the District's HCSAR, or summary of the District's submitted costs, to SED and we were unable to review some invoices for these students, and therefore, we were unable to verify that costs submitted to SED agreed to the costs reported on the invoices.

Summer School Placements:

5. We were to obtain the District's cost reports and invoices for the students selected for testing for the fiscal years ended June 30, 2024 and 2025. We were to verify that the District has calculated all transportation and maintenance costs associated with these placements and review the calculation for reasonableness.
   We were unable to obtain all costs and invoices, and we were unable to verify that the District calculated all transportation and maintenance costs for the students selected for testing.

6. For fiscal year ended June 30, 2024, we were to review the HCSAR submitted to SED for these students and verify that the costs submitted to SED for these students agree to the costs reported on the invoices plus transportation and maintenance.
   We were unable to review the District's HCSAR, or summary of the District's submitted costs, to SED and we were unable to review some invoices and transportation and maintenance costs for these students, and therefore, we were unable to verify that costs submitted to SED agreed to the costs reported on the invoices.

In-District Placements:

7. We were to obtain the District's calculation of all costs associated with in-district placements.
   We were unable to obtain the District's calculation of costs for the students selected for testing.

8. We were to review the calculation of the cost for reasonableness or trace costs to supporting documentation on a random basis.
   We were unable to review the calculation of costs for the students selected for testing.

9. For fiscal year ended June 30, 2024, for all students whose costs exceed the District's qualifier, we were to review the HCSAR submitted to SED for these students and we were to verify that the costs submitted to SED for these students agree to the District's calculated costs for these students.
   We were unable to review the District's HCSAR, or summary of the District's submitted costs, to SED for these students, and therefore, we were unable to verify that costs submitted to SED agreed to the costs calculated for these students.

Other:

10. We were to obtain the on-line STAC verification status (Gold Star) report notifying the District of any unverified STACs and we were to review the report with District officials as deemed necessary.
    We were unable to obtain the report.

11. We were to obtain the SED DQSBO report of the total STACs submitted, approved, verified by SED and unverified and we were to review the report with District officials as deemed necessary.
    We were unable to obtain the report.

APPENDIX C

Observations Further Detailed

Observation
1. Unable to compare IEP required program and related services to actual program and related services provided

For many of the students selected for testing, Withum was unable to compare the program and related services required per the IEP to the program and related services actually provided because:

a. Withum received IEPs that only covered a partial period for the school year being tested, therefore, Withum was not able to agree services provided (and billed) during the fiscal year to the services required to be provided per the IEP for the full school year. In addition, Withum didn't receive an IEP for a selection.

We received IEPs that only covered partial periods for:

- 4 out of 5 selections for BOCES placements testing for the 23-24 school year,
- 10 out of 10 private placement selections for the 23-24 and 24-25 school years, and
- 14 out of 20 in-district selections for the 23-24 and 24-25 school years.

The District was unable to provide IEPs for 1 out of 6 summer school selections for the 24-25 school year.

b. The District was unable to provide information (i.e. contracts, invoices, reports) that detailed the program and related services provided, the frequency of services actually provided, and the start and end dates of the period.

- Withum was unable to compare the program and related services period per the IEP to the supporting detail because the invoice provided to the District did not specify the start and end dates of the service period for 3 out of 10 private placement selections s for the 23-24 and 24-25 school years.
- The District was unable to provide information from BOCES that identified the frequency of the related services provided by BOCES for the 5 students selected for testing for the 24-25 school year.
- The District was unable to provide an invoice from the private placement agency that identified the services provided, frequency, and the dates of the services for 4 of the 10 students selected for testing.
- The District was unable to provide an invoice from the private placement agency that provided a description of the services provided and the frequency of the services for 6 of the 10 students selected for testing.
- For the 23-24 and 24-25 school years, Withum was unable to compare the program and related services and the frequency of services actually provided for 3 out of 6 summer school placement selections to the student's IEP.
- For the 23-24 and 24-25 school years, Withum was unable to compare the program and related services and the frequency of services actually provided for 20 out of 20 in-district selections to the student's IEP.

Observation

2. Lack of District policies and procedures

Based on discussions with District personnel and the District's third party consultant, there is no written criteria for STACing students and the District and third party consultant consider differing criteria. The different criteria may produce different results. In addition, there doesn't appear to be an effective monitoring process in place at the District to ensure IEP required services are actually provided, and all costs related to programs and related services are reported to SED in final cost reports.

- We noted for the 23-24 school year, the District identified 22 students attending private schools, and was STACing 20 of those students.
- For summer school, we noted for the 23-24 school year, we noted the District identified 45 students attending summer school, but were STACing 27 students . And for the 24-25 school year, the District identified 46 students attending summer school, but it appears none were STACd.
- For in-district students, we noted for the 23-24 school year, 2 students selected for testing appeared to have 1:1 aides but were not STACd. We also noted the District identified a total of 12 students had 1:1 aides, but only 8 students were STACd. In addition, we noted some in-district students, who did not have 1:1 aides, but had many and/or frequent related services that were not STACd.

3. Differences in IEP required program and related services and actual program and related services provided

For some of the students selected for testing, Withum noted: a) the related service frequency required per the IEP did not agree to the BOCES detail report for actual services provided, b) a specific related service was provided by BOCES, but did not appear to be listed as a service required per the IEP, and c) specific related services were required per the IEP, but did not appear to be listed on the related services actually provided by BOCES.

- Withum noted the related service frequency required per the IEP did not agree to the BOCES detail report for actual services provided for 4 programs and related services out of a total of 23 programs and related services tested for the 23-24 school year.
- In addition, Withum noted that a specific related service was provided by BOCES, but did not appear to be listed as a service required per the IEP for 1 out of 10 selections tested for the 23-24 and 24-25 school years.
- Furthermore, Withum noted that a specific related service was required per the IEP, but did not appear to be listed on the related services actually provided by BOCES for 2 out of 10 selections for the 23-24 and 24-25 school years.

Observation

4. Differences in costs incurred for program and related services provided to final cost reports submitted to SED

For some of the students selected for testing, Withum noted differences in costs of program and related services provided when comparing supporting details to the STACd costs reported to SED.

- One BOCES placement appeared to be STACd twice on the SED final cost report.
- Withum noted that the costs reported on the SED final cost report did not agree to the invoiced detail report for 3 private placement selections for the 24-25 school year and we were not provided with an explanation for the difference.
- We also noted that transportation costs do not appear to be included in the STACd costs reported to SED for the BOCES 2023 summer program.
- Furthermore, Withum noted the District's costs for 2 summer school selections (SED approved tuition rate plus transportation costs) appeared higher than the SED reported costs for the 23-24 school year.

5. Unable to compare costs for program and related services provided to final cost reports submitted to SED

For some of the students selected for testing, Withum was unable to compare costs of program and related services actually provided to the amounts reported in the final STAC cost reports submitted to SED because:

a. We were not provided with: 1) information (i.e. contracts, invoices) that contained itemized costs, 2) the calculation of costs for program services, related services, and transportation, 3) the frequency of programs and related services provided, and 4) a description of the costs.

   - We were not provided with information (i.e. contracts or invoices) that contained the costs for 4 out of 10 private placement selections. In addition, for 6 out of 10 selections, the information provided did not itemize the costs for comparison to the IEP.
   - We were not provided with the SED approved rate for an out of state summer school student selected for testing.
   - We were not provided with the District's calculation of costs for the program and related services, in addition to frequency of the services provided, 20 out of 20 in-district students selected for testing. We were also not provided with the names and related costs of students' teachers, teacher aids, and related service providers for the students selected. Furthermore, we were not provided with the number of students in a self-contained classroom, the length of sessions, and the number of students in group sessions for students selected.
   - Withum was unable to review costs of transportation services provided to ensure all transportation costs were included in the STACd costs submitted to SED for all 6 summer school selections for the 23-24 and 24-25 school year because we were not provided with the calculation of costs.

Observation
5. Unable to compare costs for program and related services provided to final cost reports submitted to SED (continued)
b. Withum was unable to determine if the District's final cost reports submitted to SED included all students whose total costs exceeded the District's qualifier for the 24-25 school year because we were not provided with the District's qualifying threshold for the 24-25 school year, for BOCES, private placement, and in-district selections. c. We were not provided with a detailed calculation of the District's costs submitted to SED for the 23-24 and 24-25 school years for BOCES, private placements, summer school, and in-district selections.