



SENIOR DEPUTY COMMISSIONER OF EDUCATION – P-16
Office of Elementary, Middle, Secondary and Continuing Education
Office of Higher Education

To: Contract for Excellence School District Superintendents
Chancellor Klein

From: Johanna Duncan-Poitier

Date: June 26, 2008

Subject: Independent Auditing Requirements Concerning
2007-08 Contracts for Excellence

As year one of Contracts for Excellence draws to a close, the following is a reminder of a few year-end audit requirements of Chapter 57 of the Education Law. The law requires C4E school districts to:

Include in the school district audit report certified to the commissioner by an independent certified public accountant, an independent accountant or the comptroller of the city of New York pursuant to section twenty-one hundred sixteen-a of this chapter a certification by such accountant or comptroller in a form prescribed by the commissioner and that the increases in total foundation aid and supplemental educational improvement plan grants have been used to supplement, and not supplant funds allocated by the district in the base year for such purposes.

To comply with this requirement C4E school districts need to demonstrate that they have set up accounting procedures in the first year to allow the tracking of C4E funds by school and C4E program and, in the second year, to demonstrate that C4E funds supplemented district effort as required by law.

To assist districts in complying with the requirements of Contracts for Excellence, we have prepared documents that explain auditing and accounting procedures. The following documents are posted at www.emsc.nysed.gov/mgtserv/C4E/ and serve to outline expectations and final requirements for completing the Contract for Excellence for 2007-2008:

- A. Instructions for Completing a Supplemental Worksheet on C4E expenditures
- B. Supplemental Expenditure Worksheet due from C4E districts by September 1, 2008
- C. Independent Auditors Agreed-Upon Procedures and Reporting Document
- D. Summary of Allowable Programs for 2007-08 Contracts for Excellence
- E. Accounting Guidance
- F. Guidance on Supplementing and Supplanting for Contracts for Excellence
- G. 2008-2009 C4E Payroll Certification Form

Unfortunately, current law does not provide for any kind of “carry-over” of Contract for Excellence funds. The Education Department has encouraged districts to use the amendment process in order to ensure the complete expending of Contract funds by June 30th and many districts chose to do so. Please note that districts which do not expend all Contract for Excellence funds for 2007-08 will

need to include the unexpended amount as a liability on their June 30, 2008 financial statements to ensure that this aid does not revert to fund balance on July 1, 2008. Please let us know if there are extenuating circumstances that we should be aware of.

The procedures for independent auditors are first-year procedures in order to comply with the certification requirement regarding the expenditures of the Contract for Excellence for the year ending June 30, 2008. The focus of the first year was to put in place accounting procedures to allow district to demonstrate that they supplemented district effort, in accordance with statutory provisions, in the second year of the program.

Beginning with the 2008-09 fiscal year, school districts and independent auditors will need to certify that the district has supplemented and not supplanted previous expenditures. We have posted a payroll certification form for school district staff to certify that the district has supplemented and not supplanted previous expenditures. This form should be used by all C4E school districts beginning with the 2008-09 fiscal year.

Following are important dates associated with the close-out process for the 2007-08 Contracts for Excellence. They are:

- June 15, 2008 - Supplemental Expenditure Excel Template
- September 1, 2008 - Due Date for Expenditures Reported to the State Education Department via the Supplemental Expenditure Worksheet (Excel Template) along with Superintendent or Chancellor certification.
- October 15, 2008 - Due Date for submission of Contract for Excellence Agreed-Upon Procedures Report to SED as part of the district's annual independent annual audit report (Non-Big 5 City School Districts)
- January 1, 2009 - Due Date for submission of Contract for Excellence Agreed-Upon Procedures Report to SED as part of the district's annual independent annual audit report (Big 5 City School Districts only)
- January 15, 2009 - Due Date for Contract for Excellence Corrective Action Plan, if necessary (Non-Big 5 City School Districts)
- April 1, 2009 - Due Date for Contract for Excellence Corrective Action Plan, if necessary (Big 5 City School Districts only)

Please direct comments and questions to Deborah Cunningham, Coordinator of Educational Management Services at emscmgts@mail.nysed.gov. Thank you for your assistance and cooperation.

Cc: Charles Szuberla
Deborah Cunningham