



Office for Elementary, Middle, Secondary and Continuing Education
Charles A. Szuberla, Jr., Executive Director
Office of Facilities, Management and Information Services
Room 874 EBA (518) 474-2238

June 21, 2010

Mr. Joel Klein
Chancellor
New York City School District
52 Chambers Street
New York, New York 10007

Dear Chancellor Klein:

I am writing to transmit the draft results of our recently completed monitoring of the New York City School District's use of American Reinvestment and Recovery Act (ARRA) funds awarded for the July 1, 2009 – June 30, 2010 school year. The monitoring was conducted pursuant to the Commissioner of Education's authority under Section 305 of the Education Law. Our monitoring objectives were to ensure that ARRA Education Stabilization funds are being used as intended and to increase communication between the Department and school districts concerning the use of funds and reporting requirements.

Our monitoring scope was limited to the Education Stabilization Funds (ESF) for the period July 1, 2009 through June 30, 2010. To accomplish our objectives, we interviewed appropriate District officials, performed limited tests of transactions, and reviewed documents. In light of the district's focus on job retention, these documents included evidence of personnel paid with ARRA funds and payroll certifications thereto.

We conducted this performance monitoring in accordance with standards consistent with federal guidelines for monitoring Education Stabilization Funds. Those standards require that we plan and perform the monitoring to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.

Monitoring Results

The following are our findings:

Reporting Compliance

1. The district has completed its quarterly reports in a timely manner.

Preparation of Documentation for Monitoring

2. The district completed requested expenditure schedules satisfactorily.
- 3 Documentation provided (payroll, budget and expenditure information) was satisfactory evidence that the funds were used as approved.

Calculation of Jobs Retained and Created

4. District officials clearly described the method used by the District to calculate jobs retained and created and how that changed with revised OMB guidance issued December 18, 2009. Recovery Act Section 1512 requirements specify that ARRA fund recipients calculate these estimates each quarter based on what occurred during the reporting quarter in question.

Recommendations

Based on the site visit, the New York City School District demonstrated it is fully implementing the ARRA Educational Stabilization Funding, verified by:

- Allowability of amounts expended in appropriate programs, and
- Sufficient and separate control systems in place.

This report includes no recommendations for changes to procedures for the use of ARRA ESF funds or reporting on their use. As a result this report will be considered the district's final monitoring report.

We appreciate the cooperation and courtesies extended to our office during the monitoring of ARRA Educational Stabilization Funds. If you have any questions or require additional information, please contact me at (518) 474-2238.

Sincerely,



Charles A. Szuberla

c: D. Cunningham, J. Conway, M.Reilly, B. Porter, M. Lavare, M. Zollo,
M. Gardy, S. Hubbard