

Corrective Action Plan Fiscal Year Ending 6/30/23

Reserve Plan

During our audit, we noted the following:

1. The District does not have a written plan for the reserves. The Board is responsible for developing a written plan for use of its reserves. This plan should include when the reserves were formed, Section of Law, purpose, guidelines on funding levels and how and when disbursements should be made. Once the plan is completed it should be available on the District's website.
2. Funding reserves at a greater than reasonable level should be avoided. We noted that some of the reserves may have amounts that are excessive based on the District's expense experience and for projected future use.
3. The Board is responsible for having an annual review of the report on the activity. Once approved by the Board such report should be posted on the District website.

We recommend that the Board takes steps to comply with the requirements set forth for having and maintaining such reserves.

District Response: The District agrees with this comment. A draft plan has been provided to the Board of Education in January 2024 for review and adoption. Upon adoption, the plan will be posted to website. The Board of Education will annually review the reserves.

Person(s) responsible: Interim Superintendent Dr. Long; Interim Business Official Ms. O'Neill; District Treasurer, Tara Fisher

Completion date: June 2024

Books and Records

The untimely posting of books and records delays the year end closing and ultimately the filing of year end reports. In addition, it delays the decision-making process in order to make timely transfers and the balancing of books and records to the Treasurer's Reports on a monthly basis.

It is imperative that all fund transactions be posted in a timely manner to have monthly reports prepared to monitor the activities of the particular funds.

Interfund Receivables/Payables

During our audit, we noted that the interfund receivables were not reconciled with the interfund payables at year end due to a difference from the prior year.

We recommend that the interfund receivables and payables be reconciled monthly to ensure accuracy within these accounts and funds.

District Response: The District agrees with comment and transactions will be posted at no less than a weekly basis to ensure monthly reports are timely. In addition, all general ledger accounts will be reconciled monthly.

Person(s) Responsible: District Treasurer, Tara Fisher

Completion Date: January 2024

Payroll

An important Internal Control Procedure for payroll is to have someone outside of the Payroll Department review a "Payroll Exceptions Report" for each payroll. This report shows changes from payroll to payroll. These changes should be reviewed for accuracy based on documents provided to the Payroll Department.

We recommend that the review of this report become a procedure during payroll processing for the District.

District Response: The District agrees with this comment and effective with the next payroll the District Treasurer will review the payroll exceptions report prior to the audit.

Person(s) Responsible: District Treasurer, Tara Fisher

Completion Date: January 2024

Budget Transfers:

The matter of effecting budgetary transfers is of critical importance to the efficient management of a district's fiscal affairs. It is important to note that such transfer authority has its basis in Section 170.2(l) of Commissioner's Regulations. This authorization is limited to transfers between and within districtwide (ST-3) function unit appropriations for teachers' salaries and ordinary contingent expenses.

Since the adopted budget is, at best, an estimated expenditure plan, it is not unusual for conditions to arise whereby transfers between or among function/object categories are required to maintain fiscal balance. Appropriately, Section 170.2(l) of Commissioner's

Regulations provides for such transfers and permits the Board of Education to facilitate the procedure by authorizing “the Chief School Officer to make transfers within the limits as established by the Board.”

During our audit, we noted that budget transfers were not always made on a timely basis. Proper purchasing procedures require that funds cannot be expended from codes that do not have funds available. Therefore, transfers should occur to show that funds are available to be spent.

District Response: The District agrees with this comment and will prepare budget transfers for BOE approval monthly

Person(s) Responsible: Interim Business Official Mary O'Neill

Completion Date: January 2024

Cash Receipts:

During our audit, we noted that the District had a Taxes Receivable on the books in the amount of \$994,348. The District received the check from the County but the Treasurer misplaced the check.

We recommend that the District assigns a separate person to open the mail and log in all cash receipts. It is then given to the Treasurer to record and prepare a deposit slip. It should then be brought to the bank for deposit. Then the District's Internal Claims Auditor compare the log-in sheet to the deposit ticket and to the bank statement.

District Response: The District agrees with this comment and has assigned the Secretary to the Superintendent to open the mail and log in any checks. The Treasurer will record and deposit the funds. The Internal Claims auditor will on a monthly basis review the cash receipt log to the bank statements to ensure deposits.

Person(s) Responsible: District Treasurer, Tara Fisher; Secretary to Superintendent, Dawn Demick; and Internal Claims Auditor, Erin Crimmel

Completion Date: January 2024

Credit Cards:

During our audit, we noted that the District uses credit cards for purchasing various items. The purchasing system (Purchase Orders) were not used, therefore there was no control. The Purchasing Agent is the only person that can obligate funds. The payment of the credit card bills were done online therefore they were not included on the warrant for the Claims Auditor to

review and approve for payment.

We recommend that the District take steps to limit and control the use of credit cards.

District Response: The District agrees with this comment and the Interim Business Official already directed staff that have credits cards to turn them into the District Treasurer and utilized the purchasing process to place orders. The Treasurer will maintain all District credit cards and will authorize use in an emergency.

Person(s) Responsible: District Treasurer, Tara Fisher and Interim Business Official, Mary O'Neill

Completion Date: January 2024

Interfund Transactions:

Loans between funds are to be temporary in nature and should be repaid within the year. We noted during our audit, that at year end, the Capital Fund was indebted to the General Fund with a cash balance which they could of repaid a large portion of the amount.
Cash Due to General Capital Fund \$1,580,403 \$1,511,886

We recommend that due to and from accounts be monitored closely to keep interfund advances at a minimum, especially at year end.

District Response: The District agrees with this comment and the Treasurer will transfer funds received to appropriate accounts as received rather than record as a due to due from. Additionally, the Treasurer will use the financial software weekly to ensure the due to due from accounts are in balance.

Person(s) Responsible: District Treasurer, Tara Fisher

Completion Date: January 2024

Fixed Assets:

The Fixed Asset inventory process of the District needs to be more regularly addressed. During our audit, we noted that \$138,561 of equipment purchased was not included on the District's Annual Fixed Assets Report.

In addition, we also noted that \$341,966 of buses used as a trade-in were still on the report.

District Response: The District agrees with this comment and will review fixed assets on a monthly basis ensuring equipment purchased has been added and that equipment excessed has been removed

Responsible person(s): Principle Account Clerk, Dana Gardy

Completion: March 2024

Special Aid Fund:

During our we noted the following:

1. Applications for Monthly/quarterly Request for Funds for several programs were not filed during the fiscal year. As a result, the aid receivable increased from \$506,952 at June 30, 2022 to \$916,064 at June 30, 2023.

2. The indebtedness to the General Fund from \$45,569 at June 30, 2022 to \$712,213 at June 30, 2023. We also noted the fund had a cash balance of \$61,764. Interfund receivables should be temporary in nature and repaid in the same year, if possible.

We recommend that steps be taken to insure conformance with the reporting requirements for each Federal Project. In addition, steps should be taken to return the money to the General Fund as soon as possible.

District Response: The District agrees with this comment and the Interim Business Official will prepare FS25's on a monthly/quarterly basis. The District Treasurer will transfer funds due to the General Fund immediately.

Person(s) Responsible: District Treasurer, Tara Fisher; Interim Business Official, Mary O'Neill

Completion Date: January 2024

Investment of Funds:

During the audit of the Private Purpose Trust (Scholarship Program) we noted a bank account in the amount of \$357,215 was a non-interest bearing account. Therefore, the Trust lost interest income that could have enhanced the program.

We recommend that the Treasurer comply with the District's Investment Policy.

District Response: The District agrees with this comment and will invest funds per BOE policy

Person(s) Responsible: District Treasurer, Tara Fisher

Completion Date: February 2024

Reports to the Board:

During our audit, we noted that the Business Office was not giving the Board monthly cash balances (Bank Reconciliation Reports), Budget Status Reports (for revenues and expenditures), Budget Transfer Reports, and Balance Sheets for all funds. The District's books should be closed within fifteen days at the end of each month.

We recommend that the Business Office provide the above documents to the Board and instruct them as to how to read such reports. The Board should become familiar with the information and its relationship to the fiscal operation of the District. The understanding of these reports will help the Board in the development of fund balance management.

District Response: The District agrees with the comment and will provide monthly reports to the Board of Education including budget status reports, revenue status reports, budget transfer report, trial balances and bank reconciliations

Person(s) Responsible: District Treasurer, Tara Fisher

Completion Date: January 2024

Business Office Procedures Manual:

It was noted that the District does not have a Business Office Procedures Manual. The District operates in a complex or frequently changing compliance environment. The risk to the District is that as compliance regulations change, complexities place task burdens on the District employees. The complexity of the tasks increases the risk that the District could feel adverse consequences if it were to lose a key person in the Business Office with no written procedures to be followed by a new employee.

We recommend that the District document all critical financial processes. These process documents should be reviewed for accuracy and completeness. Once prepared, employees should be required to maintain the documents in a manner that reflects any changes to the procedures. In addition, staff members should be cross trained in all functions of the Business Office.

District Response: The District agrees with this comment and will document all critical financial processes as well as cross train staff.

Person(s) Responsible: District Treasurer, Tara Fisher; Interim Business Official, Mary O'Neill

Completion Date: June 2024