JERICHO UNION FREE SCHOOL DISTRICT
99 CEDAR SWAMP ROAD
JERICHO, NEW YORK 11753-1202
516-203-3600

HENRY L. GRISHMAN
SUPERINTENDENT OF SCHOOLS

IVY A. SHERMAN, ED.D
ASST. SUPERINTENDENT-CURRICULUM & INSTRUCTION

BEN CIUFFO, ED.D.
ASST. SUPERINTENDENT -OPERATIONS & HUMAN RESOURCES

VICTOR P. MANUEL
ASST. SUPERINTENDENT-BUSINESS AFFAIRS

September 19, 2023

Cullen & Danowski, LLP
Mr. Alan Yu
1650 Route 112
Port Jefferson Station, NY 11776-3060

Dear Mr. Yu,

This letter is to inform you of the Corrective Action Plan for the Jericho UFSD in response to your Management Letter comments associated with your audit of the district's financial statements as of June 30, 2023.

Extraclassroom Activity Funds

The extraclassroom activity (ECA) funds are the depository of student money. School districts are required to have policies and procedures to safeguard these student funds. The New York State Education Department (SED) publishes a finance pamphlet titled *Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds (Revised 2015)*, a 51-page document that provides in detail the rules, basic principles, guidelines for organizing extraclassroom activities, controlling receipts and disbursements, recording and reporting transactions, sales tax requirements, as well as examples and illustrations. At the beginning of each school year, the Board-appointed Central Treasurer of the ECA funds, who is a member of the District's Business Office staff, would send a memorandum containing the District's ECA funds procedures, which are summarized from the SED pamphlet, to all student club faculty advisors. The District also utilizes its internal auditors to periodically review fundraising records of student activities.

During our previous audit, we noted one instance within our audit sample of student clubs cash receipts where the monies collected from a candy-gram sale by a club was not given to the Central Treasurer for deposit until several weeks later.

Current Status: As part of our review of profit-and-loss statements prepared by some student clubs during the current year's audit, we did note that one of the student activities' cash receipts from a September 2022 event were not given to the District Business Office for deposit until January 2023. The District's Assistant Superintendent for Business Affairs immediately sent an e-mail to the faculty advisors involved instructing them that fundraising deposits they collected for the student activity must be brought to the District Business Office immediately following collection.

Within our current year's audit samples for the extraclassroom activities' cash receipts and disbursements, we noted the following:

- One instance where the building administrator's approval signature was not on the deposit form.
- One instance where the signature of the District Business Office account clerk who accepted the cash receipts was not on the deposit form.
- One instance where the paid voucher package for a reimbursement to a faculty advisor for an internet purchase for a student club only included a copy of the advisor's credit card statement and a printout from the online merchant's website showing the total amount billed and paid, the itemized receipt showing what items were purchased was not included with the paid voucher package. The District subsequently provided the itemized receipt to us after we requested it.

We recommend that the District continue to monitor extraclassroom activities transactions to ensure that the District's ECA funds procedures are being followed by all parties involved in extraclassroom activities.

District Response: The district discussed with personnel the importance in making sure all proper signatures are present on all forms along with proper support. The district will also continue to emphasize to faculty advisors the importance of adhering to the District's ECA funds procedures.

Capitalization and Leases Recognition Thresholds

The District implemented the new accounting pronouncement, Statement No. 87, *Leases,* issued by the Governmental Accounting Standards Board (GASB) during the 2021-2022 fiscal year. GASB Statement No. 87 established new accounting and financial reporting standards for long-term leases of non-financial assets and the intangible right-to-use lease assets. These lease assets are considered part of the District's capital assets inventory and whose principal values are amortized over the term of the lease agreements or until the leased assets are returned to the lessors. In addition, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the District's 2022-2023 fiscal year, also requires governmental entities with applicable long-term IT arrangements to report an intangible right-to-use subscription asset.

We reported last year that the District's existing Board-approved policy on fixed asset inventories, accounting and tracking had an established capitalization threshold for fixed assets, but did not address intangible assets.

Current Status: The District has adopted a revised policy on fixed and capital asset inventories, accounting and tracking during the current fiscal year that includes guidance for the capitalization and amortization of intangible assets.

Accounting Software User Permissions

The District utilizes a financial accounting software, nVision, to process accounting transactions and maintain its books. Users are assigned roles with permission levels and access to various modules, such as payroll, human resources, cash receipts, disbursements, journal entries, etc.

During our audit, we reviewed user permissions of various Business Office employees and noted that the District's new Treasurer has user permission to delete journal entries. In order to preserve the audit trail, a computer user should not be able to delete a recorded journal entry. We reviewed the journal entries recorded in nVision for the 2022-2023 fiscal year and did not note any breaks in the journal entry number sequence which would have indicated that recorded journal entries were deleted. As soon as we brought it to their attention, the District contacted the IT company and removed that ability from the Treasurer's user permissions.

We recommend that the District periodically review the user permissions within nVision to ensure that they are compatible with the users' job responsibilities as well as segregation of duties.

District Response: The district will review user permission for the business office twice a year to ensure that they are compatible with the users' job responsibilities as well as ensure segregation of duties.

Sincerely,

Victor Manuel
Assistant Superintendent for Business

cc: Mr. Henry Grishman, Superintendent
Ms. Melissa Lee, District Treasurer