

CHAPPAQUA CENTRAL SCHOOL DISTRICT

P.O. BOX 21, CHAPPAQUA, NEW YORK (914) 238-7200

October 1, 2018

To: O'Connor Davies, LLP
External Auditor

From: John L. Chow

Re: Response to Management Letter for Fiscal Year Ended June 30, 2018

This is the District's response to the above-mentioned management letter issued by the external auditing firm, O'Connor Davies. On September 24, the District's Audit Committee met with auditors and reviewed the management letter and financial statements. On October 11, the auditors will make a presentation to the Board of Education at an open meeting after which the Board will accept the report.

We discussed this management letter with personnel from the areas that are affected and collectively came up with this response. We believe that all the internal controls, operational/procedural issues, and recommendations made in the management letter either have been or will be addressed through corrective action plans presented below:

Capital Projects Fund

Finding: Part of the Capital Projects Fund was not Included in the Final Report

The auditor noted that the final report was less than the total costs of the Energy Performance Contract.

Recommendation

The District reconcile the final cost reports to the total project costs prior to finalization and submission to the State Education Department.

Response

Responsible: Business Office

Action: We do reconcile the reports to total costs. Unfortunately we had a reporting deadline to meet and the invoice of the last payment had not been received. In the future, we will manage the invoices and payments.

Timeline: Ongoing

Special Aid Fund

Finding: Amounts Due from State

The auditor noted that District had outstanding amounts due from the state for the 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18 summer handicapped program year of \$183,649, \$266,797, \$224,060, \$172,253 and \$339,154, respectively.

Recommendation

The District monitors these outstanding amounts and presents all write-offs to the Board including records relating to these programs identifying the rate setting costs and the amounts actually paid by the School District. If such amounts are ultimately deemed uncollectable, they should be written off with board approval and funded by the General Fund.

Response

Responsible: Director for Special Education, Educational and Management Services, Inc. (contractor who files District's special education claims), and Business Office

Action: We do monitor these collectables closely. All the above-mentioned collectibles are still considered active. At the May 2, 2018 meeting, the Board of Education approved the write-off of \$142,294 which was the amount that was uncollectable from school year 2012-13. This issue is an ongoing problem, not unique to our district, and is totally out of the control of the District. The Advocacy Committee has been working with various groups to get the State to make payments on a timely basis and in full amount.

Timeline: Ongoing

Extra Classroom Activities

Finding: Cash Receipts

Auditor's review indicated two receipts within the Extra classroom activities fund that were not deposited timely.

Recommendation

It is recommended that all monies be deposited within 72 business hours upon receipt as mandated by New York State.

Response

Responsible: High School Administrators and Club Treasurers

Action: We informed the above-mentioned responsible individuals and also informed all the principals that all monies must be deposited within 72 hours of receipt.

Timeline: Completed

Cc: Christine Ackerman
Audit Committee Members