

CHAPPAQUA CENTRAL SCHOOL DISTRICT

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

August 30, 2013

To: O'Connor Davies, LLP
External Auditor

From: John L. Chow

Re: Response to Management Letter for Fiscal Year Ended June 30, 2013

This is the District's response to the management letter issued by the external auditing firm, O'Connor Davies. On September 16, the District's Audit Committee will meet with auditors to review the management letter and financial statements. On September 25, 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:

School Lunch

Finding: Prepaid Meal Cards

The auditor noted that a receivable of \$16,575 was recorded for students as of June 30, 2013. Also noted that the District does not have a policy in place for writing off uncollectable meal card balances when a student leaves the District.

Recommendation

The District continues to make reasonable efforts to eliminate the receivable balance at year end. Furthermore, the auditors recommend that management implement a policy for writing off meal card balances that are deemed uncollectable.

Response

Responsible: Director of Food Service and Business Office

Action: We continue to do our best to collect the full amount before year end. We had an outstanding balance of \$15,248 at year ended June 30, 2012 and that amount was increased to \$16,575 by year ended June 30, 2013. Even though we do not have a collection policy, we have a workable procedure which is to collect the funds at graduation time. Parents of graduating class know that they must pay all outstanding bills in order for their children to receive diplomas and this has worked well for us.

Timeline: This will be an ongoing process.

Special Aid Fund

Finding: Amounts Due from NY State

The amount due from NY State for the summer program for handicapped pupils is large and dates back to 2009-10.

Recommendation

The District monitors outstanding amounts and present all write-offs to the Board (if certain amounts are 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 the Business Office

Action: We will continue to review these collectables annually. Even though the earliest amount is from 2009-10, these collectables are still considered active and therefore cannot be written off. At the August 7 Board of Education meeting, the Board approved the resolution to write-off the uncollectable amount for the 2008-09 claims. (STAC Unit usually keeps 5 active years.)

Timeline: Ongoing annually.

Special Purpose

Finding: Inactive Account

Auditor noted that one trust account had no activity for the year.

Recommendation

The District analyzes the balance and reviews the purpose of this bequest so that a determination may be made as to the proper disposition of funds.

Response

Responsible: High School Principal and Treasurer

Action: We do review the bequests. For the last several years, Greeley did have Miles Chair Fund speakers but they all refused the honorarium.

Timeline: Ongoing and we should not close this trust account.

Agency Fund

Finding: Flexible Spending Accounts

It was noted that the balances in the Flexible Spending Accounts (T0821 & T0822) did not agree with the liability balances on the AFLAC Flexible Spending Analysis Report.

Recommendation

The District performs reconciliation up to June 30th for these accounts. Each month the deposits and the payments should be reconciled between the District's books and the AFLAC reports.

Response

Responsible: Business Office

Action: We accept the recommendation and will reconcile these accounts.

Timeline: Ongoing monthly and annually.

Extraclassroom Activities

Finding: Cash Receipts

Auditor noted that two receipts within the High School Student Orchestra and Bell Middle School Yearbook 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 Principal and Treasurer, and Bell Middle School Principal and Treasurer

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

Timeline: Completed.

Cc: Lyn McKay
Audit Committee Members