

# CHAPPAQUA CENTRAL SCHOOL DISTRICT

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

August 26, 2011

To: O'Connor Davies Munns & Dobbins, LLP  
External Auditor

From: John L. Chow

Re: Response to Management Letter for Fiscal Year Ended June 30, 2011

This is the District response to the management letter issued by the external auditing firm, O'Connor Davies Munns & Dobbins (ODMD). On September 8, the District's Audit Committee will meet with auditors of ODMD to review the management letter and financial statements. On October 11, the ODMD 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***

The auditor noted that a receivable of \$21,530 was recorded for students as of June 30, 2011.

### ***Recommendation***

As noted in the management letter this recommendation was made last year and we accepted the recommendation and had worked very diligently to collect outstanding balances. We will continue to do so to eliminate the receivable.

### ***Response***

Responsible: Director of Food Service and Business Office

Action: Since the last audit, in addition to the Food Service Director's phone message and letters, the Business Office also sends out collection letters to those accounts with negative balance. We will continue to do so.

Timeline: This will be an ongoing process.

## **Special Purpose**

### ***Finding***

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. It just happened that for 09-10 and 10-11 there was no activity in the Miles Chair Fund. The High School administration will continue to look for speakers for this fund. We trust this finding is just informational.

Timeline: Ongoing

## **Agency Fund**

### ***Finding: Inactive Scholarship Accounts***

RB & WO scholarship funds maintained the same balance as the prior year.

### ***Recommendation***

If the District determines that there is no future use for these two accounts, the District should consider writing off and release these funds into the General Fund.

### ***Response***

Responsible: Business Office and RB and WO principals

Action: A determination of the usage of these accounts will be made and proper actions will be taken

Timeline: September 2011

### ***Finding: Insurance Agency Funding***

The agency account for health insurance disbursement was over-funded.

### ***Recommendation***

District monitors the balance of this account so that it does not create an expenditure overage in the General Fund

### ***Response***

Responsible: Business Office Staff

Action: As noted in the Management letter, this error was corrected while the auditors were on site. For the future, we will monitor these accounts more closely.

Timeline: Corrected and will continue to monitor

## **Encumbrances**

### ***Finding***

Certain funds should have been classified as accounts payable rather than encumbrances.

### ***Recommendation***

District reviews their rollover purchase orders and determines whether or not a purchase has been received, or if the service has been performed prior to year end.

***Response***

Responsible: Accounts Payable Clerk

Action: At the end of the fiscal year, we will review all the rollover purchase orders to determine the correct booking, either as encumbrances or accounts payables.

Timeline: Will be performed at the end of each fiscal year.

**Cash Receipts**

***Finding***

One deposit was deposited two months late. One deposit's time of deposit could not be determined.

***Recommendation***

Receipts should be deposited within three days of receipt. Also, all receipts forwarded to the Treasurer should have a photocopy of the checks attached.

***Response***

Responsible: School Administrators and Central Treasurer for Extraclassroom Activities Fund/Treasurer

Action: The recommendation is accepted and we will do our best to accomplish it.

Timeline: Immediately

**Claims Cycle**

***Finding***

One transaction did not have a purchase order.

***Recommendation***

A purchase order should be created without exception for every purchase.

***Response***

Responsible: All Staff who handle purchases

Action: We will remind all staff that purchase order must be created and receive approval before a purchase could be made.

Timeline: September – after staff return.

Cc: Lyn McKay  
Audit Committee Members