

# CHAPPAQUA CENTRAL SCHOOL DISTRICT

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November 3, 2009

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

From: John L. Chow

Re: Response to Management Letter for Fiscal Year Ended June 30, 2009

This is the District response to the management letter issued by the external auditing firm, O'Connor Davies Munns & Dobbins (ODMD). On September 23, the District's Audit Committee met with auditors of ODMD to review the management letter and financial statements. On October 6, the ODMD auditors made a presentation to the Board of Education during the board meeting after which the Board accepted 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:

## **General Fund**

### ***Finding***

The District paid arbitrage rebates and interest to IRS for TAN (tax anticipation notes).

### ***Recommendation***

The District should consider reducing or eliminating the amount borrowed and/or reduce the time outstanding of the TAN to minimize its arbitrage rebate. All arbitrage rebate returns should be filed with the IRS in a timely manner.

### ***Response***

Responsible: Assistant Superintendent of Business and Treasurer

Action: We will file the arbitrage rebate timely in the future (within 60 days). We will continue to review the amount and the length of time of the borrowing annually. We only borrow the amount that is necessary and for the length of time necessary.

Timeline: Put into place already.

## **Capital Fund (Prior Year Comment)**

### ***Finding***

Inactive projects were listed in the Capital Projects Fund.

### ***Recommendation***

Management should ensure that cumulative project expenditures remain within authorized budget. Projects that have been inactive should be closed with proper Board approval and any remaining balances transferred back to the appropriate fund.

### ***Response***

Responsible: Assistant Superintendent for Business and Treasurer

Action: This recommendation was accepted at last year's Audit Committee meeting and was put into place.

Timeline: Completed. The two responsible people will continue to monitor these expenditures.

## **School Lunch**

### ***Finding***

The auditor noted that a receivable was recorded for approximately \$14,600 for students/faculty that have exceeded the balances on the cards as of June 30, 2009.

### ***Recommendation***

Management make reasonable efforts to eliminate the receivable at year end.

### ***Response***

Responsible: Director of Food Service and Business Office

Action: We accept the recommendation and will do our best to collect funds before year end.

Timeline: This will be an ongoing project.

## **Extracurricular Activities - Timely Deposits**

### **Unqualified Student Accounts**

### ***Finding***

The District maintains a student extracurricular activity account that does not qualify under appropriate state guidelines. The account has a current cash balance totaling \$7,498 which is already recorded by management in the Agency Fund. The activities are supervised by teachers who are in charge of collecting donations from parents. The District's Business Office deposits receipts and pays the invoices for the various activities.

### ***Recommendation***

Since these funds represent activities that are not in compliance with State guidelines we recommend that the District close the account and suggest that the PTA or another parent organization maintain the account.

### ***Response***

Responsible: Central Treasurer - Extraclassroom Activities' Fund

Action: This was reviewed by the Internal Auditor and the recommendation was to continue as before but these activities will not be considered extraclassroom.

Timeline: Everything is in place.

## **Cash Receipts Deficiencies**

### ***Finding***

There was one instance out of 10 receipts selected from the Horace Greeley High School that had a deposit made to the wrong bank account.

### ***Recommendation***

All deposits be kept separately for each school and that the responsible person for making deposits maintain all bank deposit slips segregated in order to avoid erroneous deposits.

### ***Response***

Responsible: Extraclassroom Activities' student treasurers and faculty advisors

Action: We accept the recommendation and have asked the principals to advise the student treasurers and faculty advisors to note the correct account on the deposit slip.

Timeline: We have met with principals to discuss this issue and principals have met with the student treasurers and faculty advisors.

## **Cash Receipts Deficiencies**

### ***Finding***

It was noted that one out of 10 receipts selected from the Horace Greeley High School did not have the Student Treasurer's signature.

### ***Recommendation***

All receipts be signed by the student treasurer prior to being signed by the faculty advisor.

### ***Response***

Responsible: Extraclassroom Activities' student treasurers and faculty advisors

Action: We accept the recommendation and have asked the principals to advise the student treasurers and faculty advisors to: 1) make sure each receipt has a signature of the student treasurer and the faculty advisor and 2) the student treasurer should sign the receipt before the faculty advisor.

Timeline: We have met with principals to discuss this issue and principals have met with the student treasurers and faculty advisors.