

# HERRICKS PUBLIC SCHOOLS

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**Business Office**  
Lisa Rutkoske, CPA  
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October 25, 2018

New York State Education Department  
Office of Audit Services  
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Albany, New York 12234  
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Division of Local Government Services and Economic Development  
Data Management Unit, 12th Floor  
110 State Street  
Albany, New York 12236  
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Re: Corrective Action Plan 2017-18 Financial Audit

To Whom It May Concern:

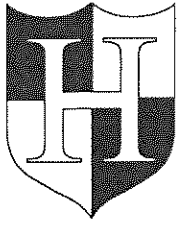
In conjunction with the external audit of the Herricks Union Free School District as of and for the year ended June 30, 2018 by the independent public accounting firm, R.S. Abrams & Co., LLP, our auditors informed us of the following recommendations for strengthening our internal controls and operating efficiency. Below is our response and proposed corrective action plan to the prior and current year's recommendations.

## **Status of Prior Year Recommendations**

### **Extraclassroom Accounts**

**Audit Recommendation:** The District has established extra classroom activity fund accounts to maintain student activities and funds. The New York Education Department has published guidelines governing the proper procedures and policies governing the extra classroom accounts and transactions.

During the current year audit of all the District's extra classroom activity accounts the auditor noted the following: (1) two out of ten instances sales tax was not paid at the High School (2) five out of ten club charters were not signed by the faculty advisor or student treasurer and (3)



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some clubs do not meet the State's definition of a bona fide club (i.e. field trips). They recommend the District review the extra classroom accounts to improve the procedures for the extra classroom accounts.

**Status:** Partially implemented. Refer to the current year plan of action related to extraclassroom accounts.

### **Private Purpose Fund – Cash Receipts**

**Audit Recommendation:** During their audit, the auditor noted in some instances field trip checks in the private purpose fund were not deposited timely between the receipt of funds and the deposit into the bank. We recommend the District deposit monies on a timelier basis in order to properly secure field trip monies.

**Status:** Implemented.

### **School Lunch Fund - Fund Balance**

**Audit Recommendation:** During their audit, the auditor noted the school lunch fund has a fund balance deficit in the amount of \$345,631, which is a \$62,167 increase from the prior year. The school lunch fund balance should maintain a three-month average expenditure level allowable by Federal Regulations 7CFR Part 2101(b). We recommend the District continue to monitor the school lunch fund.

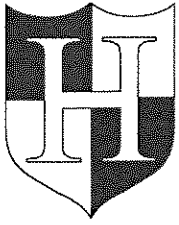
**Status:** Partially implemented. Refer to the current year plan of action related to extraclassroom accounts.

## **Current Year Recommendations**

### **Extraclassroom Accounts**

**Audit Recommendation:** The District has established extraclassroom activity fund accounts to maintain student activities and funds. The New York Education Department has published guidelines governing the proper procedures and policies governing the extraclassroom accounts and transactions.

During our audit of all the District's extraclassroom activity accounts we noted (1) two out of six valid clubs selected for testing at the High School did not have a club charter on file. In addition, the four charters that were present did not contain the required signatures; (2) four out of four club charters selected testing at the Middle School were not signed by the student activity treasurer or principal; (3) one out of ten voucher packages selected for testing at the High School was not properly cancelled after payment; (4) nine out of ten voucher packages selected for testing at the Middle School were not properly cancelled after payment; (5) some clubs at



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both the High School and the Middle School do not meet the State's definition of a bona fide club (i.e. Extraclassroom Activity Expense, Working Capital); (6) interest earned in the extraclassroom bank account was not properly allocated year-end; (7) the Class of 2017 account was not closed and funds were not transferred out.

We recommend the District review the extraclassroom accounts to improve the procedures for the extraclassroom accounts.

**Plan of Action:** The District continues to make every effort to review the procedures and accounting for extra classroom accounts with the respective administration and advisors, in particular the District's Internal Auditors. In addition, administrators/teachers integral to this process, including central treasurers, attended training for Student Extraclassroom Activity Funds in fall 2017.

### **Private Purpose Fund – Cash Disbursements**

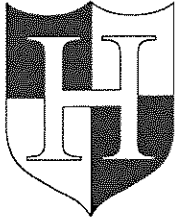
**Audit Recommendation:** During our audit we noted the District awarded a \$1,000 scholarship for which the related donation, received after the scholarship was awarded, was for less than \$1,000, resulting in a negative account balance. We recommend the claims auditor review the checks prior to payment and that scholarship payments not be made until the related funds have been received to ensure necessary funds are available.

**Plan of Action:** There was one exception which was an isolated incident regarding a scholarship. The district's internal procedure to receive scholarships has already been revisited and revised to ensure that the claims auditor reviews all scholarship payments to confirm to any backup provided for the scholarships like the name of the recipient as well as the amount.

### **School Lunch Fund - Fund Balance**

**Audit Recommendation:** During our audit we noted the school lunch fund has a fund balance deficit in the amount of \$276,403. However, this is a \$69,228 decrease to the deficit from the prior year. The school lunch fund balance should maintain a three-month average expenditure level allowable by Federal Regulations 7CFR Part 2101(b). We recommend the District continue to monitor the school lunch fund.

**Plan of Action:** In 2017-18, the school lunch fund reported an operating profit of \$39,949, pre operating transfer in from the general fund. Food and overhead costs continue to rise particularly with the implementation of the more stringent Federal requirements. The District continues to make every effort to adhere to these requirements in the most cost effective and efficient manner, thereby reducing the school lunch deficit. Such efforts include (1) working with administration and advisors such as Internal Auditors (2) increasing price of school lunch in the 2017-18 school



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year (3) participating in the Long Island School Nutrition Director's Association purchasing cooperative and (3) partnering with the District's Nutrition Committee.

Please do not hesitate to contact me should you need any further information.

Sincerely,

Lisa A. Rutkoske

Assistant Superintendent for Business

cc: Dr. Fino Celano, Superintendent of Schools