



HERRICKS PUBLIC SCHOOLS

Education Today
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Business Office

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November 7, 2019

New York State Education Department
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Office of the State Comptroller
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Re: Corrective Action Plan 2018-19 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, 2019 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 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.



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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 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.

Status: Partially implemented. Please refer to the current year plan of action related to extraclassroom accounts.

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.

Status: Partially implemented. Please refer to the current year plan of action related to School Lunch Fund-Fund Balance.

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.

Status: Implemented.



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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) some clubs at 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); (2) four out of ten cash receipts selected for testing at the High School and one out of ten cash receipts selected for testing at the Middle School did not contain sufficient supporting documentation (3) One out of ten cash receipts selected for testing at the Middle School did not contain evidence of student involvement.

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 and provide training if necessary.

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 \$104,665. However, this is a \$171,738 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 2018-19, the school lunch fund reported an operating profit of \$130,803, 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 year (3) participating in the Long Island School Nutrition Director's Association purchasing cooperative and (3) partnering with the District's Nutrition Committee.



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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