Grand Island Central School District
June 30, 2021 External Audit Corrective Action Plan (CAP)

The Grand Island Central School District Board of Education and Administration take their fiduciary responsibilities very seriously and are committed to ensuring that its financials are administered responsibility in the best interest of the students and the community. For each finding included in the External Audit June 30, 2021, the following is our corrective action(s) taken or proposed.

Observation #1:

Deficit fund balance in the school lunch fund: The District's school lunch fund deficit has grown to $849,000 as of June 30, 2021, a further decrease of $30,000 from 2020. The District has experienced an annual decline in fund balance since 2008, a cumulative decrease of $1,175,000 over the past 14 years. Over the years, the school lunch fund has borrowed $1,304,000 from the general fund as of June 30, 2021 to finance operations. As recommended in prior audit reports, the District has provided the school lunch fund with permanent transfers of $95,000 over the past two years. We encourage the District to continue its strategy that will allow food service operations to be self-sustaining.

Corrective Action: Grand Island CSD has worked collectively with the Districts and Food Service committee to develop the attached 5-year Food Service Financial Plan. The plan is reviewed annually to see if adjustments need to be made. Due to COVID, all students receiving free meals and the requirement to offer a summer meal program this has been hard to control or change because we have to follow State and Federal requirements in feeding children. This will continue to be reviewed and we will be working with an outside consultant to see what additional options we have. For the 2021-22 year we have a transfer to food service budgeted at $70,000 and will continue this annually.

Implementation Date: June 30, 2022 We will review the plan for upcoming year adjustments

Person Responsible for Implementation:
Assistant Superintendent for School Business and Finance and Food Service Manager with the involvement from the Board of Education and Superintendent

Observation #2:

Extraclassroom Activity Funds: We previously noted multiple extraclassroom activity student ledgers that did not agree to the central treasurer's ledger. The primary reasons are due to student club treasurers that were not available over the summer or due to school closures during COVID-19. We noted that District procedures include a quarterly review by the advisor and student officer, however, for three clubs tested only two of these reviews occurred during the year. We encourage the District to reconcile club activity timely and coordinate with club treasurers to ensure both sets of ledgers agree at the end of the fiscal year.

- We noted that club advisors are signing student ledgers indicating the balances agree although there are variances with the central treasurer's ledger. We continue to recommend a more formal procedure be implemented to ensure this approval is done only after balances are reconciled and agreed.
- We noted various transactions that did not have complete documentation or signatures present. We continue to recommend that purchases and deposits are not completed until all proper documentation and approvals are received.
- We noted various clubs that had no activity during the current year. We recommend that clubs be closed after two years of inactivity. We understand that COVID-19 limited extraclassroom activities.

Corrective Action: The District is developing a more formal process for balance review and sign off for year end. We were not able to meet with advisors due to COVID, so we will plan to meet with them this spring to make sure everyone is aware and understands the process moving forward.

Implementation Date: June 30, 2022

Person Responsible for Implementation:
Assistant Superintendent for School Business and Finance and Club Advisors with the involvement from the Board of Education and Superintendent

Prior Year Recommendations

1. **Pre Number Tickets**: We continue to recommend that the District use pre-numbered receipts for ticket sales for sport and theatre events, perform regular reconciliations (with first and last tickets attached) when cash is collected outside the Business Office, and ensure timely remittance of cash deposits to the Business Office after each event.

   Corrective Action: The District will not be using pre-numbered tickets for sports and theatre events. We do not have one person that handles ticket sales nor enough staff to handle the counting and oversight of this function. Given the small level of risk in this area we will not be making changes.

2. **Trust and Agency Funds**: Commingled trust and agency funds should be separated into the miscellaneous special revenue fund and custodial fund. This was mandated in 2021 due to new accounting principles.

   Corrective Action: As expressed this was mandated in 2021 due to new accounting principles. Upon review of the accounting principles the District will properly separate into proper private purpose trust funds and agency funds. We are hiring a new District Treasurer who will be learning this new process of seperation of funds.

   Implementation Date: June 30, 2023

   Person Responsible for Implementation:
   Assistant Superintendent for School Business and Finance and Treasurer with the involvement from the Board of Education and Superintendent

3. **Interfunds:** Interfund borrowings are required to be short-term and designed to facilitate cash flow between the various operating funds. The District has continued to accumulate these funds. A formal reconciliation should be prepared and interfund borrowings must be liquidated.

   Corrective Action: The District will work with External Auditors to determine the proper way for these funds to be liquidated and make this adjustment in the system. We are hiring a new District Treasurer who will be learning this new process and implement monthly review and reconciliation of due to and due from process

   Implementation Date: June 30, 2023

Person Responsible for Implementation:
Assistant Superintendent for School Business and Finance and Treasurer with the involvement from the Board of Education and Superintendent

4. **Capital Assets:** We previously recommended that the District improve its capital asset records by maintaining one comprehensive database to ensure the accuracy of the information in conjunction with the full valuation of fixed asset inventory once the capital project is completed. We are pleased to report the District worked with a third party to document capital assets into a single database. We encourage the District to continue to update capital asset records throughout the year to ensure accurate financial reporting. Finally, we also recommend the District evaluate the capitalization policy which is currently at $500. We recommend a capitalization threshold of $5,000 for any individual item.

   Corrective Action: As mentioned above the District worked with a third party to document capital assets into a single database. We are following the recommendation for the District to continue to update capital asset records throughout the year to ensure accurate financial reporting. We also have consolidated three systems into one. We use two systems throughout the year due to IT asset tracking and then compile them into the one system to provide information to the auditors. We are working to clean up auditors ending value and the District's so we can begin from a clean slate. We also will review the capitalization threshold policy to see if we can align it with the $5,000 recommendation provided by the auditors.

   Implementation Date: June 30, 2023

   Person Responsible for Implementation:
   Assistant Superintendent for School Business and Finance with the involvement from the Board of Education and Superintendent

Assistant Superintendent for Business and Finance	Date
Superintendent of Schools	Date
Board of Education President	Date