



# East Ramapo Central School District

105 South Madison Avenue, Spring Valley, NY 10977

A Unified Community Educating the Whole Child ...

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Assistant Superintendent for Business  
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November 15, 2023

Re: East Ramapo Central School District  
Financial Statements and Supplementary Information  
with Independent Auditor's Report  
Fiscal Year Ending June 30, 2023

## **CORRECTIVE ACTION PLAN**

**Submitted in Response to Auditor's Schedule of Findings  
For the Fiscal Year Ended June 30, 2023**

The following is submitted in response to the EAST RAMAPO CENTRAL SCHOOL DISTRICT SCHEDULE OF FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2023, prepared by the accounting firm EFPR Group, LLP. The East Ramapo Central School District hereby submits the following as a corrective action plan and response to the findings identified in these documents.

### **CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

#### **FINANCIAL STATEMENT FINDING #2023-001 (REPEAT FINDING 2022-002)**

##### ACCOUNTS PAYABLE – MATERIAL WEAKNESS

- Criteria: Internal control over financial reporting should be in place to ensure financial information is fairly presented in accordance with accounting principles generally accepted in the United States.
- Condition: During our audit, we noted the District did not correctly record or classify transactions for accounts payable at year-end.
- Cause: The District did not have adequate procedures in place to evaluate the proper period for the recording of accounts payable.
- Recommendation: We recommend the District improve upon their procedures to evaluate the proper period and classification of accounts payable at year-end to ensure these year-end balances are complete, accurate, and properly recorded.

##### Implementation Plan of Action:

- The Procedures on Accounts Payable will be updated and shared with Account Payable staff and the staff responsible for receiving and payment.
- The Outstanding purchasing order report will be reviewed and analyzed monthly by the Business Administrator.
- Accounts Payable staff will contact school and department responsible for the Purchase Order to ensure support documents being provided for timely payment.
- Year-end purchasing cut-offs and reconciliations to begin in March 2024.
- Subsequent payments will be examined for recording of expenditures in the correct fiscal period.

Responsible Individual(s): My Nguyen, Business Administrator; Michelle Rivera, Purchasing Supervisor.

Status: Already implemented, to be completed by August 31, 2024.

## **FINANCIAL STATEMENT FINDING #2023-002**

### PERSONNEL FILES – SIGNIFICANT WEAKNESS

Criteria: Personnel files maintained by the District should contain all important documents including information on health insurance.

Condition: During our audit, we requested health insurance forms that indicated whether employees were opting in or declining health insurance provided through the District.

Cause: Personnel files were missing health insurance forms for 2 of 14 requested individuals.

Effect: The District does not have adequate historical employee information on hand.

Recommendation: The District should have a standard list of required documents in each employees' personnel file. A checklist of information to collect should be completed for each new employee.

Implementation Plan of Action: The District has adopted a standard list of required documents to be included in each employee's personnel file. Additionally, the District is in the process of implementing a new digital onboarding system, which will track the completion of all employee paperwork, including health insurance documents. This platform will be fully utilized for all hiring by January 2024.

Responsible Individual(s): Jessica Theodore, Assistant Director of Personnel; Kim Smith, Personnel Administrator.

Status: Already implemented and completed for the 2023-2024 school year.

## **FINANCIAL STATEMENT FINDING #2023-003**

### NYS REAL PROPERTY TAX LAW §1318 - NONCOMPLIANCE

Criteria: New York State (NYS) Real Property Tax Law § 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget of the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4%

limitation. Amounts assigned for the subsequent year and encumbrances are also excluded from the 4% limitation.

Condition: The District's unrestricted fund balance at June 30, 2023 after excluding amounts assigned for the subsequent year end and encumbrances, was in excess of the New York State Real Property Tax Law §1318 limit. For the year ended June 30, 2023, this portion of the District's unrestricted fund balance was \$18,634,730, which is 6.30% of the 2023-2024 voter approved General Fund budget.

Cause: Expenditures were less than budgeted for several years.

Effect: The District is not in compliance with NYS Real Property Tax Law §1318.

Recommendation: We recommend that the District develop a plan to rationally appropriate unassigned fund balance so as to be in compliance with NYS Real Property Tax Law §1318.

Implementation Plan of Action: The District will evaluate its budget and reserve fund balances

Responsible Individual(s): Dr. Clarence G. Ellis, Superintendent, Natalie Espinal, Assistant Superintendent for Business.

Status: Being implemented by December 31, 2023. To be completed by February 28, 2024.

#### **OTHER MATTERS ADDRESSED IN MANAGEMENT LETTER**

##### **EXTRACLASSROOM – Deposit Insurance**

Recommendation: During our audit of several of the District's extraclassroom bank accounts, accounts were in the school's names and not the District's name. These account balances can fluctuate under and over \$250,000, the Federal Deposit Insurance Corporation (FDIC) limit. We recommend that the District enter into collateral agreements with the financial institutions as soon as possible to avoid deposit risk. Alternatively, the District can open new extraclassroom accounts in the District's name, as there are already collateral agreements in place.

Implementation Plan of Action: District will work with the financial institutions to add the extraclassroom accounts to the list of bank accounts with District's name, so the extraclassroom accounts will be covered under the current collateral agreements in place. Two extraclassroom accounts of two schools are already being covered in District's primary bank collateral agreement.

Responsible Individual(s): Natalie Espinal, Assistant Superintendent for Business; My Nguyen, Business Administrator/Treasurer; Susan Obernesser, Spring Valley HS Central Treasurer; Faye Swanston-Dilword, Ramapo HS Central Treasurer; Peter Barsanti, Chestnut Ridge MS Central Treasurer; Lewis Monaco, Pomona MS Central Treasurer.

Implementation Date: Partly implemented, to be completed by December 31, 2023.

##### **EXTRACLASSROOM – Inactive Clubs**

Recommendation: At June 30, 2023, the District reported on 33 extraclassroom activity funds that were inactive during the year ended June 30, 2023. We recommend that the District review the status of these funds to determine if they should be closed in accordance with the Regulations of the Commissioner of Education (8 NYCRR 172).

Implementation Plan of Action: The District Treasurer will coordinate with the Central Treasurers at schools to review the status of the inactive clubs and close any club not in compliance with the Regulations of the Commissioner of Education (8 NYCRR 172).

Responsible Individual(s): Natalie Espinal, Assistant Superintendent for Business; My Nguyen, Business Administrator/Treasurer; Susan Obernesser, Spring Valley HS Central Treasurer; Faye Swanston-Dilword, Ramapo HS Central Treasurer; Peter Barsanti, Chestnut Ridge MS Central Treasurer; Lewis Monaco, Pomona MS Central Treasurer.

Status: Being implemented by December 31, 2023. To be completed by June 30, 2024.

#### **CASH MANAGEMENT - Bank Reconciliations (Repeated)**

Recommendation: During the June 30, 2022 audit, the previous audit firm noted on two of the District's general fund bank accounts the monthly bank reconciliation were carrying old miscellaneous reconciling items for which the District was unable to substantiate. The previous audit firm recommended that the District review the monthly bank reconciliation and their underlying accounting records to identify the causes for these reconciling items, and adjust the accounting records accordingly. On a go forward basis, the District should implement procedures to ensure that all monthly bank reconciliations are reviewed and approved by an appropriate member of management, and ensure that all reconciling items are warranted, accurate, and supported by appropriate documentation.

Implementation Plan of Action: The District has implemented and will continue procedures to ensure monthly bank reconciliations are reviewed and accurately reported. Old reconciling items before 2021-2022 was written off at the end of 2022-2023. No new reconciling item happened in 2022-2023.

Responsible Individual(s): My Nguyen, Business Administrator/District Treasurer

Status: Completed for the 2023-2024 school year.

#### **EXTRACLASROOM ACTIVITY FUNDS General Controls (Repeated)**

Recommendation: The previous audit firm noted that the District had established extraclassroom activity accounts to maintain student activities and funds. The New York State Education Department has published guidelines governing the proper procedures and policies governing the extraclassroom accounts and transactions. During the June 30, 2022 audit of the District's extraclassroom accounts, the previous audit firm noted the following:

- Two out of five disbursements at Spring Valley High School were missing the student treasurer signature.

- Five out of five receipts tested at Spring Valley High School did not maintain supporting documentation. Five out of five receipts tested at Chestnut Ridge Middle School did not maintain supporting documentation. One out of five receipts tested at Ramapo High School did not maintain supporting documentation.

- Five out of five receipts tested at Spring Valley High School were missing the signature from the Student treasurer. Five out of five receipts tested at Chestnut Ridge Middle School were missing the signature from the student treasurer.

- Three clubs at Spring Valley High School and two clubs at Ramapo High School did not meet the State's definition of bona fide club.

The previous audit firm recommended the District comply with the State Education Department guidelines governing the extraclassroom accounts and transactions.

We noted that here are still documentation issues with the extraclassroom accounts. This comment is repeated

Implementation Plan of Action: The District Treasurer will coordinate ongoing training and oversight with the Central Treasurers to ensure uniformity with the extraclassroom activity funds and to ensure clubs meet the definition State Education Department definition of a bona fide club.

Responsible Individual(s): My Nguyen, Business Administrator/Treasurer; Susan Obernesser, Spring Valley HS Central Treasurer; Faye Swanston-Dilword, Ramapo HS Central Treasurer; Peter Barsanti, Chestnut Ridge MS Central Treasurer; Lewis Monaco, Pomona MS Central Treasurer.

Status: Being implemented. To be completed by June 30, 2024.

Respectfully submitted,

Natalie Espinal

Assistant Superintendent for Business