



# Great Neck Public Schools

Phipps Administration Building • 345 Lakeville Road • Great Neck, New York 11020

(516) 441-4020 / (516) 441-4922 Fax

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Kenneth R. Bossert, Ed.D.  
*Superintendent of Schools*

John J. O'Keefe  
*Deputy Superintendent*

November 13, 2024

New York State Education Department  
Office of Audit Services, Room 471 EBA  
89 Washington Avenue  
Albany, New York 12234

RE: Corrective Action Plan – External Audit Report – Management Letter

Dear Sir or Madam:

Below, please find the recommendations of the “**Management Letter – October 11, 2024,**” for fiscal year ended June 30, 2024. This was prepared and issued by the District’s external auditors Cullen & Danowski, LLP. During their audit, they noted certain opportunities for strengthening internal controls and operating efficiency. Since there were some recommendations, a corrective action plan was required as per NYSED Regulation 170.12. On the following pages you will see the recommendations, as well as the District’s responses. Please feel free to reach out to my office with any questions.

Sincerely,

*John J. O'Keefe*

John J. O'Keefe  
Deputy Superintendent

## **STATUS OF PRIOR YEAR'S COMMENTS**

### **Extraclassroom Activity Funds**

The extraclassroom activities fund are the depository of student money. The New York State Education Department (SED) publishes the Safeguarding, Accounting and Auditing of Extraclassroom Activities Fund. The guidelines contained therein recommend procedures for organizing these activities, controlling receipts and disbursements, as well as recording and reporting transactions.

During the prior year audit, in the sample of transactions we tested, we noted that; there were a number of instances where cash disbursement documentation did not include sales tax paid; there



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were instances where student involvement, although required, was not documented; and there was no supporting documentation for a couple of cash disbursements. A number of clubs/activities had no financial transactions. We also noted that within the records maintained by one school, which has limited financial transactions, checks were signed by the Treasurer, and a formal bank reconciliation was not prepared.

During the current year audit, we noted that similar findings remained on a more limited basis, as there was an improvement in the procedures over the financial transactions of the extraclassroom activities fund.

We recommend the District continue with training for personnel who support the extraclassroom activities and clubs. We also recommend that the faculty auditor, at each building, document the procedures performed in their independent review of extraclassroom activity and transactions.

***District Response:***

*The District acknowledges this recommendation and the Deputy Superintendent and School Business Administrator had spent time during the 2023/24 SY analyzing the various deficiencies and providing the appropriate guidance needed, as well as suggested improvements to existing practices. The District's Treasurer and Auditor were also regularly involved and provided guidance on a variety of corrective actions. It was promising to note that during the current year, the auditors noted that similar findings remained on a more limited basis, as there was an improvement in the procedures over the financial transactions of the extraclassroom activities fund. Nevertheless, we will continue to endeavor working towards better compliance with these important best practices.*

*Extraclassroom activity funds are always a work in progress in any District. There is frequent changeover in student advisors, and therefore education is an ongoing effort. It is typically found that club advisors are always looking to guide particular activities in the best interests of students, but they often do not understand the importance of detailed and transparent financial transactions, with layered oversight.*

*The Deputy Superintendent will now share this year's findings with the Assistant Superintendent for Secondary Education, as well as the five secondary building principals. In the coming weeks, meetings will be scheduled to review the audit findings, as well as a thorough review of best practices and protocols, which will be shared with buildings treasurers, auditors, and advisors. The Business Office administration and staff will remain readily available to help building staff and leadership navigate issues as they arise. While it is anticipated that there will be additional improvements by June 30, 2025, it is assumed this matter will continue to be an ongoing, work in progress.*



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## Capital Assets Inventory Records

The District's capital assets inventory records reflect assets that are capitalized for financial reporting (GASB 34) purposes according to the Board of Education's capitalization policy. The records are maintained on a district-based system, Real Asset Management International (RAMI).

During the prior year audit, we noted that the capital asset report had inconsistencies with the underlying accounting records for capital assets that required reconciliation.

During the current year audit, we noted that the District implemented additional procedures to reconcile the Districts' accounting records to the capital asset inventory to ensure that all capital assets placed into service have been included, and are being depreciated in accordance with the District's capitalization policy. **This comment is closed.**

### ***District Response:***

*The District appreciates the thorough review of the capital assets inventory records process following substantive changes in practices and protocols, and the acknowledgement that the matter has been fully addressed and now deemed to be "closed."*

## Financial Accounting Software Computer Permissions

The District utilizes a financial accounting software package, WinCap, to maintain its books and records. The District utilizes that program to also process its payroll. The District employs an Information Technology Department (IT) to effectuate controls within the computer function.

During the prior year audit, in the sample of computer access permissions we reviewed, we noted that certain individuals have computer permissions to access areas within the financial accounting software package that do not necessarily appear to be needed to perform their job.

During the current year audit, in the sample of computer access permissions we reviewed, we noted two employees with computer access to areas within the financial accounting software package that do not necessarily appear to be needed to perform their job. This is an improvement over the prior year.

We recommend that the District continue with their review of computer permissions to ascertain that individuals are given computer permissions to access only those areas within the accounting software that are necessary to perform their job.

### ***District Response:***

*The District acknowledges this recommendation and the Deputy Superintendent had worked closely with the School Business Administrator and Coordinator of Information Systems-Business during the 2023/24 SY on the corrective action plan issued following last year's management letter. While we appreciated that the auditors noted an improvement over the*



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*prior year, obviously there is still work to be done, which we will endeavor to accomplish in the coming school year.*

*The comment related to the “two employees” involved their permissions in the Accounts Receivable Maintenance screen in WinCap. The School Business Administrator worked with the Coordinator of Information Systems- Business on this matter and corrected the issue on October 31, 2024. This was shared with the audit firm.*

*The Deputy Superintendent has already met with the District’s Coordinator of Information Systems – Business to discuss the remaining cited deficiencies. The Coordinator of Information Systems – Business had noted that one area cited, “Appointments,” which is in the HR area of the software, is provided to attendance keepers in all departments and buildings. This is done so they can record leaves of absence. They cannot add or modify anything with a financial impact. Without a complete change of how attendance is recorded districtwide, this may be a matter that cannot be resolved due to the configuration limits of the software.*

*Some of the few remaining deficiencies are due to long-established work-flows, and although much had been corrected in 2023/24, there are still some remaining adjustments pending. The District will continue to review WinCap’s User Security Profile Change Report monthly to ensure that all account changes were appropriate. While permission reviews will be periodic and ongoing, it is anticipated that the final corrections will be fully implemented before the close of this fiscal year, June 30, 2025. It should also be noted that the District is considering a shift to Finance Manager’s nVision software for FY 2025/26, which would require extensive planning and careful implementation.*

## **Tuition Billings to Other Districts**

The District bills other districts for students who are domiciled within those other districts but attend school within the District. They also bill other districts for educational and other services provided to resident students of those districts.

During the prior year audit, we noted that the District did not have a formal procedure in place to follow-up on the notification to other districts of the billed balances outstanding, as well as a tracking system over collection of those amounts.

During the current year audit, we noted that the District implemented additional procedures in this overall process. **This comment is closed.**

### ***District Response:***

*The District appreciates the thorough review of the tuition billing process following substantive changes in practices and protocols, and the acknowledgement that the matter has been fully addressed and now deemed to be “closed.”*



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## **Staff Time Bank-Earned and Payout**

Staff, contingent upon their related salary agreement or bargaining unit agreement, are awarded sick and/or vacation time. Provisions in each agreement are specific with respect to earning time, carry forward of time and buyout balances, and the valuation of the balance upon separation. The information for the earned time and valuation amount by individual is maintained within the accounting and payroll software maintained by the District.

During the prior year audit, in the sample of transactions we tested, we noted that some individual's earned leave. Balances showed amounts calculated in excess of those indicated by the employee's respective employment agreement. Additionally, a few employees who were paid out upon separation from the District were paid out for time earned in excess of the capped amounts indicated in their respective agreement, the amount approximated \$23,000. This amount was subsequently repaid to the District.

During the current year audit, in the sample of transactions we tested, we did not note this finding. **This comment is closed.**

### ***District Response:***

*The District appreciates the thorough review of the staff time bank-earned and payout process following substantive changes in practices and protocols, and the acknowledgement that the matter has been fully addressed and now deemed to be "closed."*

## **Scholarships Fund and Permanent Fund**

The scholarships fund and permanent fund are used to account for assets held by the District in its capacity as Trustee. The District receives donations which are used to award students for their accomplishments. In accordance with donor stipulations, some of the funds are expendable (scholarships fund) and some are nonexpendable (permanent fund).

During the prior year audit, we noted that the District released funding from the permanent fund (nonexpendable) to the scholarships fund (expendable).

During the current year audit, we noted that no funding was released from the permanent fund balance.

We noted that the District was attempting to obtain documentation from the donors supporting the release and expenditure stipulations for permanent scholarship funds.

### ***District Response:***

*The District acknowledges this recommendation and the Deputy Superintendent and School Business Administrator are more familiar with the matter as the result of last year's comment.*



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*As previously determined, the District has a total of six “permanent fund” scholarships, which are very unusual for school districts to maintain.*

*These scholarships were established at a time of high interest rates where the donor’s intent was that they would be “perpetual” awards, as the interest earned during the year would cover the annual award prescribed by the terms and conditions of the scholarship, but that has not been the case. Unfortunately, in prior fiscal years, the District awarded the “intended” scholarship amounts annually, and not the interest earned, and therefore the initial established scholarship account balance has declined over the years, and in the case of two of the scholarships, they are nearly depleted. As noted during the 2023/24 FY audit, no funding was released from the permanent fund balance, so that deficiency was corrected prior to June 30, 2024 as anticipated in last year’s corrective action plan.*

*As noted by the auditors, the District is still attempting to obtain documentation from the donors supporting the release and expenditure stipulations for permanent scholarship funds. A complicating factor previously noted is that we believe only one of the original benefactors is still alive, and therefore we cannot go back to the donor to amend the terms.*

*During the school year we will continue to work with legal counsel to determine what steps can be taken with these accounts if we are unable to communicate with the scholarship’s originator, or their heirs. While next steps are uncertain at this time, it is our intention to have documented progress prior to the close of this fiscal year, June 30, 2025.*

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