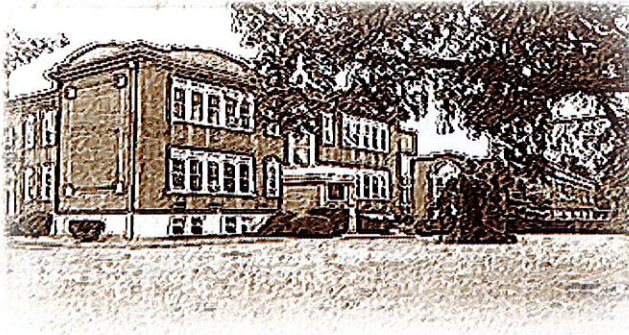


SHELTER ISLAND UNION FREE SCHOOL DISTRICT



SUPERINTENDENT/PRINCIPAL, *Christine Finn, Ed.D*

ACADEMIC ADMINISTRATOR, *Jennifer Ryloft*

DIRECTOR OF ATHLETICS, PHYSICAL EDUCATION,

HEALTH, WELLNESS & PERSONNEL, *Todd Gulluscio*

SCHOOL DISTRICT BUSINESS LEADER, *Linda Haas*

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January 10, 2019

Nawrocki Smith LLP
290 Broad Hollow Road
Suite 115 E
Melville, New York 11747

Ladies and Gentlemen,

In response to your June 30, 2018 memo outlining recommendations for accounting procedures and internal controls in the Shelter Island School District, please review the following responses concerning your recommendations. For ease of review, I have listed the responses below to correspond with the items in your June 30 memo.

Management Point Responses

Current Year Recommendations:

1. Fund Balance Limitations

This recommendation is in the process of being implemented. The District is developing a five-year budget plan that recognizes actual planned expenses from 2016 to 2021 as well as estimates expenses for budget lines such as retirements and health benefits. The five-year document also estimates the impact of the Tax Cap Law as well as other annual cost differentials. Once calculated, the five-year document can better address fund balance totals in future years.

2. Vendor Database

The District concurs with this recommendation. All vendors must provide a W-9 to the District before being added to the District's database. Additionally, all vendor information is captured in the District financial software and backed up as hard copy in the District business office. All vendor information is approved by the District's business office and internal claims auditor before payment is made. The Business office staff conduct semi-annual reviews of the District vendor database to ensure consistency and appropriateness of stored data, and also annually inspect our vendor database against the existing master file. Vendors will be categorized from active to inactive if they go more than two years without being used.

3. Accounting Policies and Procedures Manual

We agree with the recommendation that a Manual be developed for current accounting policies and procedures. This will be a District goal.

4. Disaster Recovery Plan

We agree with the recommendation that management develop a disaster recovery plan for the District's physical records. The District will review the disaster recovery plans from other districts as models for our own.

5. School Lunch Fund - Profitability

We will continue to implement monitoring measures and improve the profitability of the School Lunch Fund.

6. Journal Entries

We agree with the recommendation that the District develop and enact formal procedures with regards to journal entries. We have developed a budget transfer form which requires three signatures (the preparer, the Superintendent as approver and the Internal Account as a final reviewer).

7. Untimely Deposit of Extraclassroom Activity Funds

We are currently reviewing our procedures to ensure adherence to timely deposits in line with the recommendation. Faculty will be reminded to strictly adhere to requirements for timely, daily deposits. This district is strongly considering a deposit drop box.

Signature: Christine A C

Title: Superintendent