

# Shelter Island Union Free School District



SUPERINTENDENT/PRINCIPAL, *Brian Doelger, Ed.D.*  
ASSISTANT SUPERINTENDENT *Jennifer Rylott*  
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HEALTH, WELLNESS & PERSONNEL, *Todd Gulluscio*  
DISTRICT CLERK, *Jacqueline Dunning*  
DISTRICT TREASURER, *Deborah Vecchio*

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November 13, 2024

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

To Whom It May Concern,

In response to your June 30, 2024 memo outlining prior year recommendations for “Accounting Procedures and Internal Controls” in the Shelter Island School District, please see the District’s Corrective Action Plan (CAP). This CAP has been prepared to correspond with the items listed in the same order of your firm’s (NS) management letter, a copy of which is attached to this CAP for your reference.

As has been the case in previous years, we very much enjoyed working with your firm, and we thank you for your thoughtful review and comments.

First, we note that there are no current year recommendations as a result of your audit.

Turning to the status of prior year recommendations, you noted that:

**I. Auditor’s Observation and Recommendation #1:**

*“We recommended that the District develop a plan to comply with fund balance limitations. We noted that this recommendation was implemented.”*

**A. District Response:**

**The Board of Education, at its meeting on December 11, 2023, adopted a resolution to transfer \$80,971.00 of unappropriated fund balance that was in excess of the 4% permissible amount to the Repair Reserve. Since that point, the District has been in compliance with the “4%” law, otherwise known as NYS Real Property Tax Law §1318. The District plans to continue its compliance with §1318 by making use of established reserves in the event that any unappropriated fund balance exceeds the 4%. The District considers this matter closed.**

**II. Auditor’s Observation and Recommendation #2:**

*“Vendor database. We recommended that the District perform the following procedures: a) Ensuring all vendors are appropriately screened and approved before being added to the system. b) Requiring all appropriate vendor information to be captured and approved before payments may be made. c) Performing periodic reviews of the vendor database to ensure consistency and appropriateness of stored data. d) Periodically reviewing any changes or deletions to vendor data listed in the existing vendor master file. e) Limiting the amount of time a vendor can remain in an “Active” status but not be used. We noted that this recommendation was in the process of being implemented.”*

**A. District Response:**

The District continues to monitor this item. Given the limited staff in the Business Office, the District handles these five recommendations to the greatest extent possible. The Superintendent of Schools, in conjunction with the District Treasurer, will continue to monitor compliance with the five recommendations made in this Observation. It should be noted that on November 5, 2024, the District inactivated vendors that had not been used in the past three years. In addition, letters along with blank W-9 forms were sent out on that date to all of the remaining vendors. Staff in the Business Office will update the database as soon as responses are received from the active vendors.

**III. Auditor's Observation and Recommendation #3:**

*"Accounting policies and procedures manual. We recommended that a Manual be developed for current accounting policies and procedures. We noted that this recommendation was not implemented."*

**A. District Response:**

As was our response last year, we are aware of your concern in this area. We are restricted in our ability to address this item given the funding and staffing available to address this issue. We welcome a draft manual or suggestions that your firm can provide us as we continue this process. We lack the financial resources to develop a manual from scratch and we would hope that your firm would have a model we can use since this Observation seems to hold great importance to you. The District Treasurer will write to you again on March 1, 2025 to ask for assistance in resolving this observation.

**IV. Auditor's Observation and Recommendation #4:**

*"Disaster recovery plan. We recommended that management develop a disaster recovery plan for the District's physical records. We noted that this recommendation was in the process of being implemented."*

**A. District Response:**

The school district has a Disaster Recovery Plan for all electronic documents, including those kept by the financial software (nVision), all Google services, the student electronic management systems (PowerSchool, IEP Direct and Frontline) as well as visitor/security/electronic lock systems, all of which are backed up via redundant methods to the cloud. These systems can be brought online locally or in a remote location within 48 hours of any data loss. Physical backups of all hard drives storing in house data are also kept in a separate secure location. All procedures and accounts are reviewed in the twice annual security audit and a recovery test is done via BOCES at least once per year. The Superintendent of Schools oversees this process, working in close conjunction with the Director of Technology/Chief Information Officer. Additional assistance can be obtained, when needed, through Eastern Suffolk BOCES. We are of the view that this item has been appropriately dispensed with.

**V. Auditor's Observation and Recommendation #5:**

*"School Lunch Fund - profitability. It was recommended that the District monitor the profitability of the School Lunch Fund and take measures to eliminate large yearly transfers from the General Fund. We noted that this recommendation was in the process of being implemented."*

**A. District Response:**

The District changed its cafeteria model beginning in September 2024. With the commencement of the new school year, the District hired a contractor to provide a cafeteria manager and prepare meals using District employees. The initial data shows that the cafeteria program is serving four times as many meals in September 2024 as it did in September 2023. If that data continues during the remainder of the school year,

the District will be able to take large steps to eliminate large transfers from the General Fund. However, it should be noted that the School Lunch Fund will continue to experience financial hardships as long as the student population continues to exist at its current level or below. We acknowledge the fact that we have too few participants, even if every student ate lunch from the Cafeteria, to operate at a profit. We have, nevertheless, continued to operate our Cafeteria because it remains the sole source of nutritious, hot meals for some of our most disadvantaged students. The Board of Education and the voters have consistently approved budgets that support the Cafeteria because they agree with this sentiment. We will continue to explore cost saving measures, including shared services, renegotiated labor contracts, and state support, so long as such changes in the Cafeteria do not negatively impact the students who need the food the most. The Superintendent of Schools will make a public presentation as to the status of the School Lunch Fund on or about March 25, 2025, as part of the annual budget presentation process.

VI. **Auditor's Observation and Recommendation #6:**

*"User permissions. It was recommended that the District review user permissions of the District's employees and update them on a frequent basis. We noted this recommendation was in the process of being implemented."*

A. **District Response:**

**Our user permissions evolve as our staff take on new and varying tasks in our ever-evolving mission of educating students of this Island. For that reason, the District undertakes a semiannual security audit every year in January and June which verifies all user permissions in all programs. Results of each step are shared between the IT department and administration via email. Copies of these emails are stored in the district email archive. The Superintendent of Schools and the Director of Technology/Chief Information Officer are responsible for the implementation of this matter. We are of the view that this item has been appropriately dispensed with.**

I have attached Nawrocki Smith's memo regarding the above and the extract of Board of Education minutes approving this corrective action Plan.

Sincerely,



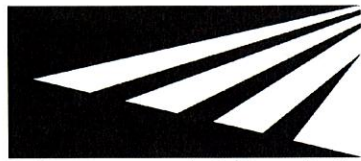
Brian Doelger, Ed.D.  
Superintendent



**SHELTER ISLAND UNION FREE SCHOOL DISTRICT**  
**MEMORANDUM ON ACCOUNTING PROCEDURES**  
**AND INTERNAL CONTROLS**

**JUNE 30, 2024**

DRAFT



**NawrockiSmith**

CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Education of the  
Shelter Island Union Free School District  
Town of Shelter Island, New York:

In planning and performing our audit of the financial statements of the Shelter Island Union Free School District (the "District") as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, we considered the District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of the inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

While no additional matters involving the internal control structure were identified during the current year audit, the accompanying memorandum presents information as to the status of prior year recommendations. This letter does not affect our report dated October 11, 2024 on the financial statements of the District. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the Board of Education, Audit Committee, administration, others within the District, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hauppauge, New York  
October 11, 2024

SHELTER ISLAND UNION FREE SCHOOL DISTRICT  
MEMORANDUM ON ACCOUNTING PROCEDURES  
AND INTERNAL CONTROLS  
FOR THE YEAR ENDED JUNE 30, 2024

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**CURRENT YEAR RECOMMENDATIONS:**

None noted.

**STATUS OF PRIOR YEAR RECOMMENDATIONS:**

In connection with the prior year's audit of the financial statements of the District, certain recommendations were reported. Reference is made to our letter dated October 12, 2023 for details on those observations and recommendations. The following presents an overview of these matters, as well as our understanding of their current status:

**1. Develop a plan to comply with fund balance limitations**

We recommended that the District develop a plan to comply with fund balance limitations.

We noted that this recommendation was implemented.

**2. Vendor database**

We recommended that the District perform the following procedures:

- a) Ensuring all vendors are appropriately screened and approved before being added to the system.
- b) Requiring all appropriate vendor information to be captured and approved before payments may be made.
- c) Performing periodic reviews of the vendor database to ensure consistency and appropriateness of stored data.
- d) Periodically reviewing any changes or deletions to vendor data listed in the existing vendor master file.
- e) Limiting the amount of time a vendor can remain in an "Active" status but not be used.

We noted that this recommendation was in the process of being implemented.

**3. Accounting policies and procedures manual**

We recommended that a Manual be developed for current accounting policies and procedures.

We noted that this recommendation was not implemented.

**4. Disaster recovery plan**

We recommended that management develop a disaster recovery plan for the District's physical records.

We noted that this recommendation was in the process of being implemented.

SHELTER ISLAND UNION FREE SCHOOL DISTRICT  
MEMORANDUM ON ACCOUNTING PROCEDURES  
AND INTERNAL CONTROLS  
FOR THE YEAR ENDED JUNE 30, 2024

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**STATUS OF PRIOR YEAR RECOMMENDATIONS (CONTINUED):**

**5. School Lunch Fund - profitability**

It was recommended that the District monitor the profitability of the School Lunch Fund and take measures to eliminate large yearly transfers from the General Fund.

We noted that this recommendation was in the process of being implemented.

**6. User permissions**

It was recommended that the District review user permissions of the District's employees and update them on a frequent basis.

We noted this recommendation was in the process of being implemented.