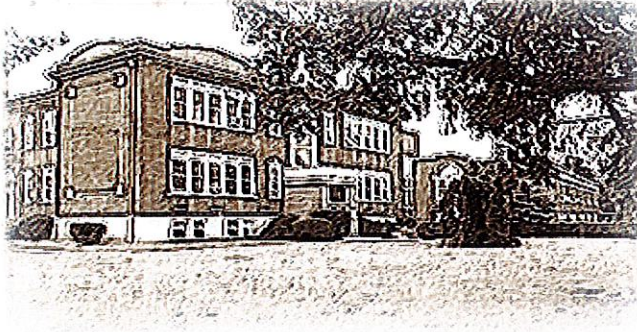


SHELTER ISLAND UNION FREE SCHOOL DISTRICT



SUPERINTENDENT/PRINCIPAL, *Brian Doelger, Ed.D.*

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DIRECTOR OF ATHLETICS, PHYSICAL EDUCATION,

HEALTH, WELLNESS & PERSONNEL, *Todd Gulluscio*

DISTRICT CLERK, *Jacqueline Dunning*

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February 15, 2023

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

To Whom It May Concern:

In response to your June 30, 2022 memo outlining recommendations for accounting procedures and internal controls in the Shelter Island UFSD, below 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:

1. Fund Balance:

- a. NS Comment: "We recommended that the District develop a plan to comply with fund balance limitations. We noted that this recommendation was in the process of being implemented."
- b. SIUFSD CAP: The District has taken this suggestion seriously and has implemented a gradual drawdown of the excess unappropriated fund balance over the past few years. For example, the Board has taken steps to create and subsequently fund a Workers' Compensation Reserve, as well as using excess Fund Balance to fund existing NYSTRS, NYS and Local Employees' Retirement System and the Repair Reserve(s).
- c. This plan is developed in conjunction with the Board of Education and ongoing input from municipal finance experts. We anticipate that the Board will adopt a statement that outlines the plan at their meeting in April 2023. This will be the responsibility of the Superintendent of Schools.

2. Vendor Database:

- a. NS Comment: “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.”
- b. SIUFSD CAP: On July 22, 2020, the vendor database was purged of old, outdated or discontinued vendors. All vendors remaining in the database were instructed by letter to return new W9 forms. These forms were uploaded upon return. The District plans to repeat this process in July 2023 to ensure continued vendor database accuracy. This will be the responsibility of the Account Clerk in the Business Office.

3. Accounting Policies and Procedures Manual:

- a. NS Comment: “We recommended that a Manual be developed for current accounting policies and procedures.”
- b. SIUFSD CAP: The District’s staff will work with counterparts in other districts to obtain a sample manual and adapt it for internal use during the coming fiscal year.
- c. We anticipate that the manual will be assembled in September 2023. This will be the responsibility of the District Treasurer and the Superintendent of Schools.

4. Disaster Recovery Plan:

- a. NS Comment: “We recommended that management develop a disaster recovery plan for the District’s physical records.”
- b. SIUFSD CAP: The District’s staff will work with counterparts in other districts to obtain a sample plan and adapt it for internal use during the coming fiscal year.
- c. We anticipate that the plan will be assembled in September 2023. This will be the responsibility of the Superintendent of Schools.

5. School Lunch Profitability:

- a. NS Comment: “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.”
- b. SIUFSD CAP: The District notes that given the size of the student body, operating the Cafeteria at a profit is next to impossible. While the District explored the State’s Community Eligibility Provision and found it is not appropriate for the District at this time, the District did apply for and is eligible to receive Supply Chain Assistance Funds. These funds can be used toward the future procurement of domestic food/milk/juice that is not processed or prepared. The District continues to look for ways to support the Cafeteria program outside the methodology of transferring funds from the General Fund.
- c. The District, under the responsibility of the Superintendent of Schools, will reexamine the financial stability of the Cafeteria program each February as part of the budget planning process.

6. User Permissions:

- a. NS Comment: "It was recommended that the District review user permissions of the District's employees and update them on a frequent basis."
- b. SIUFSD CAP: The District has put in place a quarterly procedure to review active accounts and a bi-annual procedure to review active and inactive accounts. Both the Superintendent and District IT meet and findings are emailed.
- c. We will repeat this process in March, June, September and December each year. This will be the responsibility of the Superintendent of Schools.

I remain available to discuss this CAP with your firm should you have any questions or concerns.

Yours sincerely,



Brian Doelger, Ed.D.
Superintendent