

Central Islip Union Free School District

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SHARON MORGAN
SCHOOL BUSINESS ADMINISTRATOR



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Corrective Action Plan: Submitted in Response to Auditor's Management Letter for Fiscal Year Ending June 30, 2024

The following is submitted in response to the 2023-2024 external audit and management letter prepared by the accounting firm of R. S. Abrams & Co. The Central Islip Union Free 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

Capital Fund

Recommendation: During our current year audit, we noted on the capital projects schedule two projects with balances that have not had any activity in the past few years. We recommend the District review the status of these capital projects to determine if the project has been completed or is still open as of year-end. If the project has been completed, the project should be closed out and the remaining fund balance should be transferred back to the general fund or used to offset future debt service payments based on the source of revenues.

Implementation Plan of Action: The District will seek voter approval in May 2025 to use the remaining funds in the projects that have been completed to reduce future debt service payment and/or to fund future projects.

Responsible Individual(s): Sharon Morgan, Business Administrator

Expected Completion Date: July 1, 2025

Budget Transfers

Recommendation: During our current year audit, we noted on two (2) out of thirteen (13) budget transfers tested, the District made budget transfers between non-contingent areas of the budget, which is prohibited under New York State Education Law. Per Education Law, budget transfers can only be made between contingent codes or from non-contingent to contingent codes. Budget transfers cannot be made from contingent to non-contingent areas of the budget, or between non-contingent areas of the budget, as non-contingent expenditure codes cannot be

increased absent voter authorization. We recommend that the District review all proposed budget transfers during the year and ensure that all transfers are allowable under NYS Education Law and in accordance with District policy.

Implementation Plan of Action: The District will review all transfers to ensure that budget transfers are made in accordance with NYS Education Regulations.

Responsible Individual(s): Sharon Morgan, Business Administrator

Expected Completion Date: June 30, 2025

Respectfully submitted;

Sharon Morgan
Business Administrator

November 5, 2024

To the Board of Education and
Dr. Sharon Dungee, Superintendent of Schools
Central Islip Union Free School District
50 Wheeler Road
Central Islip, New York 11722

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the fiduciary fund of the Central Islip Union Free School District (the "District") as of and for the fiscal year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, 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 opinions 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 a 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. 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.

However, during our audit we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The recommendations that accompany this letter summarize our comments and suggestions concerning these matters.

We have also included the status of prior year findings and recommendations.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

CAPITAL PROJECTS

During our current year audit, we noted on the capital projects schedule two projects with balances that have had not had any activity in the past few years. We recommend the District review the status of these capital projects to determine if the project has been completed or is still open as of year-end. If the project has been completed, the project should be closed out and the remaining fund balance should be transferred back to the general fund or used to offset future debt service payments based on the source of revenues.

BUDGET TRANSFERS

During our current year audit, we noted on two (2) out of thirteen (13) budget transfers tested, the District made budget transfers between non-contingent areas of the budget, which is prohibited under New York State Education Law. Per Education Law, budget transfers can only be made between contingent codes or from non-contingent to contingent codes. Budget transfers cannot be made from contingent to non-contingent areas of the budget, or between non-contingent areas of the budget, as non-contingent expenditure codes cannot be increased absent voter authorization. We recommend that the District review all proposed budget transfers during the year and ensure that all transfers are allowable under NYS Education Law and in accordance with District policy.

* * *

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

BANK RECONCILIATIONS

FINDING: During our prior year audit, we noted the District was carrying old outstanding checks for more than one year on the monthly bank reconciliations for the general fund checking account, school lunch fund checking account and special aid fund checking account. We recommended that all outstanding checks be reviewed on a regular basis and that older items get investigated and removed from the bank reconciliations and the accounting records adjusted accordingly.

STATUS: **Implemented.**

SCHOOL LUNCH FUND

FINDING: During our prior year audit, we noted the District's school lunch fund balance exceeded the three-month average expenditure level allowable by Federal Regulations 7CFR Part 210.14(b) by \$1,406,648. The excess fund balance was primarily due to increased state and federal reimbursements exceeding the cost of distributing free meals to all students of the District. We recommended the District review fund balance level and develop a formal plan to utilize the excess fund balance and invest back into the program for the 2023-2024 school year.

STATUS: **Implemented.** At June 30, 2024 the District's fund balance in the school lunch fund exceeded the three-month average expenditure level allowable by federal regulations 7CFR Part 210.14(b). However, the District has established a fund balance spend down plan that was approved by New York State. In addition, effective July 1, 2024 USDA has approved NYSED to increase the net cash resource limitation to six months average operating expenditures, which would allow the District a current maximum fund balance level in their school lunch fund of \$4,390,099. As a result of this change, the District is within the allowable fund balance limitation.

CAPITAL PROJECTS

FINDING: During our prior year audit, we noted capital projects with balances that appeared to be closed, as there were no revenues or expenditures recorded for these projects for the past few years. We recommended the District review each capital project to determine whether the capital project should be closed out and the applicable fund balance transferred back to the general fund or used to offset future debt service payments based on the source of revenues.

STATUS: **Not Implemented.**

BUDGET TRANSFERS

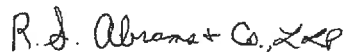
FINDING: During our prior year audit, we noted on two (2) out of thirteen (13) budget transfers tested, the District made budget transfers between non-contingent areas of the budget, which is prohibited under New York State Education Law. Per Education Law, budget transfers can only be made between contingent codes or from non-contingent to contingent codes. Budget transfers cannot be made from contingent to non-contingent areas of the budget, or between non-contingent areas of the budget, as non-contingent expenditure codes cannot be increased absent voter authorization. We recommend that the District review all proposed budget transfers during the year and ensure that all transfers are allowable under NYS Education Law and in accordance with District policy.

STATUS: **Not Implemented.**

We would like to acknowledge the courtesy and assistance extended to us by personnel of the District. Should you have any questions concerning the matters referred to in this letter, we shall be pleased to discuss them with you, at your convenience.

This communication is intended solely for the information and use of the Board of Education, the audit committee, management, 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.

Very truly yours,

A handwritten signature in cursive script that reads "R.S. Abrams & Co., LLP".

R.S. Abrams & Co., LLP
Islandia, New York
November 7, 2024