

December 19, 2016

CURRENT YEAR FINDINGS AND RECOMMENDATIONS
CORRECTIVE ACTION PLAN

PUBLISHED FINANCIAL STATEMENTS

During our audit we noted the District did not publish the annual financial statements in accordance with *Education Law Section 1721*. The District is required to publish an annual financial report in one local public newspaper. The financial report should include a full and detailed account of all moneys received and all items of expenditure in full. The District is also required to give notice once in their official newspaper that audit reports and accompanying management letters are available for public inspection. The District did adhere to the second requirement and gave notice that the audit reports and accompanying management letters were available for public inspection. We recommend the District publish the annual financial statements in a local paper that includes a full and detailed account of all moneys received and all items of expenditure in full as per *Education Law Section 1721*.

CAP: The District published the June 2016 annual financial report in the Long Islander newspaper on October 27, 2016 and will continue to do so in the future.

BUDGET TRANSFERS

During our audit we noted four instances where budget transfers were made between and/or into equipment codes, which are non-contingent expenditure codes. According to the *Commissioner's Regulations Section 170.2(1)*, budget transfers between non-contingent expenditure codes and budget transfers made from contingent expenditure codes to non-contingent expenditure codes are not permitted. We recommend the District adhere to this Regulation.

CAP: The District will adhere to this regulation and has already implemented this recommendation.

CAPITAL ASSETS

During our audit we noted three out of five newly acquired assets tested were not tagged during the year. We recommend the District ensure that all capital assets are tagged so that at any given point in time they can properly identify and account for the District's entire capital asset inventory.

CAP: The District started using the AssetMaxx program for tracking and tagging capital assets in the 2015-2016 school year. We continue to work on getting all capitalized assets tagged and accounted for in inventory as our procedures and processes are implemented and developed.

PAYROLL/PERSONNEL

During our audit of the District's payroll and personnel processes we noted the following:

- The District's school lunch fund timesheets were not signed or dated by a supervisor.
- Two out of forty instances where the Department of Immigration Employment Eligibility Verification Form (I-9 form) were not completed by the employer.
- Two out of forty instances where the Department of Immigration Employment Eligibility Verification Form (I-9 form) were not in the personnel files.
- Two out of forty employees were not paid the correct amount of hours which resulted in them being underpaid for the week.

We noted the District has resolved the above items once they were brought to their attention. We recommend the District continue to review its personnel files and verify that all required employees have an I-9 form in accordance with Department of Immigration regulations. We also recommend the District continue to review payroll and personnel procedures and monitor the processes to ensure internal controls are operating properly.

CAP: As noted the District has resolved any open items regarding the I-9 forms and will continue to ensure that all personnel files are up to date. In addition, the District will review payroll and personnel procedures and continue to monitor internal controls over payroll.

EXTRACLASSROOM ACCOUNTS

The District has established extra classroom activity accounts to maintain student activities and funds. The New York State Education Department has published guidelines governing the proper procedures and policies governing the extra classroom accounts and transactions. During our audit of the District's extra classroom activity accounts, we noted the following:

- Some clubs were not using profit and loss statements for fundraisers held during the year.
- Ten out of ten invoices tested were not properly cancelled after payment.
- Seven out of ten cash receipts tested did not have sufficient documentation for cash receipts.
- Five clubs had no financial activity during the school year.
- Charters were not established for clubs.
- Board approval of clubs was missing.

We recommend the District review the extra classroom accounts to improve the procedures for the extra classroom accounts. We also recommend training of the extra classroom treasurer and advisors of the proper procedures required by the State of Education Department.

CAP: The District has implemented the use of Charters for all clubs which have been accepted by the Board of Education, in addition, the personnel club appointments are approved Board of Education. The business office continues to work closely with the Treasurers of the High School and Middle School to ensure that proper procedures are followed. The "Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds" booklet is distributed annually as a guide to proper accounting procedures required by the State Education Department.