VIII. **Business Affairs**

B. Operations

1. Approval of Corrective Action Plan

RESOLVED, on the recommendation of the Superintendent of Schools, the Board of Education approves a motion to accept the Corrective Action Plan as developed in conjunction with the external audit for the school year ending June 30, 2024, which will be implemented during the 2024-2025 school year.

Glen Cove City School District, New York
In response to June 30, 2024 Management Letter

CORRECTIVE ACTION PLAN

- **Payments in Lieu of Taxes ("PILOT's")**

  PILOT's are one of the main tools local Industrial Development Agencies ("IDA's") use to encourage businesses to locate in their jurisdictions. Under such agreement, a company makes some fixed yearly contribution to the School District rather than pay property taxes. The amount paid is typically lower than what the company would have paid if it was taxed normally. Under the State's tax cap formula, PILOT payments are an integral part of the School District's tax cap calculation, which can have an impact on the tax levy.

  During our audit, we noted that the School District did not have current PILOT agreements readily available to determine if they received the correct amounts.

  For one PILOT, the amount per the City's allocation spreadsheet did not agree to the two payments received.

  Recommendation

  We recommend that the School District obtain current PILOT agreements from the participating municipalities and prepare a tracking schedule to determine actual amounts received and the amount of taxes abated. Such schedule will then determine that the School District has received its PILOT revenue and such amounts are in agreement to the adopted budget amount.

  CORRECTIVE ACTION:

  The District Treasurer is working on obtaining all PILOT agreements so she can prepare a tracking schedule to be used to ensure that the actual payments received are in agreement with the amount owed. The District Treasurer will get this information from the controller's office at the City of Glen Cove who sends out the PILOT invoices to the various businesses. This recommendation will be in place by February 1, 2025 so the external auditors will be able to determine that the PILOTs received in the 2024-2025 school year are correct.

- **Other Postemployment Benefits - Census Data**

  During our audit, we noted that one employee's information was incorrect on the census data provided to the actuary.

  Recommendation

  We recommend that the School District review and provide a comprehensive list of all employees to the actuary for the census data calculations. This will ensure that the liability of the School District is accurately stated.

CORRECTIVE ACTION:

The date of birth of a new employee was incorrectly entered by personnel into the district's financial system. The error was corrected after the information was given to the third-party provider who prepares the GASB report. The Assistant Superintendent for Personnel will set up a process so the information entered into the district's system is verified at the time of entry. This process was put into place on December 2, 2024.

- **Extraclassroom Activity Fund**

Extraclassroom Activity Funds

Extraclassroom activity funds, which are authorized by the New York State Department of Education, are an integral part of the educational program of the School District. As part of our audit, we have reviewed, evaluated and tested the Extraclassroom Activity Funds of the School District. The result of our tests disclosed that the following areas were not in compliance with the regulations of the Commissioner of Education.

- **Extraclassroom Activity Fund** *(Continued)*

Inactive Clubs

There were two High School clubs (Gay Straight Alliance and Key Club) and one Middle School club (Robotics) that had no financial activity during the current fiscal year with aggregate ending balances of approximately $5,275. State Education Department Regulations provide that the funds of a discontinued activity shall automatically revert to the account of the general student organization or the student council and shall be expended in accordance with that organization's constitution.

Recommendation

We recommend that the School District investigate and review these balances and take the appropriate action to close out these old amounts. A determination of the status of a club with no financial activity should be made to determine the proper disposition of funds. This action will deter clubs from being inactive in future years.

CORRECTIVE ACTION:

The Assistant Superintendent for Business has met with the Central Treasurer in both the high school and middle school. The GSA and Key Club in the high school were active clubs during the 2023-2024 school year but had no financial activity. The Robotics Club at the middle school also was an active club during the 2023-2024 school year with no financial activity. The Key Club does have financial activity to date and the Central Treasurer will speak with the GSA advisor to make sure the club shows some financial activity in the 2024-2025 school year. The Robotics Club in the middle

school is planning on entering some competitions in 2025 so there will be some financial activity. This recommendations has been implemented as of November 7, 2024.

Timeliness of Deposits

During our audit, we noted that four selections were not made timely. This lack of timely deposits can increase the risk of misplacement, and misappropriation, which can lead to negative impacts on the financial reporting process.

Recommendation

We recommend that the client deposit cash receipts, especially during times of heavy cash flow, on a daily basis. During periods of less cash inflow, we recommend that the receipts be deposited at the bank within 72 hours of the receipt. This practice will firmly strengthen the School District's internal controls over cash receipts cycle and significantly reduce the likelihood that cash could be lost or stolen before it is deposited in the bank.

CORRECTIVE ACTION:

The Assistant Superintendent for Business has met with the Central Treasurer in both the high school and the middle school on November 7, 2024. Both will be making deposits twice a week and more often if receipts are heavy. They will also make a deposit before any school holiday or school break to insure the timeliness of the deposits. This process has been but into place on November 7, 2024.

Club Deficit

During our review of students' activity summary for the fiscal year, it was noted that Class of 2024 had a deficit balance of $100 as of June 30, 2024.

Recommendation

We recommend that proper controls be implemented to prevent student clubs from expending more than the funds available.

CORRECTIVE ACTION:

The Assistant Superintendent for Business has spoken with the Central Treasurer of the high school In regard to the deficit balance. A check was received and deposited after June 30, 2024 into the Class of 2024 account. The high school Central Treasurer will account for all monies to be received before the Extraclassroom Activity Account is closed at June 30th of each year. This process will be in place for the end of the 2024-2025 school year on June 30, 2025.

- **Extraclassroom Activity Fund** *(Continued)*

  Absence of Club Treasurer Signature

  During our audit of cash receipts, we noted that three of the twenty cash receipts did not have a student treasurer signature present at the time of the deposit and one did not have a faculty advisor signature present at the time of the deposit.

  Recommendation

  We recommend that the cash receipts process be enhanced to adhere to "The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds", published by the New York State Education Department to have a student treasurer and faculty advisor assigned be present. The Extraclassroom activities should be operated by and for the students.

  CORRECTIVE ACTION:

  These three deposits that did not have a student treasurer signature on them, were not deposits from a club but deposits for a trip. The Central Treasurer at the middle school collects trip fees for various trips that are done during the school year. The one deposit without the faculty advisor signature was an oversight and has been corrected. An accounting of money collected for trips indicate the students name amount of payment and trip. All funds are accounted for by the Central Treasurer and the list of students is attached with the deposit. The Assistant Superintendent for Business and the Central Treasurer have agreed that this process can remain as long as all documentation from the teacher organizing the trip and the deposited funds are kept. This process is still being implemented as of November 18, 2024.

- **Cash Receipts - Timeliness of Deposits**

  The audit of the cash receipts process revealed that three of the five receipts chosen for testing were deposited in excess of three business days after receipt as recommended by the State Comptroller's office.

  Recommendation

  As a matter of best practice, we suggest the School District make an effort to deposit funds received within 72 hours.

  CORRECTIVE ACTION:

  The district has adopted the practice of making deposits twice weekly and on the last working day before any holiday or school break. This will ensure that all deposits are made on a timely basis. This directive has been given to the accounts receivable clerk to start immediately. This practice has started November 1, 2024 and will continue with all future deposits.

- **Cash - Old Outstanding Checks**

During our testing of cash we noted two outstanding checks over a year old in the operating account amounting to $160,679. Tracking outstanding checks is an important control procedure that ensures that all outgoing checks are accounted.

Recommendation

We recommend that the School District follow up on these outstanding checks to either re-issue them or write them off if no longer valid.

CORRECTIVE ACTION:

Due to an ongoing legal matter the recipient of these checks has not cashed the checks. The original checks from 2021 and 2022 were reissued in 2023. The district is following the advice of our lawyer not to reissue again and not to void the checks. The district is hoping to have this legal matter settled in the 2024-2025 school year but cannot provide a specific date as to when this matter will be settled since it is a legal matter.

Glen Cove City School District, New York

Control Deficiencies

- **Payroll - Review Process**

During our testing of payroll, we noted that an employee was erroneously overpaid during a pay period. This is as result of the School District not having the proper review for accuracy.

Recommendation

We recommend that the School District substantially review payroll for accuracy to prevent paying out the wrong pay rates to employees.

CORRECTIVE ACTION:

When I was filing James Abercrombie's entitlement calculation paperwork, I noticed there was an error in the calculation causing the employee to be over paid by $968.64. The overpayment was corrected when processing the health insurance buyback payment. The district Assistant Superintendent for Personnel will now review the calculation used to pay employees their final pay. This will ensure that an accurate calculation is being done. This recommendation has been implemented as of November 18, 2024.

- **Single Audit - Procurement, Suspension, and Debarment**

The School District currently does not have a formal review process in place to verify the debarment of vendors used for Federal funds.

Recommendation

We recommend that the School District implement a formal review process and include the explanation of the process in the Procurement Policy, as well as, state the vendor is not debarred in the acceptance of the contract for the board minutes.

CORRECTIVE ACTION:

The Assistant Superintendent for Business has asked the internal auditors to help satisfy this recommendation. They will come up with a procedure that includes a formal review process and an explanation of this process in the district's Procurement Policy. The district will indicate that a vendor is not barred in the resolution given to the BOE when they approve the contract. This recommendation will be implemented before the end of this school year, June 30, 2025.