

BRADFORD CENTRAL SCHOOL DISTRICT

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CORRECTIVE ACTION PLAN

Year Ended June 30, 2022

TO: Bradford Central School District Board of Education

FROM: Lisa Kuhnel, School Business Administrator

SUBJECT: Independent Auditors Report

DATE: October 26, 2022

In response to the Management Letter titled *Communicating Internal Control Related Matters Identified in an Audit* for the year ended June 30, 2022, the Bradford Central School District presents the following Corrective Action Plan to address the deficiencies in internal control as noted in the Independent Auditors Report.

Prior Year Deficiencies Pending Corrective Action:

School Lunch Fund -

Federal Regulation #7 CFR Part 210.15 recommends the School Lunch Fund balance not exceed three months average expenditures. As of June 30, 2022 the District's Unassigned School Lunch Fund Balance totaled \$109,676, and exceeded three months average expenditures in the amount of \$51,565.

We recommend the District continue to closely monitor the fund balance of the School Lunch Program and make every effort to comply with the Federal Regulation.

Action Taken: Excess fund balance in the Food Service Fund has increased due to additional reimbursements received during the pandemic. The District will use excess funds for needed repairs and upgrades to kitchen equipment as well as to offset continuing minimum wage increases in NYS. The Food Service Manager, Pam Drumm will work with the Superintendent, John Marshall and Business Administrator, Lisa Kuhnel by June 30, 2023 to determine what purchases, if any, are appropriate.

Fund Balance -

As indicated in the financial statements, the unassigned fund balance in the General Fund at June 30, 2022 exceeds the 4% maximum allowed by Section 1318(a)(1) of the Real Property Tax Law.

We recommend the District continue to monitor fund balance as it relates to Section 1318(a)(1) of the Real Property Tax Law.

Action Taken: Given the economic uncertainty in the wake the pandemic and in anticipation of the loss of federal stimulus funding, the District made a calculated determination that continuing to maintain a greater level of unassigned fund balance is the most fiscally sound practice at this time. School Business Official Lisa Kuhnel, Superintendent John Marshall, and the Board of Education will continue to review this issue

and determine if it is fiscally prudent to reduce unassigned fund balance to within statutory limits by June 30, 2023.

Current Year Deficiency in Internal Control

Receipts –

During the course of our examination of selected receipts, we noted six instances where deposits were not made in a timely manner from when monies were received.

In an effort to safeguard receipts and maintain accountability and control, we recommend every effort continue to be made to deposit receipts in a timely manner.

Action Taken: Due to the it's remote location, personnel must drive outside the school district to make deposits at the nearest bank. This is typically done on a weekly basis. On occasion, often surrounding holidays or school breaks, some checks have waited longer than one week to be deposited. These checks are, however, secured in the District's safe within the District Office. Prior to the date of this memo, October 26, 2022, School Business Administrator Lisa Kuhnel reviewed district policy regarding timely deposits with Julie Anderson, the personnel responsible for making deposits, who will make every effort to ensure all deposits are completed in a timely manner.

Other Items:

Cyber Risk Management –

The AICPA Center for Audit Quality recently issued a cyber security risk management document discussing cyber threats that face both public and private entities. The District's IT personnel routinely assesses cyber risk as part of their normal operating procedures. We recommend the District continue to document their cyber risk assessment process in writing which should include the risk assessment process, the frequency of the risk assessment, how findings are to be communicated to the appropriate level of management, and how the process will be monitored.

Action Taken: Director of Technology Dylan Blencowe will work with Superintendent John Marshall to develop written documentation of the District's cyber risk assessment process and align with District policy by June 30, 2023.

Federal Programs –

As a result of recent federal program changes, the District documents various Federal program procedures through written questionnaires prepared by the Program Coordinators and the Business Office. Recent guidance from the New York State Education Department suggests Federal recipients should enhance their written documentation into a written procedural manual that is more detailed and specific to each federal program compliance requirement.

Action Taken: School Business Administrator Lisa Kuhnel will work with Superintendent John Marshall to develop a federal program compliance procedural manual by June 30, 2023.