



**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT
ADMINISTRATIVE OFFICES**

252 Chestnut Street

West Hempstead, New York 11552-2455

Fax Number (516) 489-1776

**Daniel Rehman
Superintendent
(516) 390-3107**

**Dina Reilly
Assistant Superintendent for Curriculum
(516) 390-3119**

**Joel Press
Assistant Superintendent for Business
(516) 390-3103**

CORRECTIVE ACTION PLAN

2017-18 EXTERNAL AUDIT

1. Corrective Action Plan – 2017-18 External Audit – Extra Classroom Activity Fund

Findings:

- A. Lack of adequate fundraising accounting and sales tax collections by clubs.
- B. Some disbursements were not supported by an invoice or a receipt from the vendor.

Action Plan to be taken:

The Assistant Superintendent for Business will meet with all Central Treasurers and faculty advisors of student clubs to discuss the advisory process and to provide appropriate guidelines for fundraising and accounting for the clubs, including the disbursement of funds and the requirements concerning the collection of sales tax by clubs.

Date action to be completed:

Action is expected to be completed by April 30, 2019.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations
Brian Cleary, District Treasurer and Part-Time Accountant

2. Corrective Action Plan – 2017-18 External Audit – Federal Grants

Finding:

2016-17 Title I, Title III, Title III Immigrant, and IDEA Section 611 Grant FS-10F forms were understated when compared to the District's total expenditures within the general ledger. An audit adjustment of approximately \$7,000 was entered to recoup the remaining balance from the General Fund.

Action Plan to be taken:

The District's Business Office will work closely with administrators responsible for implementing programs and grant funds utilization to monitor expenditures of the grant funds and the reimbursement methods for accurate reporting.

Date action to be completed:

Ongoing.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations
Dina Reilly, Assistant Superintendent for Curriculum and Instruction
Bridget Karis, Director of Pupil Personnel Services

3. Corrective Action Plan – 2017-18 External Audit – Capital Assets

Finding:

- A. There were differences between the valuations of capital assets reported on the financial statements as compared to the capital asset appraisal inventory report for June 30, 2018 totaling approximately \$123,000.

Action Plan to be taken:

The District's Business Office will work with CBIZ, the appraisal company, to review all property and equipment purchases that need capitalization, as well as completed capital projects. This will enable all parties to be on the same page which will promote accurate recording and reporting of transactions. There was a significant amount of turnover in the District's Business Office during and at the end of the 2017-18 fiscal year, including the departure of the Assistant Superintendent for Business, which contributed to this problem.

Date action to be completed:

Ongoing.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations

Finding:

- B. There were capital projects that had no activity in the 2017-18 school year and the unexpended balances remained in the Capital Project fund as of June 30, 2018. The District should review all old capital projects and determine whether they are completed and all required Final Cost Reports have been submitted to the State, and dispose of the unexpended balances accordingly.

Action Plan to be taken:

There was a significant amount of turnover in the District's Business Office during and at the end of the 2017-18 fiscal year, including the departure of the Assistant Superintendent for Business and the retirement of the Director of Facilities. The District's Business Office has embarked on the review of all capital projects along with the District's Architect. All projects that are completed will be closed out and any unexpended balances left on the projects will be returned to the funding source. Several of these projects are in the process of being submitted to the State for approval. As soon as the approval is received, the District will move to complete the projects.

Date action to be completed:

Ongoing.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations

4. Corrective Action Plan – 2017-18 External Audit – General Fund

Finding:

- A. New York State Real Property Tax Law §1318 limits a school district's General Fund unassigned Fund Balance to an amount not greater than 4% of the upcoming year's budget. As of June 30, 2018, the District's unassigned Fund Balance exceeded the 4% limit.

Action Plan to be taken:

The District intends to be in compliance with New York State Real Property Law §1318 and as such will ensure that it reviews its Fund Balance projections on a regular basis to ensure that its unassigned Fund Balance does not exceed the 4% limitation. The District will also discuss with the Board of Education the District's recommendation that the Board put a proposition on the ballot in May to establish a Capital Reserve Fund, which would be funded from excess Fund Balance remaining at the end of the fiscal year.

Date action to be completed:

Ongoing.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations

Finding:

- B. As of June 30, 2018, the District has not received full reimbursement from the State for its 2016-17 school year's outstanding \$4201 amount (net of the District's basic contribution) of approximately \$23,500.

Action Plan to be taken:

The issue was caused by delays in sending data and information to the State via the STAC System. The District has hired a consultant, School Aid Specialists, to help train personnel in the Pupil Personnel Services office on the input of information into STAC so the District can be appropriately and timely reimbursed by the State for its §4201 programs. The District's Business Office will work with the Pupil Personnel Services office to collect any remaining balance from the State.

Date action to be completed:

Ongoing.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations

Bridget Karis, Director of Pupil Personnel Services

5. Corrective Action Plan – 2017-18 External Audit – General Fund

Finding:

The journal entries within the current year’s audit sample all had appropriate documentation of reviews and approvals by the Assistant Superintendent for Business. We recommend that the Assistant Superintendent for Business periodically review a journal entry report from the accounting system to ensure entries entered are the ones he has approved.

Action Plan to be taken:

On a monthly basis the Assistant Superintendent for Business reviews the journal entries in the accounting system and matches them to signed journal entry forms to make sure the entries in the accounting system are the entries approved by him. The Assistant Superintendent for Business will establish documented procedures to ensure that all journal entries posted to the general ledger by the District Treasurer were approved by him.

Date action to be completed:

Ongoing. The Assistant Superintendent for Business will establish documented procedures by April 30, 2019.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations

6. Corrective Action Plan – 2017-18 External Audit – Trust and Agency Funds

Finding:

Scholarship awards issued to students during the 2016-17 school year exceeded the Scholarship cash balance by approximately \$869. This required the General Fund to provide a temporary interfund loan to the Scholarship Account to cover the deficient funds.

Action Plan to be taken:

The temporary loan provided by the General Fund will be reimbursed by the Trust and Agency Fund from new pledges to the Scholarship Fund. The District’s Business Office will work with the Guidance Department to monitor the availability of funds available for scholarships before an award is made. Effective communication between the Guidance Department and the District’s Business Office will alleviate such occurrences in the future.

Date action to be completed:

Ongoing.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations
Brian Cleary, District Treasurer and Part-Time Accountant
James DeTommaso, High School Principal

7. Corrective Action Plan – 2017-18 External Audit – General Fund

Finding:

Bank reconciliations as of June 30, 2018 contained a number of uncleared checks that have been outstanding for more than one year.

Action Plan to be taken:

The District's Business Office will review all outstanding checks and contact the vendors in an effort to clear these outstanding checks from the reconciling items within the bank reconciliations.

Date action to be completed:

Ongoing.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations
Brian Cleary, District Treasurer and Part-Time Accountant

8. Corrective Action Plan – 2017-18 External Audit – General Fund Reserves

Finding:

The District does not have a reserve funds policy plan that is current and approved by the Board of Education.

Action Plan to be taken:

The District will consider officially adopting a reserve funds policy plan.

Date action to be completed:

June 30, 2019.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations

9. Corrective Action Plan – 2017-18 External Audit – General Fund

Finding:

The real property tax levy warrant provided to the Nassau County Department of Assessment contained an error which caused the District to collect excess property taxes.

Action Plan to be taken:

The District will use the excess property taxes collected to offset the 2019-20 tax levy and will establish controls to ensure that the real property tax levy warrant that it provides to Nassau County is accurate and complete.

Date action to be completed:

June 30, 2019.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations

10. Corrective Action Plan – 2017-18 External Audit – Year End Closing of the Books

Finding:

The District did not prepare all of the adjusting journal entries to close the books at year end. Insufficient time was allotted to the accounting function during the year as well as the year end closing process, and insufficient supervisory review of the books by management during the fiscal year, further exacerbated by the turnover at the business official position after the end of the fiscal year and before the annual external audit began. As a result, the District's books and records required a number of audit adjustments to correct misstatements during the annual audit. Without these audit adjustments, the District's financial statements would have been materially misstated. The District should review its staffing needs for the treasury and accountant functions, and develop a plan and procedures to ensure its books are maintained accurately during the year with timely supervisory review, and that all journal entries needed to close the books at year end are done before the external audit begins.

Action Plan to be taken:

The District will review its Business Office staffing needs and continue to provide training to the staff, as well as implement procedures to ensure the books are maintained timely and accurately during the year, and that all significant year end journal entries are recorded prior to the audit.

Date action to be completed:

June 30, 2019.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations
Brian Cleary, District Treasurer and Part-Time Accountant