



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

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CORRECTIVE ACTION PLAN

2018-19 EXTERNAL AUDIT

1. Corrective Action Plan – 2018-19 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, 2020.

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 – 2018-19 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, 2019 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. The District's Business Office worked with CBIZ during the 2018-19 fiscal year to correct other items on the capital assets report, and will continue to work with CBIZ to ensure that the valuations of capital assets reported on the financial statements match the capital asset appraisal inventory report

Date action to be completed:

Action is expected to be completed by March 31, 2020.

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 2018-19 school year and the unexpended balances remained in the Capital Project Fund as of June 30, 2019. 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:

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:

Action is expected to be completed by March 31, 2020.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations

3. Corrective Action Plan – 2018-19 External Audit – General Fund

Finding:

As of June 30, 2019, 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 \$16,000.

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

4. Corrective Action Plan – 2018-19 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

5. Corrective Action Plan – 2018-19 External Audit – Bank Reconciliations - Stale Dated Checks

Finding:

Bank reconciliations as of June 30, 2018 contained a number of uncleared checks that have been outstanding for more than one year. During the year ending June 30, 2019, the District Treasurer reviewed stale dated checks and wrote off those checks to the Trust and Agency Fund until the payees are contacted and the checks are cleared.

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

6. Corrective Action Plan – 2018-19 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, 2020.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations

7. Corrective Action Plan – 2018-19 External Audit – Uniform Guidance-Federal Grants Compliance

Finding:

The District's current procurement policy did not incorporate the Uniform Guidance procurement standards and did not have written procedures related to the spending of federal awards as required by the Uniform Guidance.

Action Plan to be taken:

The District will adopt an appropriate policy with written procedures as required by the Uniform Guidance.

Date action to be completed:

December 3, 2019.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations

8. Corrective Action Plan – 2018-19 External Audit – School Food Service Fund

Finding:

For the fiscal year ended June 30, 2019, the School Food Service Fund incurred an operating loss of \$142,221, which reduced the School Food Service Fund's total fund balance to \$150,127, down from approximately \$292,000 for the fiscal year ended June 30, 2018.

Action Plan to be taken:

The District will continue to monitor the cafeteria operation's finances and will consider the need to provide subsidies from the General Fund to ensure the School Food Service Fund's equity would not fall into a deficit. The District will also consider the need to raise meal prices 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

9. Corrective Action Plan – 2018-19 External Audit – Restricted Reserves Cash Balances

Finding:

The District repaid a bond anticipation note (BAN) on June 14, 2019 from the General Fund, which BAN was to be repaid from the proceeds of the issuance of a serial bond. Proceeds from the serial bond issuance were deposited into the Capital Projects Fund's bank account and were transferred to the General Fund on July 2nd, 2019. As a result, as of June 30, 2019, the equity balance of the restricted reserves, including final year-end authorized funding, totaled \$11,215,290; however, the General Fund's total cash balance was only \$2,174,225.

Action Plan to be taken:

The District will closely monitor the cash balances of the General Fund throughout the year to ensure that cash for restricted reserves is not used for other purposes

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

10. Corrective Action Plan – 2018-19 External Audit – Bank Reconciliations

Finding:

Bank reconciliations selected for testing did not have documented review and approval of a supervisor. There were also instances where the book balance in the bank reconciliation did not agree to the cash account balance in the general ledger; some of the differences appeared to be timing related, where adjustments identified in the bank reconciliation were not recorded in the general ledger in the same month.

Action Plan to be taken:

The District has implemented procedures for documenting the review and approval of bank reconciliations by a supervisor. The District will also implement procedures to ensure that book balances agree to cash account balances in the general ledger and that timing-related adjustments are recorded in the general ledger in the same month.

Date action to be completed:

December 20, 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

11. Corrective Action Plan – 2018-19 External Audit – Segregation of Duties - User Permissions

Finding:

During the 2018-19 fiscal year, the District converted its accounting software package from Finance Manager to nVision. The District assigned system administrator capabilities to the Assistant Superintendent for Business and the Director of Technology during the conversion to ensure the system was correctly processing financial information. The Assistant Superintendent for Business still had administrator capabilities after June 30, 2019.

Action Plan to be taken:

The District will designate an employee not involved in the financial operations of the District to be the system administrator. In addition, audit logs will be reviewed on a regular basis to ensure that changes to financial information are appropriate and authorized.

Date action to be completed:

Designation of an employee not involved in the financial operations of the District to be the system administrator will be completed by December 20, 2019. The review of audit logs will be ongoing.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations

12. Corrective Action Plan – 2018-19 External Audit – Vendor Master Files

Finding:

The District does not currently have procedures in place to formally review the vendor change report in the District's accounting software package.

Action Plan to be taken:

The District will designate an employee outside of the purchasing and accounts payable functions to periodically review vendors added or changed to ensure that all vendors added or changed have been properly approved.

Date action to be completed:

December 20, 2019.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations