



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

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***CORRECTIVE ACTION PLAN***

***2019-20 EXTERNAL AUDIT***

**1. Corrective Action Plan – 2019-20 External Audit – Extra Classroom Activity Fund**

Findings:

- A. Lack of adequate fundraising accounting by clubs.
- B. Some disbursements were not supported by an invoice or a receipt from the vendor.
- C. Profit-and-loss accounting was not maintained by some clubs or fundraising events.
- D. Instance in which a disbursement was not supported by an invoice or a receipt from the vendor.
- E. Instances in which student involvement was not evident due to a lack of the student treasurer’s signature.
- F. Instances in which deposit and check authorization forms were not signed by the faculty advisor or central treasurer.

Action Plan to be taken:

The Assistant Superintendent for Business and/or District Treasurer 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 by clubs.

Date action to be completed:

Action is expected to be completed by April 30, 2021.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations  
James Igoe, District Treasurer

**2. Corrective Action Plan – 2019-20 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, 2020 totaling approximately \$123,000.

Action Plan to be taken:

The District’s Business Office will work with CBIZ, the District’s 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 June 30, 2021.

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 2019-20 school year and the unexpended balances remained in the Capital Project Fund as of June 30, 2020. 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 either be returned to the funding source or used for other voter approved capital projects. Several of these projects have either been recently approved by the State or are in the process of being submitted to the State for approval. Several of the projects were bid out, but due to the COVID-19 pandemic, those projects were not able to be started yet.

Date action to be completed:

Action is expected to be completed by June 30, 2021.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations

**3. Corrective Action Plan – 2019-20 External Audit – Section 4201 State-Supported Schools**

Finding:

As of June 30, 2020, the District has not received full reimbursement from the State for its 2016-17, 2017-18, and 2018-19 school years' outstanding §4201 amounts (net of the District's basic contribution).

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 new consultant, Questar III BOCES, 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 – 2019-20 External Audit – Scholarship Accounts**

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 an 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  
James Igoe, District Treasurer  
James DeTommaso, High School Principal

**5. Corrective Action Plan – 2019-20 External Audit – Bank Reconciliations - Stale Dated Checks**

Finding:

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. During the current year ending June 3, 2020, the balance of the stale-dated checks in the Trust and Agency Fund has not changed.

Action Plan to be taken:

The District's Business Office will review all outstanding checks and contact the vendors or payees in an effort to clear these outstanding checks from the Trust and Agency Fund.

Date action to be completed:

Ongoing.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations

James Igoe, District Treasurer

**6. Corrective Action Plan – 2019-20 External Audit – General Funds Reserve Fund Policy Plan**

Finding:

The District does not have a General Fund 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, 2021.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations

**7. Corrective Action Plan – 2019-20 External Audit – School Food Service Fund**

Finding:

For the fiscal year ended June 30, 2020, the School Food Service Fund incurred an operating loss of approximately \$142,000, which reduced the School Food Service Fund's total fund balance to \$8,125, down from approximately \$150,000 for the fiscal year ended June 30, 2019.

Action Plan to be taken:

The operating loss was due in large part to the COVID-19 pandemic, which closed schools for over 3 months. During the closure, the District provided meals at no cost to resident students, but was unable to sell meals and a la carte items at full price. In addition, the District continued to pay cafeteria staff during the closure period. 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 will not fall into a deficit. In the 2020-21 school year, the District did raise meal prices for paid meals. However, the State Education Department extended the waivers allowing the District to provide meals for the duration of the 2020-21 school year at no cost to students, so the District is not receiving revenue from the sale of paid meals.

Date action to be completed:

Ongoing.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations

**8. Corrective Action Plan – 2019-20 External Audit – Bank Reconciliations**

Finding:

There were instances where the book balance in 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 will 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. The District has hired a full-time District Treasurer beginning in the 2020-21 school year, which will allow for the cash account balances to be monitored on a more regular and timely basis.

Date action to be completed:

December 23, 2020.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations  
James Igoe, District Treasurer

**9. Corrective Action Plan – 2019-20 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, 2020.

Action Plan to be taken:

The District designated its Data Analyst Trainee, an employee not involved in the financial operations of the District, to be the system administrator, and removed the Assistant Superintendent for Business' administrator capabilities. However, this did not occur until after June 30, 2020. 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:

This action has been completed.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations

**10. Corrective Action Plan – 2019-20 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 23, 2020.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations

**11. Corrective Action Plan – 2019-20 External Audit – General Fund Unassigned Fund Balance**

Finding: As of June 30, 2020, the District's general fund unassigned fund balance exceeded 4% of the subsequent year's budget.

Action Plan to be taken:

The District made the decision to hold unassigned fund balance in excess of 4% of the subsequent year's budget to counteract the negative fiscal impact of two significant factors outside of its control: (i) the ongoing financial challenges and unexpected and unbudgeted expenses incurred related to the COVID-19 pandemic, and (ii) the decision by New York State to not only withhold 20% of the District's state aid payments in the 2020-21 fiscal year, but also state aid payments due in the 2019-20 fiscal year as presented in the District's 2019-20 audit report. Notwithstanding these fiscal challenges, the District will look for opportunities to lower the amount of unassigned fund balance, while still providing an excellent academic program for its students and maintaining vitally needed financial liquidity during this time of nationwide and statewide financial instability. The District will also discuss with the Board of Education the administration's recommendation that the Board put a proposition on the ballot in May to establish a

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Capital Reserve Fund, which would be funded from excess Fund Balance remaining at the end of the fiscal year.

Date action to be completed:

June 30, 2021.

Person(s) responsible for Implementing Corrective Action Plan:

Joel Press, Assistant Superintendent for Business and Operations