



Angelo M. Rubbo
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TO: Board of Education

FROM: Angelo M. Rubbo, Assistant Superintendent for Business

DATE: January 19, 2023

RE: Corrective Action Plan – Financial Statements

AMR

Below is the Corrective Action Plan for the Audited Financial Statements for the year ending June 30, 2022.

Special Purpose Fund – “The Special Purpose Fund accounts for assets held by the School District in accordance with grantor or contributor stipulations. During the course of the audit, we noted that several accounts, with aggregate ending balances of approximately \$782 remained inactive for the entire year.”

Action Plan – We will review the purposes of these bequests for the proper disbursement of funds. If we find the funds are no longer required to be held in a trust, we will present a resolution to the Board of Education requesting the funds be transferred to the General Fund.

Billing/Receivable Reconciliation to General Ledger – “The School District primary revenue source is tuition billings to sending districts. Tracking these billings and the subsequent collections and properly applying the receipts in the receivable subsidiary ledger is a vital internal control procedure. During our audit, we noted that the accounts receivable detail subsidiary ledger (by sending district) did not appear to be routinely reconciled to the general ledger, resulting in certain discrepancies. We also noted that some of the receivable accounts reflected credit balances (i.e. overpayments).”

Action Plan – The detail receivable subsidiary ledger will be reconciled to the general ledger control accounts after each monthly billing cycle. Any differences will be investigated and resolved.

Special Aid Fund – “The Special Aid Fund is used to account for special programs supporting in whole or in part with Federal, State or local funds. The accounting treatment for activity in this fund requires amounts to be reported as unearned revenue (a liability) rather than as revenue for amounts received before an expenditure has been incurred. Conversely, a receivable and related revenue is to be recorded for amounts not yet received

but for which eligible expenditures have been incurred. We noted during our audit of this fund that this accounting treatment was not properly applied, resulting in revenues and expenditures not matching as required for this fund."

Action Plan –Several Federal Accounts expire on August 31 which is two months after the end of our fiscal year. We have historically worked with our auditing firm to reconcile these accounting adjustments for the end of year audit. Moving forward we will introduce processes and procedures to revenues, related receivables, and unearned revenues to ensure they are properly reflected.

Federal ESSER Program Compliance – "The school District was the recipient of significant financial aid in the 2021-22 fiscal year. As a result of receiving in excess of \$750,000 in federal aid, the School District was required to undergo a compliance audit in accordance with Uniform Guidance. The federal program we selected for audit was the Elementary and Secondary School Emergency Relief (ESSER) Fund under Federal Assistance Listing No. 84.425. The Office of Management and Budget ("OMB) compliance supplement for this program requires a recipient to document in a Personnel Activity Report ("PAR") the allocation of time each employee charged to the grant spent performing grant eligible services. Our compliance audit indicated that no such reports were prepared for the employees whose salaries were wholly or partly charged to this grant."

Action Plan – The district will maintain the required PAR reports for each grant funded employee. If an employee is retroactively charged to a federal program, we will obtain a signed PAR form from that employee at that time.

cc: Mr. Stephen Beovich, Superintendent of Schools
Ms. Sandra Shymonowiz, District Treasurer
Mr. Scott Oling, Internal Auditor