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January 6, 2023

Office of the NYS Comptroller

Office of Audit Services, NYS Education Department

RE: 2021-22 UPDATED RESPONSE TO MANAGEMENT LETTER

We herewith provide our response to the management letter presented to us by our independent auditor, PKF O'Connor Davies, for fiscal year ending June 30, 2022. Our Citizens Audit Advisory Committee was given the opportunity to review and comment on this corrective action plan. This response has been submitted to our Board of Education for approval at its meeting on November 17, 2022 and an updated response was submitted to the Board of Education for approval at its meeting on January 6, 2023. For your convenience, we reproduce below the pertinent recommendations made in the management letter.

Capital Assets

COMMENT:

Capital Assets (net of accumulated depreciation) amount to an excess of \$105.4 million in the government-wide Statement of Net Position. In order to reconcile, record and depreciate the School District's capital assets, a system needs to be in place in which capital asset transactions are properly recorded on a timely basis and summarized including additions, deletions and transfers from construction in progress. The current year additions are a vital component of the GASB Statement No. 34 Statement of Net Position. During our audit, we noted that the School District was not maintaining the Capital Asset Schedules which are currently updated by Questar III BOCES using the Asset Management Platform. During fiscal year 2021-22, the School District began to update the aforementioned schedules adding essentially 3 to 4 years of data to its capital asset inventory. This process was time consuming for both the School District and the auditor and resulted in differences when compared to the prior year audited financial statements. Additionally all capital assets should be evaluated for impairment as a result of any significant and unexpected decline in service utility. It has been some time since the School District had a full appraisal of its capital assets.

RESPONSE:

The District has completed entering the list of assets into our Asset Management System, Asset Works, through the end of the 2021-22 fiscal year and continues to do so going forward on a quarterly basis. In the most recent previous years, the asset reconciliation process was performed "outside" of the asset management platform (Asset Works) and the General Ledger. Currently, the system is run with asset tag numbers and a cross reference of the assets is being performed between our General Ledger computer

system, in WINCAP, and Asset Works, to reconcile all accounts. Additions and deletions of assets are being entered during this quarterly process. Also, the completed Construction in Progress will be moved to the Buildings category in Asset Works annually. In addition, we have engaged Questar III BOCES to undertake a physical inventory and evaluation of the district's assets.

#### Reconciliation of Accounting Balances:

##### COMMENT:

The School District maintains their accounting records using the current financial resources measurement focus and the modified accrual basis of accounting for its governmental fund financial statements. Revenues are reported in the governmental funds to the extent they are available. Expenditures are recorded when the related liability is incurred except for compensated absences, pension costs and other postemployment benefits, which are recognized as expenditures to the extent they have matured. During the current year audit, a number of journal entries were prepared and proposed by the auditor and accepted by the auditee so that the books, records and financial statements would be reflective of these accounting transactions and account balances for fair presentation in accordance with accounting principles and standards.

##### RESPONSE:

The School District will continue to apply the criteria of the accounting methods using the current financial resources measurement focus and the modified accrual basis of accounting to determine the accounting treatment of transactions and account balances in the accounting records for financial reporting.

#### Special Purposes Fund:

##### COMMENT:

The Special Purpose Fund is used to account for assets held by the School District in accordance with the terms of a trust agreement or bequests of which the School District is a recipient. These bequests are used for scholarship awards to students and a variety of other purposes. During our audit we noted the following:

##### COMMENT INACTIVE TRUST ACCOUNTS:

We noted that eighteen individual trusts with a total net position of \$17,730 have remained financially inactive except for interest earnings for the entire year.

RESPONSE: The district is in the process of reaching out to the High School administrator who monitors the awards and oversees the accounting of the Trust Accounts. In the event that any of the accounts are determined to be inactive and defunct the district will ask the Board to approve a resolution to transfer these funds to the General Fund.

#### Extra Classroom Activity Funds

##### COMMENT:

Extra Classroom Activity funds which are authorized by the New York State Department of Education, are an integral part of the educational program of the School District. As part of our audit, we have reviewed evaluated and tested the Extra Classroom Activity Funds of the School District. The result of our test disclosed that the following areas were not in compliance with the regulations of the Commissioner of Education.



#### COMMENT: CLUBS WITH NO FINANCIAL ACTIVITY

We noted that eight high school clubs (Chess, Film Society, Foreign Language Honor Society, Global Awareness, Beacon Newspaper, Sewing/Fashion, Stock Market, Student Prints) and one Middle School Club (Youth Against Cancer) had no financial activity during the current fiscal year. State Education Regulations provide that the funds of a discontinued activity shall automatically revert to the account of the general student organization or the student council and shall be expended in accordance with the organization's constitution.

#### RESPONSE TO CLUBS WITH NO FINANCIAL ACTIVITY':

The district is in the process of reaching out to the High School and Middle School Assistant Principals/Principals along with the Central Treasurers, who monitor the club accounts. In the event that any of the clubs are determined to be inactive and defunct, the district will transfer these funds to the respective Student Council organization. It should be noted however, that although certain clubs may have no financial activity for the year, they may still be active clubs.

#### COMMENT: SEGREGATION OF DUTIES:

In reviewing the narratives and per inquiry the Extra Classroom Activity Fund has teachers from the respective schools also acting as the Activity Fund Treasurers. This includes depositing cash, preparing and signing checks, and doing the bank reconciliations.

#### RESPONSE TO SEGREGATION OF DUTIES:

As the Central Treasurers have stipend positions, (one for High School and one for Middle School) there are no other positions that lend themselves to segregating their duties further. However, the student Treasurers are also involved in the day to day operations of the financial side of the club activity, which is in fact, a main purposes of having the Extra Classroom Activity accounts. As a check and balance, the School District's Treasurer, is also reviews the reconciliation of the accounts submitted to her from the Central Treasurers to further strengthen internal controls.

#### COMMENT: TIMELINESS OF CASH RECEIPT DEPOSITS:

During our audit of both the High School and Middle School Extra Classroom Activities Fund, we noted that seven cash receipts for the High School and three cash receipts for the Middle School were not deposited timely.

#### RESPONSE TO TIMELINESS OF CASH RECEIPT DEPOSITS:

The District Management is working with the Central Treasurers in the High School/Middle School to ensure that they are aware that all cash deposits must be made within 72 hours of receipt. We are also informing the Assistant Principal/Principal in both schools to promote additional oversight and ensure that the process is followed.

#### Allocation of Interest and Bank Charges

#### COMMENT:

We noted the interest and bank charges in the net amount of \$1399 cumulatively over the years were not allocated to the respective Clubs for the High School Extra Classroom Activity Fund.

#### RESPONSE TO ALLOCATION OF INTEREST AND BANK CHARGES:

The district will comply with allocating interest and bank charges to the appropriate club on a monthly basis.

#### Extra-Curricular Activities

##### COMMENT:

We noted that there were several extra-curricular activities aggregating \$62,427 which were not recorded on the books and records of the School District and a prior-period adjustment was recorded at June 30, 2022.

##### RESPONSE TO EXTRA CURRICULAR ACTIVITIES:

The district has complied with the proper allocation of the extra-curricular activities by making said prior period adjustment. The books continue to be monitored monthly, quarterly and annually by the district treasurer to provide additional oversight of the proper recording of the activities.

#### School Lunch- Meals Sales System Reconciliation to the General Ledger

##### COMMENT:

We noted that the school lunch Payschools meals sales subsidiary system is not routinely reconciled to the general ledger. This practice serves as a check on the accuracy of the recordkeeping process and maintains the accounts revenues on a more timely and accurate basis.

##### RESPONSE:

The detail listing of accounts revenues presently is and will continue be reconciled to the general ledger control accounts at the end of each month. Any differences will be investigated and resolved as soon as possible

#### INTERNAL CONTROLS- WALKTHROUGH OF TRANSACTIONS

##### COMMENT:

As part of our audit, we review, evaluate and test controls with respect to the payroll, purchasing and cash receipts cycles. Our inquiries and tests of transactions for the current year indicated that the following areas are in need of improvement:

##### COMMENT— Payroll Change Report:

Upon inquiry and per our review of the User Access reports, we noted that the School District does not have a formal policy for the review and approval of payroll change reports on a periodic basis.

##### RESPONSE TO PAYROLL CHANGE REPORT::

We are working with our internal auditors to formalize a procedure of payroll changes on a periodic basis.

##### COMMENT: ACCOUNTS PAYABLE SYSTEM ACCESS:

Upon inquiry and per our review of the User Access reports over the accounts payable system, we noted the Accounts Payable Clerk who initiates vendor payments also has the ability to add new vendors and modify existing vendor information.

RESPONSE TO ACCOUNTS PAYABLE SYSTEM ACCESS:

We have worked with our IT department to ensure that the Accounts Payable clerk should have no access to add and/or change vendors.

COMMENT: SCHOOL LUNCH FUND BALANCE:

The School District's food service program serves breakfast, lunch and snacks to students and School District employees. Except for free and reduced price meals that are served to eligible students, meals are sold at a set price and are subsidized in part by Federal aid and student revenues at reimbursement amounts determined by the type of meal sold.

It was noted in the prior year that the food service program operated at a loss. Reduced meal sales as a result of the COVID-19 pandemic continued to be the primary reason for the loss which approximated \$844,000 but was offset by a budgetary transfer of \$450,000. At June 30, 2021, the fund deficit approximated \$569,000.

During the current year audit, we noted that the food service program operated at a gain of \$389,880, inclusive of a budgetary transfer of \$450,000. At June 30, 2021, the fund balance deficit approximates \$175,000.

RESPONSE TO SCHOOL LUNCH FUND -FUND BALANCE:

As there is no longer free lunch for all students, it will have an impact on the revenue that we will receive from the state/federal government. To compensate for this, we have increased the general fund allocation to the school lunch fund. We will continue to monitor the fund balance and adjust accordingly.

Responsible Contact Person:

Susan Warren, Assistant Superintendent for Business and Administration  
Roslyn Union Free School District  
300 Harbor Hill Road  
Roslyn, New York 11576

Anticipated Completion Date for all Items listed above: June 30, 2023

Sincerely,

A handwritten signature in blue ink, reading "Meryl Waxman Ben-Levy". The signature is fluid and cursive, with the first name "Meryl" being the most prominent.

Meryl Waxman Ben-Levy, President  
Board of Education