



PUBLIC SCHOOLS

300 Harbor Hill Road, Roslyn, NY 11576 516-801-5000 www.roslynschools.org

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December 1, 2023

Office of the NYS Comptroller

Office of Audit Services, NYS Education Department

RE: 2022-23 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, 2023. 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 December 14, 2023. For your convenience, we reproduce below the pertinent recommendations made in the management letter.

Control Deficiencies

- **Capital Assets**

Capital Assets (net of accumulated depreciation) amount to in excess of \$107.5 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 Positions. During fiscal year 2022-23, the School district continued to update the schedules into its capital asset platform and bring them current. After this process, 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 has had a full appraisal of its capital assets.

Recommendation

We recommend the School maintain the capital asset records and continue to reconcile these records to the general ledger on a timely basis, at least quarterly, to ensure the accurate accounting for capital assets. The accounting procedures should include the additions and disposals of property, plant and equipment documented by general ledger account code charged and tag numbers pertaining to location, if possible. Complete information for all capital assets provides excellent control for the safeguarding of these assets, which are material to the School District's financial statements. The assessment and evaluation now can be made regarding the reliability of certain capital assets, the need for replacements as well as insurance coverage. We would also recommend that a full appraisal of the School District's capital assets be performed, and this process could be performed internally over a period of time or externally.

Response

The District has a process in place to review and enter all additions on a quarterly basis. The dispositions are also done on a quarterly basis (primarily for Technology and other items in the A Fund). However, most non-Technology disposals are done at the end of the fiscal year in the Capital (H) Fund. This is because they are generally for projects in the Capital (H) Fund. These H Fund projects may be transferred from the category of "Construction in Progress" to "Construction" at the end of the fiscal year, if the status of the project is completed so that depreciation starts to run.

A report is run in WinCap, the District's financial software system, to determine those items that fall into a .2 object code in the A Fund (this includes equipment, purchase of buses, computer hardware, furniture), that meet the district's threshold for assets that were paid for in that period. Asset tags are sent out to each budget administrator with a copy of the purchase order for items that meet this criteria and have been paid for in the WinCap system. They tag the item and return the corresponding label attached to a pink copy of the purchase order so that the item(s) can be entered into AssetMax. Dispositions and voluminous identical additions are forwarded to AssetMax, the District's asset software system, to enter in a batch file.

The District has already had a team from Questar III BOCES/Asset Works come in to do a full physical inventory of the District's assets in September 2023. The District is presently awaiting the final reports to review and implement recommendations.

Anticipated Completion Date: June 30, 2024

- **Reconciliation of Accounting Balances**

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.

Recommendation

We recommend that the School District continue to apply the criteria of these accounting methods to determine the accounting treatment of transactions and account balances in the accounting records for financial reporting.

Response

The District Treasurer has taken all recommended journal entries from the auditors and made the appropriate corrections in compliance with accepted accounting standards. The District Treasurer will continue to apply these recommendations in future recorded journal entries.

Anticipated Completion Date: June 30, 2024

- **Special Purpose Fund (CM FUND)**

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:

Inactive Trust Accounts

We noted that twenty individual trusts with a total net position of \$15,389 have remained financially inactive, except for interest earnings for the entire year.

Recommendation

Although the amounts are not material, we suggest that the School District continue to analyze the balances and review the purposes of these trusts so that a determination may be made as to the proper disposition of the funds. Should it be determined that these amounts are no longer required to be held in trust, a Board resolution should be approved transferring these funds to the General Fund.

Response

The District is in the process of reviewing these accounts in the CM Fund, with the administrators in the related school buildings along with the District Treasurer, to determine which accounts are no longer viable and should be closed out to the general fund by board resolution as necessary. In addition we are reviewing the accounts to determine which accounts still need to be held open to continue the purpose of the account. At times, an account may have been held open as an active account although no specific financial activity took place in that account for the 2022-23 school year.

Completion Date: June 30, 2024

- **Extraclassroom Activity Funds**

Extraclassroom 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 Extraclassroom Activity Funds of the School District. The result of our tests disclosed that the following areas were not in compliance with the regulations of the Commissioner of Education.

Clubs with No Financial Activity

We noted that thirteen high school clubs (Animal Rights, Diversity, Honor Society, Stock Market, Student Prints, V.E.D.D.A, Students for Social Responsibility, Quiz Bowl Team, Principal's Advisory Committee, Muslim Group Discussions, Model Congress, math Team, Gay Straight Alliance) and four Middle School Club (Middle School Chorale, Mural Club, Lighthouse Christian Club, Scrabble Club) 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.

Recommendation

We recommend the School District review the status of these clubs and consider closing any, if necessary. From there, the proper disposition of funds to the general student organization could then be determined.

Response

The District has reached out to the High School and Middle School Administration to determine if any of these clubs are still active even if no financial activity took place in the 2022-23 school year. The Lighthouse Christian Club and the Scrabble Club are not running in the 2023-24 school year as they did not have a faculty advisor. However, it is anticipated that they will continue to run future years when this issues is resolved. It appears that all of the other clubs are open and active but just have not had financial activity in the 2022-23 school year. In the event that future monies are being held in a club with no activity whatsoever (financial or otherwise) with no foreseeable reason to reactivate activity, the money for these clubs will be closed out to Student Council (OCC) when we do our yearly analysis.

Anticipated Completion Date: June 30, 2024

Allocation of Interest and Bank Charges

We noted the interest and bank charges in the net amount of \$2,670 cumulatively over the years were not allocated to the respective Clubs for the High School Extraclassroom Activity Fund.

Recommendation

We recommend the interest and bank charges be allocated on a regular basis to ensure all miscellaneous income and fees are proportionately allocated to the appropriate clubs.

Response

The Extraclassroom Activity Central Treasurer will work with the oversight of the District Treasurer to make sure that the interest as well as any bank charges are properly allocated to the respective clubs.

Anticipated Completion Date: June 30, 2024

- **Internal Controls – Walkthrough of Transactions**

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;

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.

Recommendation

We recommend that a formal policy for the review and approval of payroll change reports by management be implemented and documentation maintained, in order to strengthen the controls over the payroll system.

Response

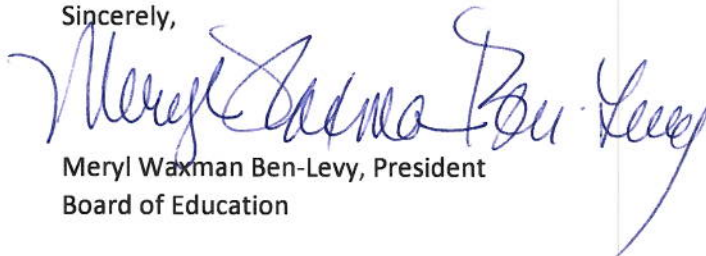
The district will take this recommendation forward into the 2023-24 school year and develop a process in which Payroll Change Reports are created and reviewed.

Anticipated Completion Date: June 30, 2024

Responsible Contact Person:

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

Sincerely,



Meryl Waxman Ben-Levy, President
Board of Education