

GREAT NECK PUBLIC SCHOOLS
INTEROFFICE COMMUNICATION

TO: Teresa Prendergast and the Board of Education

FROM: John T. Powell

DATE: January 13, 2020

SUBJECT: **2018-2019 AUDIT REPORT – CORRECTIVE ACTION PLAN**

The following is my response to the comments made by the Board's external auditor, Cullen & Danowski LLP, for the 2018-2019 audit:

STATUS OF PRIOR YEAR'S COMMENTS

EXTRACLASSROOM ACTIVITY FUNDS

Observation:

During our prior year audit and our current year audit, we noted that:

1. Within the records maintained by one school, which has limited financial transactions, checks are signed by the treasurer, and a formal bank reconciliation is not prepared.
2. A number of clubs/activities had no financial transactions.
3. Activity profit and loss statements are not utilized for all sales/fundraising campaigns. There has been good improvement in this area.

There continues to be improvement in the procedures applied to the extraclassroom activity transactions.

Recommendation:

We recommend the District continue with staff training for extraclassroom activity fund personnel. We also recommend that the faculty auditor at each building document their independent review of financial information.

District Response:

The District realizes that even if an Extra Classroom Club/Activity has limited financial transactions, bank reconciliation should still be prepared. Personnel at the locations where this is not being done will be notified that beginning with the month of December 2019, bank reconciliations must be prepared timely for review by the Extra Class Room Activity/Club Auditor.

Clubs/Activities with no financial transactions will be reviewed to determine if that club/activity is still operational or if there are plans for a dormant club/activity to become active again in the very near future. If it is determined that the club/activity is not operational and will not become active again, that club/activity will be discontinued.

The preparation of club/activity profit and loss statements will continue to be emphasized to all club/activity treasurers that these reports are to be filled out for all sales and fund raising campaigns/activities.

Staff training will continue to be offered and encouraged for all district personnel responsible for extra classroom activity administration, auditing, accounting and bookkeeping. The auditor at each building will be reminded to document their independent review of all extra classroom club/activity financial transactions/reports.

CAPITAL ASSESTS

Observation:

The District's capital assets inventory records reflect assets that are capitalized for financial reporting (GASB 34) purposes according to the Board of Education's capitalization policy. The records are maintained on a District based system, Real Asset Management International (RAMI).

During our prior year audit and our current year audit, we noted that there did not exist a procedure for the reconciliation of those newly acquired assets, as well as those in existence with the capital asset inventory records (RAMI).

Recommendation:

We recommend that the District implement additional procedures with respect to maintaining and reconciling capital asset inventory records.

District Response:

The accounting and record keeping for Capital Assets is a work in progress that Business Office personnel and Technology personnel continue to try and improve. Increased effort will be made to ensure the accuracy, maintenance and reconciliation of capital asset inventory records. Procedures will be implemented to reconcile newly acquired assets and those in existence with the District's Real Asset Management International System on a timely basis. The District is in the process of acquiring a new asset management system that will aid in this endeavor.