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**LFUFSD CORRECTIVE ACTION PLAN (CAP) FOR
FISCAL YEAR AUDIT ENDING JUNE 30, 2021**

Revised and Board Approved 2/28/2022

Status of Prior Year's Comments

1. Uniform Guidance – Federal Grants Compliance

Management Letter Comment:

Current Status: Partially corrected. The District adopted a new policy for the allocation of federal Title I, Part A funds in December 2020. However, the District's purchasing policy has not been updated to incorporate provisions required by the Uniform Guidance yet, and the Business Office Procedural Manual has not been completed.

We recommend that the District update its purchasing policy and complete the Business Office Procedural Manual as soon as possible to comply with requirements of the Uniform Guidance.

District CAP Response:

The Board of Education had Policy 5413: Purchasing Procedures in place, adopted in 2015 but *after* the adoption of the Policy manual, thus not reviewed by the auditors. At its November 22, 2021 meeting, the Board of Education adopted a revised Policy 5413: Uniform Grant Guidance for Federal Awards.

The District is near completion for its updated Business Office Procedural Manual. With recent changes in staffing, roles, and responsibilities associated with the business office, we are consulting with our accountants to ensure efficiency within these roles and revised procedures while maintaining compliance with respective laws and

regulations governing school business management and procedures. The manual is anticipated to be presented to the Board for approval in early 2022.

Anticipated completion date: March 28, 2022

2. Computer User Permissions

Management Letter Comment:

Current Status: We reviewed the nVision user permission reports this year and again noted some employees have user permissions to areas and tasks that are not required for their job responsibilities.

We again recommend that the District review and evaluate the user permissions within nVision to ensure that they are compatible with each individual's job responsibilities.

District CAP Response:

The District will review user permissions with our accountants to determine the minimum necessary permissions and access levels as noted in the audit review and management letter. However, the District still contends that, given its size and limited number of individuals carrying out its business functions, we may still operate under permission and/or access levels cited by the auditors. To ensure operational functionality in the event one person leaves the District or becomes unable to carry out their respective duties, another individual must have the capacity to facilitate the continuity of business office operations.

If it is found that limited permission/access is necessary when other key employees are scheduled to be on vacation and/or not on duty, said permissions may be reinstated, adjusted, or reassigned during the timeframe that other staff members would normally have and perform said roles and have such permissions. Further, should removal of permissions create a hardship on the District, continual monitoring of each of their user access will be performed and monitored in cooperation with our accountants to ensure that neither individual exceeds their authority or gains access to a permission unnecessarily.

Anticipated completion date: April 27, 2022

Current Year's Comment

1. Cash Account Balance

Management Letter Comment:

The District maintains several bank accounts to facilitate cash transactions. The District Treasurer performs monthly bank reconciliations to ensure the accuracy of the District's cash balances.

During our audit, we noted that the general fund's checking account had a negative book balance of \$144,280 at June 30, 2021. The bank balance according to the bank statement had a positive balance; the monthly bank reconciliation included as outstanding checks two check warrants totaling \$313,120 that were dated June 30, 2021. Our inquiry of the District Treasurer indicated that those checks were not released until after June 30, 2021 and, therefore, were not actual disbursements of June 2021. We proposed an audit adjustment to reclassify the total amount of the two warrants to accounts payable.

We recommend that checks that will not be released until after the end of a month be properly dated.

District CAP Response:

The District will improve its internal communication to ensure that checks are released timely before month end or if they will not be released until after the end of a month, we will work with accountants to ensure appropriate recording of journal entries.

Anticipated completion date: January 1, 2022