

## **CORRECTIVE ACTION PLAN** **OSC AUDIT - FINANCIAL CONDITION**

**OSC Recommendation #1:**

Adopt budgets that include reasonable estimates for appropriations.

**District Response:** It has and will continue to be the practice of the District to be conservative when estimating appropriations over which the District has little or no control, including Special Education, Utilities, Employee Benefits and Pupil Transportation. District officials have taken steps to further review proposed budgets and implement this recommendation in the 2018-2019 budget process. This practice will continue in future budgets.

**OSC Recommendation #2:**

Discontinue adopting budgets that result in the appropriation of fund balance that is not needed to fund District operations.

**District Response:** As stated in response to OSC Recommendation #1, the District is conservative in building its budget and includes estimates for appropriations in areas where the District has little or no control of expenditures. The use of appropriating fund balance and reserves to cover these contingent expenses decreases the amount required from the taxpayer to balance the budget.

**OSC Recommendation #3:**

Ensure that each reserve fund is established by a Board resolution that includes the financial objective for the reserve and conditions under which it will be used.

**District Response:** As stated in the report issued by the Office of the New York State Comptroller, the District could not locate original resolutions for two of its reserves, the Employee Benefit Accrued Liability Reserve and the Workers' Compensation Reserve. These two specific reserves have been reaffirmed at the December 5, 2017 Board of Education meeting.

Where legally required, the District will include the financial objectives and conditions in its resolutions. In addition, the Audit Committee will review reserve balances on an annual basis.

**OSC Recommendation #4:**

Use of surplus funds as a financial source for:

- a. Funding one-time expenditures
- b. Funding needed reserves
- c. Paying off debt
- d. Reducing District property taxes

**District Response:** The District agrees with this recommendation and consistently uses and will continue to use surplus funds to fund one-time expenditures, fund reserves, paying off debt and reducing property taxes.

**OSC Recommendation #5:**

When statutorily allowed, charge related costs to reserves appropriated in the budget.

**District Response:** The District agrees with this recommendation and when feasible, will charge related costs to the reserves appropriated in the budget.

**OSC Recommendation #6:**

Ensure that annual proposed budgets include the amounts of appropriated fund balance planned to fund reserves as a way to enhance transparency to residents.

**District Response:** The District is not in agreement with the recommendation to include provisions in the budget for the funding of reserves. As is the practice with most school districts and legally permissible, prior to the adoption of the tax levy, the Plainedge Board of Education publicly adopts by resolution the maximum amount it intends to allocate to reserves. The District aggressively manages its budget throughout each fiscal year in an effort to generate any possible savings, which are used to lower the tax levy and fund reserves.

We believe that a process whereby reserves are developed through efficiencies in the budget is a more financially responsible approach.

**CORRECTIVE ACTION PLAN**  
**OSC AUDIT - EXTRA-CLASSROOM ACTIVITY FUNDS**

**OSC Recommendation #7:**

Have the faculty advisors ensure that pre-numbered receipts are issued when funds are collected. If not practical, the Board should devise a method to document the amount expected to be realized in advance.

**District Response:** The District has purchased triplicate copy cash receipt books, which have been distributed to club advisors with instructions directing them to issue cash receipts where practical. In situations where the issuance of cash receipt vouchers are not practical, the advisors have been instructed that they are required to provide an estimate of the sales on the Fundraising Activity Request Form. This form is to be signed by the Chief Faculty Counselor indicating approval of the event. The Chief Faculty Counselor was appointed by the Board of Education on February 8, 2018 and will be re-appointed at the Board of Education organizational meeting each succeeding July.

**OSC Recommendation #8:**

Require the central treasurer to provide a copy of the treasurer's receipt to each Faculty Advisor.

**District Response:** Effective September 2017, the District has modified its cash receipt process as suggested. The revised process includes the Central Treasurer providing each club advisor with a copy of the signed and dated deposit form (Club Advisor-prepared) indicating the amount to be deposited. In addition, the Central Treasurer is issuing a pre-numbered (triplicate receipt) voucher to the Club Advisor at that time. Finally, once the funds are physically deposited, the Central Treasurer is providing a copy of the treasurer's receipt to the Faculty Advisor.

**OSC Recommendation #9:**

Appoint a faculty auditor to reconcile the central treasurer's books with the ECA clubs' books.

**District Response:** Effective January 11, 2018 Faculty Auditors have been appointed at the Plainedge Middle and High School. The Faculty Auditors will be re-appointed at the Board of Education organizational meeting each succeeding July. The appointee's responsibilities will be in alignment with those suggested by the NYSED guidelines on the Extra-Classroom Activities Fund.

**OSC Recommendation #10:**

Ensure that ECA clubs prepare the profit and loss statement

**District Response:** The District has established a process to ensure that this important learning opportunity for students takes place. Effective December 2017, the Central Treasurer is responsible for ensuring that a profit and loss statement is prepared for each fundraising activity by the Faculty Advisor and the Student Activity Treasurer, and duly submitted to the Central Treasurer.



**OSC Recommendation #11:**

Consider revising ECA guidelines to allow for receipts to be deposited in the bank in a timely manner. The guidelines should provide guidance from the time the ECA clubs initially collect funds to when the funds are deposited in the bank.

**District Response:** The guidelines to the Faculty Advisors were revised in December 2017 and state that "funds must be brought to (the Central Treasurer) within one week of (receipt)."

**OSC Recommendation #12:**

Ensure that the individual appointed as Central Treasurer signs the school deposit form when funds are collected from the ECA clubs.

**District Response:** This recommendation was addressed during the 2016-17 school year and continues to be the practice. All deposit forms are signed and dated by the Central Treasurer when funds are received from the ECA club.