

**MORRIS CENTRAL SCHOOL DISTRICT
RESPONSE TO AUDIT FINDINGS AND RECOMMENDATIONS
For the 2017-2018 School Year**

Prior –Year Findings

➤ **17.01 Interfund balances**

Prior Condition: Interfund balances are not paid in a timely fashion

Status: This was listed again this year under control improvements

District Response: The District is continuing to work on resolving the issue.

➤ **17.02 Extra-Classroom Supporting Documents**

Prior Condition: Instances were identified where written supporting documents were lacking for selected cash receipts and disbursements.

Status: This was listed again this year under control improvements

District Response: The Central Treasurer continues to work with club advisors and club treasurers on proper protocol, needed paperwork and signatures.

Current-Year Findings

Material Control Weaknesses

No material control weaknesses were identified.

Significant Control Deficiencies

➤ **18.01 School Lunch Fund Balance**

Condition: District school lunch fund balance is not in compliance with federal regulation 7 CFR Part 210. The school lunch fund has operated efficiently the past few years and has begun to build a fund balance that now exceeds three months average expenditures. The current fund balance is approximately \$84 thousand and three months average expenditures equal approximately \$79 thousand.

Recommendation: Auditor recommends that the district should plan to spend down the excess \$5 thousand fund balance.

District Response- The cafeteria employs only five individuals and changes in health insurance status can have large swings on the cafeteria finances. With the district having to use general fund money to bring the cafeteria out of the negative in the past, it is felt that the \$5,000 will be spent down over the next few months.

Control Improvements

➤ **18.01 Interfund balances**

Condition: Interfund balances are not paid in a timely fashion

Recommendation: Auditor noted that the District had one interfund loan from the general fund to the debt service fund that was outstanding for longer than one fiscal year. The auditor recommends that the district ensure that the interfund loan is paid back once bond proceeds have been received.

District Response: The district will verify with the BOCES Shared Business Office that the interfund transfers are completed in a timely manner, definitely by the end of a fiscal school year.

Completion Date: Quarterly, June 30, 2019

Person Responsible: Superintendent, Treasurer, ONC Shared Business Office

➤ **18.02 Extra-Classroom Supporting Documents**

Condition: Instances were identified where written supporting documents were lacking for selected cash receipts and disbursements.

Recommendation: In those instances where a vendor payment is made without a receipt or invoice, a copy of the club meeting minutes should be attached to show approval of the payment by the club. Deposit reconciliations for fundraisers should be reconciled to revenue drivers such as tickets or items sold.

District Response: The district will follow the recommendations made by the auditor.

Completion Date: November 1, 2019

Person Responsible: Central Treasurer

➤ **18.03 Fixed Asset Record**

Condition: At present, individual fixed asset records are maintained for each piece of fixed asset. The schedule is updated annually in preparation for the year end. While this procedure is in place, the assets are not always in sync with the general ledger records.

Recommendation: Auditor recommends updating the records monthly as a part of the month-end closing.

District Response: The district has a cut-off period with the appraisal company in April and we receive the report back in early June. Due to our bus purchasing schedule, delivery of buses do not happen until late May or June and the district cannot afford having monthly reports completed by the appraisal company. New buses are added the following year.

Completion Date: This will continue to be an issue in the future.

Person Responsible: Superintendent, Treasurer

Matthew L. Sheldon



Superintendent
Morris Central School

