

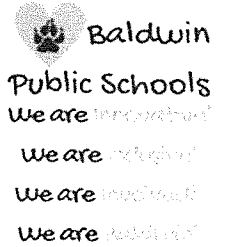


**BALDWIN
SCHOOLS**

Baldwin Union Free School District

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October 28, 2020

Raul E. Perez III, CPA
Supervisor
Cullen & Danowski, LLP
1650 Route 112 Port Jefferson Station, NY 11776-3060

Re: Corrective Action Plan related to Year-End Audit, 2020

Dear Mr. Perez:

As a follow-up to the districts 2020 year-end audit findings, please note the following corrective action plan for the items reviewed.

STATUS OF PRIOR YEAR COMMENTS

Extraclassroom Activity Funds

The extraclassroom activity funds are the depository of student money. The New York State Education Department publishes the Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds. These guidelines recommend procedures for organizing these activities, controlling receipts and disbursements, as well as recording and reporting transactions.

During our previous audits, we noted the following:

- There was inadequate record keeping regarding tracking of fundraising proceeds within the club tested.

Current Status:

As part of our procedures, we review activity at the club treasurer level. We continued to note that not all clubs reviewed had a process in place to track fundraising proceeds such as a sales log or a reconciliation of tickets sold to cash collected.

District Response:

During the 2019/2020 school year, the district's business office staff began the dialogue to establish an ECA Treasurer's Manual/Handbook. This document will be developed in alignment to guidelines published by the New York State Education Department for the safeguarding, accounting and auditing of extraclassroom activity funds. The business office will endeavor to establish a process to ensure club advisors and central treasurers are familiar with the regulations governing student activity accounts.

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- The school store does not maintain a sales log or have an effective way of tracking inventory.

Current Status:

We noted with the transition of new advisors of the school store that periodic inventory counts and reconciliation to deposits with the Central Treasurer will be instituted during the 2020-2021 school year.

District Response:

We anticipate the development of our ECA Treasurer's Manual/Handbook during the 2020-2021 school year will provide the additional support needed for the applicable staff to maintain their activities in accordance with regulation and best business practices in this area.

- Profit and loss statements are not maintained for all club fundraising activities.

Current Status:

During our review of fundraising activities at the club treasurer level, we continued to note that profit and loss statements are not being performed for all fundraising activities.

District Response:

We anticipate the development of our ECA Treasurer's Manual/Handbook during the 2020-2021 school year will provide the additional support needed for the applicable staff to maintain their activities in accordance with regulation and best business practices in this area.

- We noted several instances where there was a lack of documentation of student involvement or central treasurer approvals for receipts and disbursements in the middle school.

Current Status:

Based on our current review of activities, we still identified instances in which some transactions lacked sufficient evidence of either student involvement or central treasurer approvals. During our current year audit, we noted instances where sales tax was not being applied to invoices for goods purchased by various clubs.

We continue to recommend that the District review the State's guidelines for maintaining extraclassroom activity funds to ensure that the adequate internal controls are in place to ensure compliance with state guidelines. In addition, the District should review the current internal control procedures to minimize any potential for misappropriation of extraclassroom funds.

District Response:

As noted above, during the 2019/2020 school year, the district's business office staff began the dialogue to establish an ECA Treasurer's Manual/Handbook. This document will be developed in alignment to guidelines published by the New York State Education Department for the safeguarding, accounting and auditing of extraclassroom activity funds. The business office will endeavor to establish a process to ensure club advisors and central treasurers are familiar with the regulations governing student activity accounts.

The business office will endeavor to provide further training to the club advisors and central treasurers to provide greater clarity and familiarity related to the regulations governing student activity accounts.

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CURRENT YEAR COMMENTS

Unassigned Fund Balance - General Fund

New York State Real Property Tax Law §1318 limits a school district's general fund unassigned fund balance to an amount not greater than 4% of the upcoming year's budget.

As of June 30, 2020, the District's unassigned fund balance exceeded the 4% statutory limit.

Current Status:

The excess unassigned fund balance was a direct result of the school closures from March 2020 to June 2020 due to the COVID-19 pandemic. As a result, contractual expenses were underspent and many activities did not take place such as clubs, athletics, and field trips. The District is in the process of formulating a plan to reduce the unassigned fund balance to be within the permissible limit.

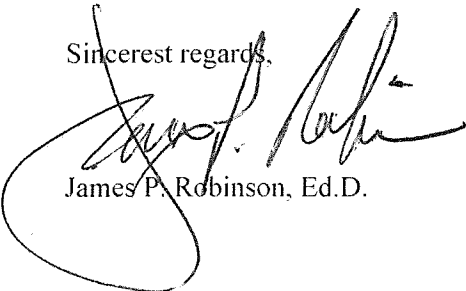
We recommend that the District continue to monitor its unassigned fund balance to ensure compliance with Real Property Tax Law.

District Response:

As noted above, the excess unassigned fund balance at year-end can be attributed to very specific circumstances that were not anticipated yet transpired over the course of this past fiscal year. The district will continue to closely monitor its fund balances, state aid receipts, and other resources, to ensure the strongest financial position during these unprecedented times.

Please feel free to contact me with any questions or concerns.

Sincerest regards,


James P. Robinson, Ed.D.

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