



HAUPPAUGE PUBLIC SCHOOLS
495 Hoffman Lane, P.O. Box 6006, Hauppauge, New York 11788

BRIGID VILLAREALE
Assistant Superintendent for Business & Operations

December 7, 2021

New York State Education Department
Office of Audit Services
89 Washington Avenue
Room 524 EB
Albany, NY 12234

RE: Hauppauge UFSD

Corrective Action Plan, External Audit, for the year ended June 30, 2021

To Whom It May Concern:

Please find the detailed notes below in summary to the management letter received from our external auditors for the 2020-2021 fiscal year:

Current Year

School Lunch Fund

- External Auditor Recommendation:* During our current year audit, we noted that the school lunch fund balance exceeded the three-month average expenditure level allowable by federal regulations by \$657,007. We note that the District does currently have a plan in place to utilize this excess fund balance. As such we recommend the District continue to monitor the plan and implement any additional measures necessary to lower the fund balance in subsequent years.

Management Response: The district is implementing the school lunch balance plan and is implementing measures to lower the fund balance this year and going forward. COVID-19 has impacted the timeliness of moving forward with the plan. However, the district will continue to do so and anticipates completion by June 30, 2022.

Extra Classroom Accounts

Cash Receipts

2. *External Auditor Recommendation:* We recommend the District implement procedures to ensure sufficient supporting documentation is collected and maintained for all cash receipts and forwarded to the central business office for filing.

Cash Disbursements

External Auditor Recommendation: We recommend the District implement procedures to ensure all appropriate supporting documentation is maintained on file for all extraclassroom transactions.

IRS 1099 Compliance

External Auditor Recommendation: We recommend that the District appoint an individual to be responsible for reviewing extraclassroom activities for 1099 compliance as per IRS regulations.

Management Response: The district will meet with the Club Advisors and the Central Treasurer to hold a detailed meeting during which time proper procedures (cash receipts, cash disbursements, and IRS 1099 compliance) will be explained, and NYSED's "Finance Pamphlet 2" and the District's "Cash Handling Procedures" will be distributed. The district is committed to continuing its efforts to maintain and improve the Extraclassroom activity controls and anticipates correction by June 30, 2022.

Prior Year

Fund Balance - School Lunch Fund

1. *External Auditor Recommendation:* During our prior year audit, we noted that the school lunch fund balance exceeded the three-month average expenditure level allowable by federal regulations by \$514,389. We noted that the District did have a plan in place to utilize this excess fund balance. As such we recommended the District continue to monitor the plan and implement any additional measures necessary to lower the fund balance in subsequent years.

Status: Not implemented.

Management Response: The district developed a purchasing plan and continues to purchase and install items to enhance the school lunch program. The district continues to work with the school lunch management to identify additional enhancements that can be made to the school lunch program district wide. COVID-19 impacted the district's ability to order and receive equipment in a timely manner, but the district anticipates receipt of purchases by June 30, 2022.

Extra Classroom Accounts

2. *External Auditor Recommendation:* We recommend the District continue to provide training to the extraclassroom treasurers and advisors on the proper procedures required by the State

Education Department, and that the District implement procedures for the above items to improve the internal controls for the extra classroom activity accounts.

Status: Partially Implemented. (See current year findings)

Management Response: The district is working with the extra classroom treasurer and club advisors on the proper procedures required by the State Education Department. The district meets with the club accounts at the start of each school year to review expectations and necessary procedures for the club activities. It is at this meeting that the advisors receive the pamphlet: *The Safeguarding, Accounting, and Auditing of Extra Classroom Activity Funds*. The business office requires the use of recently revised ECAF forms for a complete snapshot of collection and deposit transactions. The district anticipates correction by June 30, 2022.

Sincerely,



Brigid Villareale
Assistant Superintendent for Business and Operations