

# CHAPPAQUA CENTRAL SCHOOL DISTRICT

P.O. BOX 21, CHAPPAQUA, NEW YORK (914) 238-7200

September 4, 2012

To: O'Connor Davies, LLP  
External Auditor

From: John L. Chow

Re: Response to Management Letter for Fiscal Year Ended June 30, 2012

This is the District's response to the management letter issued by the external auditing firm, O'Connor Davies. On September 10, the District's Audit Committee will meet with auditors to review the management letter and financial statements. On October 10, the auditors will make a presentation to the Board of Education at an open meeting after which the Board will accept the report.

We discussed this management letter with personnel from the areas that are affected and collectively came up with this response. We believe that all the internal controls, operational/procedural issues, and recommendations made in the management letter either have been or will be addressed through corrective action plans presented below:

## **School Lunch**

### ***Finding: Prepaid Meal Cards***

The auditor noted that a receivable of \$15,248 was recorded for students as of June 30, 2012. Also noted that the District does not have a policy in place for writing off uncollectable meal card balances when a student leaves the District.

### ***Recommendation***

The District continues to make reasonable efforts to eliminate the receivable balance at year end. Furthermore, the auditors recommend that management implement a policy for writing off meal card balances that are deemed uncollectable.

### ***Response***

Responsible: Director of Food Service and Business Office

Action: We continue to do our best to collect the full amount before year end. Please note at year ended June 30, 2011, we had an outstanding balance of \$21,530 and that amount was reduced to \$15,248 by year ended June 30, 2012. Even though we do not have a collection policy, we have a workable procedure which is to collect the funds at graduation time. Parents of graduating class know that they must pay all outstanding bills in order for their children to receive diplomas and this has worked well for us.

Timeline: This will be an ongoing process.

## **Special Aid Fund**

### ***Finding: Amounts Due from NY State***

The amount due from NY State for the summer program for handicapped pupils is very large and dates back to 2008-09.

### ***Recommendation***

The District monitors outstanding amounts and present all write-offs to the Board (if certain amounts are deemed uncollectable, they should be written off with Board approval and funded by the General Fund).

### ***Response***

Responsible: Director for Special Education, Educational and Management Services, Inc. (contractor who files District's special education claims) and the Business Office

Action: We review these collectables annually. Even though the earliest amount is from 2008-09, these collectables are still considered active. We should have a clearer picture by the end of December 2012 for the 2008-09 claims. If we have any amount(s) that are deemed uncollectable, we will recommend to the Board to write them off by funding through General Fund.

Timeline: Ongoing but will have a clearer picture by December 2012.

## **Special Purpose**

### ***Finding: Inactive Account***

Auditor noted that one trust account had no activity for the year.

### ***Recommendation***

The District analyzes the balance and reviews the purpose of this bequest so that a determination may be made as to the proper disposition of funds.

### ***Response***

Responsible: High School Principal and Treasurer

Action: We do review the bequests. For the last several years, Greeley did have Miles Chair Fund speakers but they all refused the honorarium.

Timeline: Ongoing and we should not close this trust account.

## **Agency Fund**

### ***Finding: Flexible Spending Accounts***

It was noted that the balances in the Flexible Spending Accounts (T0821 & T0822) did not agree with the liability balances on the AFLAC Flexible Spending Analysis Report.

***Recommendation***

The District performs reconciliation up to June 30<sup>th</sup> for these accounts. Each month the deposits and the payments should be reconciled between the District's books and the AFLAC reports.

***Response***

Responsible: Business Office

Action: We accept the recommendation and will reconcile these accounts for September 2012. Beginning in October, the Flex Funds will be sent to AFLAC's contractor for monitoring due to a procedural change on AFLAC's part. We will reconcile these accounts at year end only rather than on a monthly basis.

Timeline: September 2012 and June 2013. After the 2012-13 school year, we will only reconcile in June of each year.

Cc: Lyn McKay  
Audit Committee Members