

**Harrisville Central School
Corrective Action Plan
(External Audit for Fiscal Year Ending June 30, 2021)**

<u>Recommendation</u>	<u>District Actions</u>	<u>Person(s) Responsible & Probable Date of Completion</u>
<p>The District has budgeted transfers to the General Fund from the Debt Service Fund that were not made.</p> <p>We recommend that District transfers funds as budgeted. As the budget transfers in this case are needed to maintain a healthy fund balance.</p>	<p>The District will take this recommendation into consideration when planning the 2022-2023 budget.</p>	<p>Business Manager and Superintendent, April 22, 2022</p>
<p>The District has a deficit fund balance for the completed school wide capital project.</p> <p>We recommend that District budget a transfer from the general fund or debt service fund to the capital projects fund to eliminate the deficit fund balance.</p>	<p>The District budgeted transfers to the capital fund in the 2021-2022 budget and will continue to budget transfers in future years to eliminate the deficit fund balance.</p>	<p>Business Manager and Superintendent, April 22, 2022</p>
<p>The District did not comply with Section 1318 of the Real Property Tax Law which required that no more than four percent of the subsequent year's expenditures be retained as unappropriated from the June 30, 2021 balance.</p> <p>We recommend school officials review fund balance during the budget process to ensure compliance with Real Property Tax Law.</p>	<p>The District will take this recommendation into consideration when planning the 2022-2023 budget and also when updating its' reserve plan.</p>	<p>Business Manager and Superintendent, June 30, 2022</p>
<p>The District has implemented a system where the Business Manager initiates and the Superintendent reviews journal entries and documents his approval on the report.</p> <p>The above process should be expanded to attach the documentation supporting the journal entries to ensure unnecessary or inaccurate journal entries are identified prior to recording in the accounting system.</p>	<p>Management agrees with the above recommendation and will put a procedure in place where supporting documentation is attached to each journal entry.</p>	<p>Business Manager, June 30, 2022</p>

<p>The District has not updated their reserve plan.</p> <p>We recommend school officials review the fund balance during the year to make sure all interfund transfers are made and encumbrances are properly accounted for in the accounting system prior to year-end. Furthermore, the District should update the reserve plan to account for the funding levels and use of reserves for the current year and the near future.</p>	<p>The District will monitor the fund balance throughout the fiscal year and update the reserve plan on an annual basis.</p>	<p>Business Manager, June 30, 2022</p>
<p>District did not fulfill all the reporting requirements for the IDEA 611 and 619 grants and the Summer School Handicapped 4408 grants for multiple years.</p> <p>We recommend the District set up a process to ensure all grant reporting requirements are fulfilled by the appropriate District personnel within the applicable deadlines.</p>	<p>The District and the CBO are discussing adding additional assistance to the business office in order to provide more support to allow for additional oversight.</p>	<p>Superintendent and Board of Education, September 1, 2022</p>
<p>Management is unable to prepare the financial statements and relies on the external auditor to prepare the financial statements in accordance with generally accepted accounting principles, which includes a significant amount of journal entries to adjust receivables, payables, fund balance and interfund transactions.</p> <p>The Board of Education should be aware that this condition is a significant deficiency and will be in future years unless management is able to provide a general ledger with minimal audit adjustments.</p>	<p>The District and the CBO are discussing adding additional assistance to the business office in order to provide more support to allow for additional oversight.</p>	<p>Superintendent and Board of Education, September 1, 2022</p>