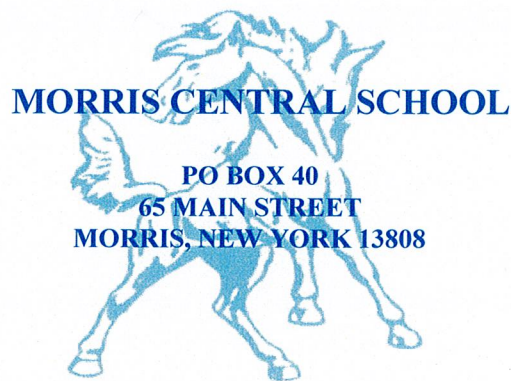


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MORRIS CENTRAL SCHOOL DISTRICT RESPONSE TO AUDIT FINDINGS AND RECOMMENDATIONS For the 2020-2021 School Year

Prior –Year Findings

Material Control Weaknesses

- 2020-001 Control over Cash Receipts

Condition: The lack of adequate controls over cash receipts and separation of duties allowed an employee of District to mishandle funds that were received by the District during part of the year.

Criteria: The cash receipt process is an integral part of the District’s internal controls, assuring that funds that are received by the District are properly deposited and accounted for in the District’s records.

Effect: An employee was able to receive funds that were designated for the District and deposit them into her personal account. The District did not have knowledge that these payments were being received in the District since the person who was receiving them also was preparing the deposit for the bank.

Cause: The employee performed most of the tasks involved in the cash receipts process so there was no segregation of duties.

Recommendation: The District should separate key tasks involved in the cash receipt process and implement new procedures. The person who receives the payments to the District should be different than the person who makes the deposits and records the transactions. Also by adding a cash receipt log that is maintained by the person who initially receives the payments to the District and do a monthly review of the cash receipts will improve on the controls that are already in existence.

Completion Date: January 1, 2021

Person Responsible: Superintendent

Current-Year Findings

Significant Audit Findings

No significant findings found.

Material Control Weaknesses

No material control weaknesses were found.

Deficiencies in Internal Controls

No deficiencies found.

Other Matters:

➤ **School Lunch Fund:**

Recommendation: The District establish a plan to eliminate the interfund payable as soon as possible.

District Response: Morris Central School is a very small district and the personnel costs related to the food program is the driving force behind the operating loss. The District was approved under the Community Eligibility Program so now all students are eligible for free meals. This will hopefully increase participation of students participating in the food program. COVID-19 has also had an impact on the number of meals provided and hopefully by the end of 2022 academic school year, this will no longer have an impact. The district will also continue to include a designated amount of money in the budget's general fund to cover any deficits.

Completion Date: 6/30/2023

Person Responsible: Cafeteria Manager

➤ **Interfund Transactions:**

Recommendation: That interfund loans be reviewed regularly and the funds be repaid when available.

District Response: All interfund loans will be reviewed on a monthly basis and will be repaid when the funds are available.

Completion Date: 2/01/2022

Person Responsible: District Treasurer

➤ **Issues Related to Changing Environment:**

Recommendation: That the District document all critical financial processes. These process documents should be reviewed for accuracy and completeness. Once prepared, employees should be required to maintain the documents in a manner that reflects any changes to the procedures.

District Response: The District participates in the ONC BOCES Shared Business Office and that office does in fact have a Business Office Procedures Manual in place. In house, the District will begin documenting all critical financial processes and then will be maintained.

Completion Date: 6/30/2023

Person Responsible: Superintendent

➤ **Information Technology:**

Recommendation: That the District develop a written Disaster Recovery Plan and copies be distributed to employees and training programs be made available to the staff.

District Response: A recovery plan will be developed and distributed.

Completion Date: 9/01/2022

Person Responsible: Superintendent

➤ **Documentation of Invoice Processing:**

Recommendation: That the District continue to monitor the procurement of goods and services closely and that an approved purchase order or claim form be used for all purchases.

District Response: This was instituted in July of 2021

Completion Date: 07/01/2022

Person Responsible: District Treasurer

➤ **Payroll Processing:**

Recommendation: That the district review all files and if necessary, new payroll forms be completed for a complete payroll file.

District Response: This review and completion of any new files was started during the 2020-2021 fiscal year and was completed in the summer of 2021. When new employees are hired, all needed forms are immediately completed and placed in the employee's payroll file.

Completion Date: 09/01/2021

Person Responsible: District Treasurer

Matthew L. Sheldon

A handwritten signature in dark ink, appearing to read 'Matthew L. Sheldon', written in a cursive style.

Superintendent
Morris Central School