

Lackawanna City School District

Business Office

Date: November 2, 2018

To: Keith Lewis and the Board of Education

From: Dan Grant

Re: Corrective Action Plan: 2017-18 Year-End Financial Audit

As part of the 2017-18 year-end audit of our financial statements, the district was cited within five areas. I have inserted auditor citations below and proposed district corrective actions (in italics). I am requesting that the board approve the Corrective Action Plan, as follows:

1. Auditor's Recommendation: Although auditors may continue to provide such assistance (adjusting journal entries, footnote disclosures & preparation of financial statements) both now and in the future, under the (AICPA) pronouncement, the District should continue to review and accept both proposed adjusting journal entries and footnote disclosures, along with the draft financial statements. In addition, the District should have more of a balance sheet focus throughout the fiscal year, which would decrease the number of adjustments made at year-end.

School District's Response: The district will continue to review and accept proposed adjusting journal entries and footnote disclosures as necessary during the external financial audit. The Assistant Superintendent will collaborate with the District Treasurer in order to develop an increased focus upon the balance sheet throughout the fiscal year.

2. Auditor's Recommendation: Lackawanna City School District should file FS-25s for all Federal programs on a quarterly or monthly basis. The District should develop a process with respect to its federal and state programs where expenditures are reviewed and timely reported in a manner so that the District can gather relevant information to accurately complete FS-25s.

School District's Response: The Assistant Superintendent and District Treasurer will work jointly to develop a process whereby grant expenditures are reviewed and reported, allowing for quarterly submission of FS-25 forms.

3. Auditor's Recommendation: Lackawanna City School District should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation of

fund balance. We recommend that the District ensure that as reserves are established and utilized, New York State required procedures are closely followed.

School District's Response: The Assistant Superintendent will develop a Long-Range Financial Plan that will address general fund equity across fiscal years.

4. Auditor's Recommendation: Lackawanna City School District should provide required information to the subrecipients, develop a formal written risk-assessment of the subrecipients' compliance with Federal requirements and document its monitoring over the subrecipients.

School District's Response: The Assistant Superintendent will share and review audit findings with the Director of Special Education in order to ensure that all federal requirements are understood and properly addressed. The Special Education Department will maintain signed flow-through Agreements as well as documentation regarding the number of students attending flow-through placements prior to payment. The Special Education Department will develop a formal risk assessment of subrecipient compliance with federal requirements and document the monitoring of subrecipients.

5. Auditor's Recommendation: Lackawanna City School District should maintain files for each student participating in the IDEA program in a manner that clearly documents that the provisions of the IDEA Grant are being fulfilled.

School District's Response: The District understands the importance of maintaining documentation to support that the criteria under the IDEA program is being fulfilled and will develop a system to ensure psychological examinations are completed within the timeframe as required.

All corrective actions will be initiated during the 2018-19 school year. Please feel free to contact me at 716-821-5610, ext. 7748 or at dgrant@lackawannaschools.org if you have any questions or concerns.