COUGAR PRIDE

North Rose-Wolcott Central School District

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TO: Audit Committee

DATE: 10/7/14

FROM: Robert Magin, School Business Administrator RDM

RE: External Audit for the Year Ending June 30, 2014

The annual, independent audit report prepared for the Board of Education by Raymond Wager, CPA, and the management letter was provided to the Board for study. The audit contains statements for the year ending June 30, 2014. The report is a positive one. The recommendations have been addressed as follows:

Current Year Deficiencies in Internal Control:

School Lunch-

During our review of the School Lunch receipts, we noted the following:

1. The same individual is responsible for emptying, filling, and reconciling the sales of the vending machine.

2. The same individual is responsible for catering billing, collecting catering receipts, and preparing the deposit slip.

We recommend the District develop a procedure where an individual independent of filling the vending machines, empties and reconciles the cash. In addition, catering billing should be submitted to the Business Office to be recorded on the general ledger and remittances should be made to the Business Office.

CAP:
Effective October 6, 2014, two individuals go to the vending machine. One person takes inventory and fills products. She gives her counts to the School Lunch Manager. The other person removes the money and takes it to the business office. Once it is received in the business office, the District Treasurer and Deputy Treasurer count the currency. A report is then given to the School Lunch Manager who reconciles inventory with money.

Also effective October 6, 2014, the School Lunch Manger issues invoices for catering expenses and sends a copy to the business office. All invoices are to be paid to the District Treasurer. They are no longer received by the School Lunch Manager.

Compensated Absences-

During our examination of compensated absences we noted one instance in which the initial amount of sick days added to an employee's balance was not consistent with the contract language.

We recommend the District review this item and make any necessary adjustments to the accrued days.

CAP:
This item will be reviewed with the Board of Education. It the Board of Education deems an adjustment is necessary, it will be made.

Prior Year Deficiency Pending Corrective Action:

Segregation of Duties –

Our review of Business Office procedures revealed that the individual responsible for the general ledger function also, posts journal entries, prepares bills, prepares deposits, completes the monthly bank reconciliations and performs the accounts receivable function.

The District has developed various mitigating controls over the Treasurer's position, however, we recommend the District continue to review this area to determine if there are additional controls which can be developed to further enhance the internal controls over the Treasurer's position.

CAP:
The District will continue to review this area to determine if there are additional controls which can be developed to further enhance the internal controls over the Treasurer's position.