

# Corrective Action Plan for June 30, 2013

## External Audit Comments

### **Audit Recommendation #1:**

#### **BOARD GOVERNANCE**

##### **Budget Transfers**

During our current year audit, we noted the District does not have a budget transfer policy formally adopted by the Board of Education. We recommend the Board of Education adopt a budget transfer policy that includes, but is not limited to, indicating the personnel authorized to execute budget transfers as well as dollar thresholds of budget transfer approvals.

##### **Implementation Plan of Action #1:**

The District's Board of Education annually approves a resolution authorizing the superintendent (or his designee) to transfer up to \$10,000 (cumulatively) to or from budget appropriation object within function codes. Any transfers exceeding \$10,000 must be approved by the Board of Education. District's administration follows this authorization.

1. Actions to be taken:
  - a. District administration will seek examples of more detailed budget transfer policies and share those with the Board of Education policy committee for its review
  - b. The policy committee shall determine if a policy, beyond that which it currently authorizes for budget transfers, should be recommended for Board of Education approval. The Board will act on any policy recommended by the policy committee.
2. Implementation Date: The policy committee will review sample policies by February 2012 and recommend the Board approve a policy before June 30, 2013.
3. Person(s) Responsible: Assistant Superintendent for Business and the Chairperson for Board of Education policy committee.

### **Audit Recommendation #2:**

#### **SCHOOL LUNCH FUND**

##### **Fund Balance**

During our current year audit, we noted that the school lunch fund balance exceeded the three-month average expenditure level allowed by Federal Regulations 7CFR Part 210.14(b). We recommend implementing additional measures to lower the fund balance for the 2012-2013 school year.

**Implementation Plan of Action #2:**

While the District's final school lunch unreserved, unassigned fund balance exceeded three month's average expenditures by only \$29,000, the District agrees it should reduce its fund balance to be in compliance.

1. Actions to be taken:
  - a. The District will develop a long-term plan to replace aging school lunch program kitchen and cafeteria equipment. The first year of that plan, or so much as can be undertaken, will be implemented in 2012-2013.
  - b. It is expected that implementing the new governmental nutrition guidelines in 2012-2013 will increase the District's operating expenditure costs and thereby reduce its fund balance by June 30, 2013.
2. Implementation Date: A long-term equipment plan will be developed by January 30, 2013. First phase replacement equipment will be purchased before June 30, 2013.
3. Person(s) Responsible: Assistant Superintendent for Business and the Director of Buildings and Grounds.

**Audit Recommendation #3:**

**CAPITAL ASSETS**

During our current year audit, we noted the District has not had a full capital asset appraisal from an outside appraisal company in over 10 years. While we noted the District is tracking additions and deletions, we recommend the District obtain a full appraisal to ensure that all assets are present, in usable condition, located in the assigned area and accurately recorded on the capital asset inventory.

**Implementation Plan of Action #3:**

The District agrees that it needs to perform a physical inventory of all its assets according to the conditions outlined in the Board of Education policy.

1. Actions to be taken:
  - a. By December 2012 the District will procure the services of a company that will perform a physical inventory.
  - b. By January 2013 the District will develop inventory teams at each building, responsible for understanding and communicating the inventory process.
  - c. By June 1, 2013 inventory will be completed.
  - d. By June 30, 2013 business office staff will input findings, changes, etc. in asset management system.
2. Implementation Date: See dates above: December 2012; January 2013; June 2013.
3. Person(s) Responsible: Assistant Superintendent for Business

**Audit Recommendation #4:**

**EXTRACLASSROOM ACTIVITY FUND**

**Disbursement Approval**

During our current year audit, we noted the District stamps “paid” on the payment request rather than the invoice for the extraclassroom disbursements. We recommend the District use a paid stamp on the invoice to help prevent duplicate payment and strengthen controls over disbursements in the extraclassroom activity fund.

**Implementation Plan of Action #4:**

The high school central treasurer has been and is currently stamping “paid” both the invoice and the request for payment. The District agrees that the middle school central treasurer should also be following this same process.

1. Actions to be taken:
  - a. The middle school principal and extraclassroom activities central treasurer will be instructed by the Assistant Superintendent for Business to stamp “paid” both the request for payment and the invoice for payment on all extraclassroom funds payments.
2. Implementation Date: November 1, 2012
3. Person(s) Responsible: Assistant Superintendent for Business; Principals; Central Treasurers

**Prior Year Audit Recommendation :**

**EXTRACLASSROOM ACTIVITY FUND**

**Board Approval**

**FINDING:** During our prior year audit, we noted the District did not have a Board approved extraclassroom policy and the Board did not approve extraclassroom clubs on an annual basis. The policy should include, at a minimum, the purpose and organizational procedures of the extraclassroom activity accounts, the approval procedures of extraclassroom activities, the disposition of interest earnings and the tax exempt status of the extraclassroom activity fund. In addition, all clubs should be Board recognized and have a completed charter dictating the club officers and purpose.

**STATUS:** **Partially Implemented.** During our current year audit, we noted the Board did approve extraclassroom clubs; however the Board is still in process of finalizing an extraclassroom policy.

**Implementation Plan of Action for Prior Year Comment:**

The District’s policy committee did review a number of sample policies in consideration of an extraclassroom policy. The committee had many policies to consider in 2011-2012 and could not complete the process on this policy. The committee will revisit its draft this year by February 2013 and make a recommendation for Board of Education approval by year end.