

Sachem Central School District at Holbrook

Robert Parry
Interim Superintendent of Schools

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October 5, 2009

Commissioner David Steiner
New York State Education Department
Office of Audit Services
89 Washington Avenue, Room 524EB
Albany, New York 12234

Dear Commissioner Steiner:

We are writing in response to the management letter from R. S. Abrams dated September 25, 2009, discussed with the audit sub committee on September 29, 2009. Please be aware the Board of Education will accept the management letter, Financial Statements and Supplementary Information with Independent Auditors' Report for the Fiscal Year Ended June 30, 2009 and the Extra Classroom Activity Fund Report at the October 7, 2009 Board of Education meeting. We respond as follows:

BOARD GOVERNANCE

Cell Phones

The authorized cell phone users were presented at the July Reorganization meeting. We are now in compliance with Board of Education policy.

BUDGETING

Budget Transfers

The external auditors have advised us no budget transfers can be made into a technology hardware equipment code, even though this is a non contingent expenditure code.

CAPITAL ASSETS

The inventory completed by RCI had BOCES owned computers listed in Sachem's inventory. As Sachem does not own these computers, we will have them deleted from our inventory.

Non instructional capital assets are rarely moved between buildings. However as the auditors note, if in the future, a non instructional asset is moved, we will develop a procedure so that the Business Office is informed. It should be noted that the auditors did not find any instance where a non instructional asset was moved between buildings.

CASH MANAGEMENT

Adult Education Cash Receipts

The external auditors have noted that the secretary in the Adult Education Department retained checks received for Adult Education classes. These checks are held approximately three weeks, until we are notified that insufficient enrollment will cause the class to be cancelled. There were nineteen classes where funds were collected and checks held three weeks and classes were cancelled. It was noted that the school district is drafting a contract with MasterCard Pay For It, an internet based payment method. This payment method will alleviate checks being received by various departments in the future.

Cash Receipts

Lost book fines collected in late June were transmitted to the Business Office during the month of August. The auditors are correct, this crossed years, however it was within six weeks. The District Treasurer has notified all schools to send all receipts on a weekly basis to be deposited. We thank the auditors for bringing this to our attention.

COMPUTER CONTROLS

Permissions

In August when this was brought to our attention the business office permissions were reviewed and revised. In addition in January 2010 we will be upgrading to a new accounting system and we will have a full review of all staff permissions to ensure that permissions are consistent with job functions. Pentamation, which is our software vendor, shall provide an audit trail for the technology director.

EXTRA CLASSROOM ACCOUNTS

Extra Classroom Accounts

Effective September 1, 2009 we have instituted new oversight procedures which should rectify many of the noted comments. The District Treasurer shall assist all Extraclassroom treasurers with cash management and monthly bank reconciliations. Additionally, the internal claims auditors will review every payment prior to issuance to ensure compliance.

We have instructed all schools not to use Sachem's Tax Exempt number. In those instances where the company refuses to charge sales tax on purchases, the treasurer will compute what the sales tax should have been. They will submit that sales tax to District Office who, in turn, will forward to New York State.

FEDERAL FUND

Salary Certification – Federal Grants

We have notified the Federal Fund Office that all employees paid on grants should complete the payroll certification form A-87, H (3).

Student Files

The auditors brought to our attention that this room should be locked. A lock was installed the next day.

IRS COMPLIANCE

IRS W-9 Forms

We have instituted a process where all vendors shall submit a W-9 to the business office. Our new software vendor will create the capability for Sachem Schools to track this information.

PAYROLL

Defensive Driving Instructor Rates

The external auditors noted that the defensive driving instructor payment was not consistent with Board of Education approval. We will ensure in the future that this is rectified.

Employment Contracts

Ingerman Smith, law firm, which handles SSDEU negotiations, shall incorporate the ninety day probation clause into the bus driver contract. We will create a memorandum of agreement that will address this past practice.

Literacy Coach Stipend

The rate of pay was approved at September 2, 2009 Board of Education meeting.

PERSONNEL

Attendance

We have purchased a new software system, AESOP, to track attendance. The AESOP system allows building principals to check, verify and reconcile attendance on a daily basis.

PURCHASING AND EXPENDITURES

Confirming Purchase Orders

The external auditors recommend the district continue to monitor confirming purchase orders, which we do on a daily basis.

Purchase Orders

Sachem Central School District shall be implementing new software effective January 1, 2010 and purchase order integration will be reevaluated at that time.

Canceling for Payment

The internal claims auditors are charged with the review of canceling the payment. We have spoken with the internal claims auditor and they indicated that the possibility exists that a miniscule number of invoices (four) were not stamped “paid” and they will be more diligent in the future.

SCHOOL FOOD SERVICE

Fund Balance – Operating Loss

At the June, 2009 Board of Education meeting, a ten cent increase was approved in school lunch prices. This increase will help ensure that the school lunch fund will be self sustaining through the 2009-10 school year.

In summary we would like to highlight that our external auditors have complimented the Business Office on the excellent financial operations during the audit. We take pride in achieving this level of success.

In the event you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

Bruce H. Singer
Associate Superintendent
BHS:cmc
Cc: Robert Parry
Audit Sub Committee
Toski Schaefer & Co.