

East Ramapo Central School District
2020-2021 Audit Report Response and Corrective Action Plan
Internal Audit
Focus: Budget Review

A. District Treasurer

Auditor's Recommendation:

The District Treasurer is an important component to the Business Office and should play an important role when it comes to the development of the District's budget for the upcoming school year. Getting the Treasurer involved in the budget process with responsibilities such as answering department head questions or supplying them with pertinent information will greatly assist the Business Office in creating the new budget.

School District's Response:

The District Treasurer is actively working with the Assistant Superintendent for Business and the Business Office staff to ensure the budget is being monitored and implemented appropriately.

Status: Immediate implementation. Responsibility: District Treasurer

Auditor's Recommendation:

Monthly Treasurer's Reports are a vital tool in developing the budget for the next school year. Before being submitted, they should be reviewed by the treasurer with information that has been entered into the financial software to verify its accuracy. Any variances should be researched and adjusted accordingly.

School District's Response:

The District recognizes the importance of accurate financial reporting and as a result, has implemented procedures so as to mitigate erroneous reporting. The reporting is vetted against the financial software to verify its accuracy. All variances are researched and adjusted prior to board approval.

Status: Immediate implementation. Responsibility: District Treasurer & Assistant Superintendent for Business

Auditor's Recommendation:

Within the Budget Calendar, the District should consider identifying who is responsible for each task. Accountability can lead to a more efficient and timelier budget process.

School District's Response: The District has taken this into consideration and will assign responsibilities to various members of the Business Office so as to ensure more efficient and timely budgeting practices.

Status: Immediate implementation. Responsibility: Assistant Superintendent for Business

Auditor's Recommendation:

While the Superintendent and Assistant Superintendent for Business are integral parts of the budget development process, they are not able to estimate the needs of each department. Department heads should be held accountable for the development of their own budgets and thus be able to explain any major increases or decreases to each of their expense and revenue codes.

School District's Response: The District trained Principals best practices on building-level budgeting during the District's Leadership Summit in August, 2021. The Assistant Superintendent for Business, along with various members from the Business Office, presented basic and fundamental budgeting practices. The intent is to continue training and oversight as we continue the budget development for the 22/23 fiscal year.

Status: Immediate implementation. Responsibility: Assistant Superintendent for Business

Auditor's Recommendation:

Department heads should be utilized in the development of their respective budget. One way to get them involved is to distribute forms to each of the department heads showing all their expense and revenue codes. These forms should show prior year expenses and revenues and current year-to-date expenses and revenues. This form should have an area for department heads to input expenditure requests for the next year with any explanations for large increases or decreases to the current year amounts.

School District's Response: The District intends to implement this practice during the budget development for the 22/23 fiscal year.

Status: Immediate implementation. Responsibility: Assistant Superintendent for Business

Auditor's Recommendation:

Best practice dictates having an explanation accompany any significant changes to any budget. With a lack of backup documents, the numbers used in the 2020-2021 school year cannot be fully justified. A few examples of backup information that can be used to justify a budget change that is being considered includes: using the budget status report in the monthly Treasurers Report, notifications from NYS regarding state and federal aid distribution changes, and copies of bargaining unit agreements showing wage increases.

School District's Response: The District has implemented this procedure and will ensure significant budget changes are accompanied with supporting documentation so as to minimize any questions related to a change.

Status: Immediate implementation. Responsibility: Assistant Superintendent for Business

Auditor's Recommendation:

Having a budget procedure manual will help Department Heads develop their annual budget. These written guidelines and procedures will not only help current department heads but will also provide structure and a base for subsequent budget preparation.

School District's Response: The District is in the process of developing a formal budget procedure manual. The Assistant Superintendent for Business, along with various members of the Business office, already provided guidance to all Building Leaders via the "Principal Playbook" which outline best practices for budgeting. We will continue to refine documentation as we develop the 22/23 budget.

Status: Immediate implementation. Responsibility: Assistant Superintendent for Business

Auditor's Recommendation:

The District should look at all potential revenue sources available to help offset expenses from year to year. Some unused options available to the District include STAC billing, billing districts who have had students placed in private schools District and billing school districts during the current school year who have students enrolled in the District and have received health and welfare services during the year.

School District's Response: The District understands the importance of maximizing potential revenue sources so as to assist in offsetting expenditures year after year. The primary challenge the District faces is the lack of staffing needed to address this effort. As a result, the District has contracted with an Accounting firm to assist with this effort while we work to recruit and retain qualified staff.

Status: Immediate implementation. Responsibility: Assistant Superintendent for Business

Auditor's Recommendation:

The District should look to add a financial software package that has a component that is strictly focused on budget development and utilization. Programs like Budget Dashboard and nVision have a budget module that will assist the District with budget development and would make the process more automated and accurate. The District should also conduct annual training sessions for department heads on how to use the software. This would allow department heads to use the financial software and to review and track their respected budget codes effectively, and actively.

School District's Response: The District is working towards implementing Finance Manager/nVision for the 2022-2023 school year. The Assistant Superintendent for Business is working with Director of Information Technology, Services, & Cyber Security to provide training to department leads to implement the software.

Status: Immediate implementation. Responsibility: Assistant Superintendent for Business and Director of Information Technology, Services, & Cyber Security.