

October 12, 2023

Ms. Amy Pedrick, CPA West & Company, CPAS, PC
96 North Main Street
PO Box 1219 Gloversville, New York 12078

Re: 2022-2023 Audit and Management Comments - Corrective Action Plan

Dear Ms. Pedrick,

This letter is in response to the Management Letter that relates to the Greater Johnstown School District Audited Financial Statements and Supplemental Schedules, dated June 30, 2023. Following each finding is the District's response to the finding and its corrective action plan, including the status of the implementation of the corrective plan.

Prior Year Findings for 2022-2023

- I. **Extraclassroom Activity Funds:** We recommend that the District and all the clubs review the NYS (New York State) Pamphlet #2 and ensure all Extraclassroom Activity Funds comply with these regulations.

District Response: After one year of near, inactivity, individual extra-classroom treasurers, the Assistant Principal at the Johnstown High School, the Principal at the Knox Middle School, and the extra-classroom auditor will review all extra-classroom accounts to determine whether they will be active in the new school year. Soon to be, inactive clubs that will close at June 30, 2024, extra-classroom clubs will hold a vote to transfer remaining balances to the student council or other governing body or use said funds prior to June 30, 2024. Inactive clubs will then be closed as of June 30, 2024.

Special orientation meetings and reviews of extra-classroom procedures pertaining to NYS Pamphlet #2 are conducted annually in the fall by the Director of Physical Education, Health, Athletics, and Extra Curricular, the School Business Manager and our external auditor. Included are the individual, extra-classroom treasurers and all advisers responsibly appointed by the Board of Education. In addition, forms are provided for use for fundraising, which include a profit and loss statement and inventory control forms. Administration has provided an end-user form for fundraising, which allows for the documentation of profit and loss, as well as inventory control. Expectations for the use of this form have been outlined for advisors. The extra-classroom treasurer will audit the activity of each club at least quarterly during the 2023-2024 school year to ensure that appropriate documentation is provided for all club-related activities. The School Business Manager will continue to perform quarterly audits of financial activity during the 2023-2024 school year. Specific emphasis on profit and loss statements, inventory control, proper signatures, and sales tax will be given during training and orientation meetings, along with the quarterly audits conducted by the extra-classroom auditor.

- II. **Confirming Purchase Orders:** We recommend that the District ensure all purchases are made from proper purchase orders, rather than confirming purchase orders.

District Response: The District will continuously improve its close review of purchase orders and has implemented additional training with the clerical staff and administrators regarding the purchasing process for the fall of the 2023-2024 school year. The School Business Manager will update the claims review checklist used by the Claims Auditor and conduct a training session with the Claims Auditor during the 2023-2024 school year and annually thereafter to ensure that all regulations are followed. The Purchasing Agent will continue to communicate through an annual memo to all District employees, reminding them of their responsibility to purchase for the District only with prior approval.

We have seen continuous improvement in this area over the last several years, and will continue to refine our processes in order to prevent confirming purchase orders in the future.

- III. **Unassigned General Fund Balance:** We recommend that the Board review and modify its plan to reduce the District's unassigned General Fund balance to the statutory limit.

District Response: The Superintendent, Assistant Superintendent, the District's Fiscal Advisor, and the BOE Audit Committee are reviewing the District's reserve and long-range financial plan. Recommendations will be made to the Board of Education to continue to fund strategic reserves using the excess fund balance on an annual basis, commencing with the 2023-2024 school year. Further, the District will continue to support advocacy along with our colleagues on legislation that raises the unassigned General Fund balance from 4% to a higher percentage.

Current-Year Comments for 2022-2023

- I. **Disbursement Testing:** We recommend that the District ensure that all purchasing and disbursement procedures and approvals are being followed.

District Response: The District will communicate with key staff responsible for ensuring that claim forms for payment to sports officials and others are reviewed for accuracy and completeness prior to issuing payment. Further, new staff and/or sports officials will be provided information on our District processes in order to be paid for time worked on behalf of the District. This will be rectified by December 15, 2023.

- II. **Payroll Testing:** We recommend that the District ensure that all employees sign and return their salary notice to indicate their agreement with their compensation.

District Response: The District will implement the receipt and signing of the salary notice letter in conjunction with a payroll distribution audit in September of each school year for all employees. Additionally, we will strengthen communication on the importance of reviewing this information and properly signing and returning the letter to Human Resources.

We appreciate the courtesy and assistance offered by your firm before, during and the subsequent review of our financial statements. I would also like to commend the Business Office team for their hard work and dedication to making continuous improvements in processes and systems.

Sincerely,

AD Koster

Alicia D. Koster
Assistant Superintendent