

Meeting No. 6
Item No. 11-E

TO: Jeffrey P. Simons, Superintendent of Schools
FROM: Larry Edson, Assistant Superintendent for School Business Finance
DATE: October 3, 2016
RE: **Corrective Action Plan as Required by Comptroller's Five-Point Plan
Independent Audit for the Year Ending June 30, 2016**

Attached for your review is a corrective action plan for the Internal Control Matters Letter comments submitted as part of the audit for the year ended June 30, 2016. Approval of the corrective action plan is required by the Board of Education under the New York State Comptroller's Five-Point Plan.

The corrective action plan was submitted to the Finance & Audit Committee for endorsement. The plan has been updated based on recommended changes by the members.

RESOLUTION

Resolved, the Board of Education of the East Greenbush Central School District hereby accepts and approves a corrective action plan for Internal Control Matters Letter comments for the year ended June 30, 2016 and authorizes the Superintendent or designee to execute the plan.

Motion: Ms. Curtin
Second: Ms. Taylor
Ayes: 7 Nays: 0 Abstentions: 0

EAST GREENBUSH CENTRAL SCHOOL DISTRICT
CORRECTIVE ACTION PLAN – INDEPENDENT AUDIT
FOR THE YEAR ENDING JUNE 30, 2016

Internal Control Matters Letter – Independent Audit

The independent auditors use the Internal Control Matters Letter to highlight areas of concern to the Board of Education and to make recommendations that will strengthen financial operations or internal controls of the school district. In the past, we have made changes subsequent to issuance of the Internal Control Matters Letter. The Comptroller's Five-Point Plan requires a formal, written corrective action plan.

The corrective action plan listed below indicates how the District will address each of the items listed in the Internal Control Matters Letter:

School Lunch Fund Operating Deficit

Recommendation	Action Taken or Planned
Over the past three years, the District has incurred approximately \$527,000 in operating losses. The 2016 operations resulted in an operating deficit of \$110,000, which was offset by a \$150,000 transfer from the general fund. This has resulted in a cumulative fund deficit of approximately \$117,000. The School Lunch fund should be self-supportive and should not require substantial loans or transfers from other funds to operate. The District should review this situation and develop a plan to eliminate future operating losses through a combination of cost containment, price increases and/or future voter approved general fund transfers.	The Board of Education approved a price increase for school breakfasts and lunches effective February 1, 2016. Further, a \$200,000 subsidy from the general fund was approved by voters on May 17, 2016 for the 2016-2017 school year. During the 2017-2018 budget process in March 2016, a recommendation will be made for a general fund transfer to continue assistance with deficit reduction. Additionally, the Board of Education has engaged an independent consultant to review school food service operations. The Board has received regular updates on the progress of implementing the recommendations. An additional price increase may be considered for calendar year 2017.