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July 27, 2017

R.S. Abrams & Co. LLP
3033 Express Drive North, Suite 100
Islandia, NY 11749

Re: Internal Audit Report – Cash Management – District Response

To the Office of R.S. Abrams:

The Corrective Action Plan for the Cash Management Report, for the period 7/01/2016 through 3/23/2017 have been addressed as written below-

1. **Policies and Procedures -**

- **Condition** - it was noted that the District does reconcile cash receipts to the C/R log from all payments that come in via mail and interoffice, however, have not included the C/R receipt book for walk-in payments.

- **Corrective Action Plan** - since the recommendation, the receipt book for all hand-delivered payments is included in the reconciliation.

2. **Confirmations -**

- **Condition** - it was noted that one scholarship account, Brockett Scholarship account, was not recorded in the accounting records or included on the Treasurer's Reports.

- **Corrective Action Plan** - since the recommendation, the Brockett Scholarship interest account only has been added to the bottom of the Treasurer's Report monthly. The Audit & Finance Committee discussed the Brockett Scholarship Trust Fund, and the annual interest that is sent to the District for scholarships, as per the Trust agreement. No agreement was made as to whether the Trust is an item that will be included in the annual financial statements, as the District has no control over the Brockett Trust.

MISSION STATEMENT:

Southampton School District, in partnership with our diverse community, will educate students in a safe, supportive environment and equip them with the knowledge, values and skills to become responsible citizens in a dynamic global society.

3. Authorized Signatures -

Condition - it was noted that the Bridgehampton National Bank signature cards from the Reorganizational Meeting listed the Interim Superintendent and Assist Superintendent for Business as two of four signers on the accounts.

Corrective Action Plan - since this audit, the positions for Deputy Treasurer and Interim Superintendent have been changed to reflect the actual individuals that have signing rights on the District's account. At that time, Administration had not made final decisions on several positions, and had left the Assistant Superintendent for Business and the District Treasurer on the accounts as signers.

4. Office of Unclaimed Funds -

Condition - it was noted that the District has one instance of 'unclaimed funds' in a teacher's name, on the Comptroller's website.

Corrective Action Plan - after researching the issue, the District was able to recapture an amount under \$100, which was not claimed from an uncashed check from a class trip.

5. Petty Cash Account -

Condition - it was noted in the only Petty Cash account in the High School Library, the funds were comingled with the library fines collections. It was noted that all monies were accounted for, although comingled.

Corrective Action Plan - this year, the HS Library had a new Librarian, who was not aware that the two should not be comingled. The adjustment was made at the time of the recommendation.

6. Collateral -

Condition - the District does not prepare collateral schedules, although the collateral amounts are reviewed with the Bridgehampton National Bank annually for sufficiency.

Corrective Action Plan - the recommendation of adding the collateral information to the monthly Treasurer's Reports has been made since the recommendation in May.

7. Wire Transfers -

Condition - it was noted that the wire transfer confirmation emails received back from the bank are just received by the District Treasurer.

Corrective Action Plan - since the recommendation in May, both the District Treasurer and the Deputy District Treasurer have received the email confirmations of completed transfers.

Thank you for your recommendations. Please contact me with any questions you may have.

Sincerely,



Maria H. Smith
Assistant Superintendent
For Business

Enclosure

C: Southampton Board of Education
Dr. Nicholas Dyno – Interim Superintendent of Schools
Ms. Amy Pierson – District Clerk