

## WEBSTER CENTRAL SCHOOL DISTRICT

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To: Brian Neenan, Superintendent  
From: Brian Freeman, Assistant Superintendent for Business  
Re: 2022-23 Audit Corrective Action Plan  
Cc: Board of Education, Audit Committee

Date: 10/25/2023

The findings and corrective actions are broken down below. Italicized comments represent the corrective action to the findings listed above it in bold lettering.

### **Prior Year Deficiency Pending Corrective Action:**

#### **School Lunch:**

**During the course of our examination, we noted that the fund balance in the School Lunch Fund at June 30, 2023 totaled \$2,834,081. This balance appears to be in excess of the three months average expenditures level recommended by Federal Regulation #7CFR Part 210.14. The District is in the process of implementing their plan to spend down funds, however, there have been challenges with the coordination of vendors.**

**We recommend the District continue to monitor the fund balance in order to comply with the Federal Regulation.**

*The district Food Service Department is aware of the excess fund balance for fiscal year 2022-23. The following corrective action was approved by the office of Child Nutrition in June of 2023:*

In order to improve our process and bring the fund balance down to more acceptable levels, the following corrective actions are taking place:

- *Purchase of 3 New Combi Ovens*
- *Purchase 2 Heated Cabinets for each high school*
- *Allocations for new marketing materials, building signage, and menu boards (digital)*
- *Webster Schroeder dishwashing system*
- *Webster Thomas quick switch serving line*
- *11 utility carts & assorted (microwaves, food processors, mixers, air fryers) food preparation equipment for all 11 buildings*
- *Smallware utensils for all 11 school buildings*
- *Stable pricing for two years (no increases to lunch/breakfast)*
- *Employee bonus program*

*The district will continue to work on ways to limit the excessive fund balance. Specifically, for 22-23 the state increase in supply chain assistance revenue created a much larger fund balance increase than anticipated by the district.*

## **Current Year Deficiencies in Internal Control:**

### **Capital Projects Fund:**

**As indicated in the Financial Statements, the 2017-18 \$69,500,000 capital project reported cumulative expenditures totaling \$70,794,538, however, this appears to be in excess of the approved budget by \$1,294,538.**

**We recommend the Administration review this item with their capital project consultants to determine the status of this project.**

*Thanks to the audit team, the district has identified \$1,409,609 worth of expenditures that have been incorrectly coded to the capital project. That will bring the project total to: \$69,384,929. As is the case with long term construction projects, such as the 2018 approved vote, the Buildings and Grounds team will request additional work to be done outside of the scope of work to alleviate the work done by internal employees. Those expenditures centered on additional radio work at the bus garage and additional items for the athletic complex portion of the project. Unfortunately, the checks and balances in place between all three groups watching expenditures missed these when they should have been recorded in the general fund. The district will correctly expense those as part of the 2023-24 budget facilities/athletics/transportation budgets. In addition, the fiscal consultants will also begin tracking expenditures for the next project so this does not happen again.*

### **Payroll:**

**As part of our examination over the submission of certain Internal Revenue Service (IRS) forms, we noted the IRS filings for forms W-2 and W-3, as well as Form 1096 were submitted to the IRS after the due date of January 31, which may result in a future penalty.**

**We recommend the District continue to monitor their payroll filing requirements to ensure forms are submitted to the IRS in a timely manner.**

*The district was in communication with the IRS as it took a couple extra weeks to get the file accepted. The payroll office is aware of the hard deadline and will begin the process of uploading the file to the IRS to create more lead time should this issue arise in the future. Calendar reminders have been set for all staff involved in the process as well.*

### **Prior Year Recommendation:**

We are pleased to report the following prior year recommendations have been implemented to our satisfaction:

1. *Separation payment calculation included signatures of appropriate personnel indicating review and approval.*