

**Rush-Henrietta Central School District  
BUSINESS OFFICE**

---

MEMO TO: Dr. Barbara Mullen

FROM: Andy Whitmore

RE: Audit Corrective Action Plan

DATE: September 4, 2024

Shown below is the management response to the Rush-Henrietta Central School District's "Communicating Internal Control Related Matters Identified in an Audit For Year Ended June 30, 2024":

**Prior Year Deficiencies Pending Corrective Action:**

**School Lunch Fund -**

The auditors noted that the fund balance in the School Lunch Fund at year-end totaled \$1,597,184 which is in excess of the three months average expenditures level recommended by federal regulation #7CFR Part 210.09. Average monthly expenditures in 2023-24 were \$425,114 (a 38% increase from the prior year) that would give an allowable fund balance of up to \$1,275,342. However, the significant increase in participation driven by the Community Eligibility Program (CEP) drove the revenue increase higher than the expense increase.

Although there were significant increases in labor and supplies costs for 2023-24, it didn't offset the increased revenue driven by participation increases. This year, being implemented by September 2024, wages are being increased significantly to be able to attract and retain employees and support the increased workload. Food prices continue to increase and Food Services will expend more on equipment repair and replacement this year. Therefore, it is anticipated that the school lunch program will operate at a loss this year.

If the district carries an excess fund balance for more than one year it runs the risk of having some of the federal reimbursements clawed back. Therefore, we will closely monitor our results throughout the year and attempt to ensure that by June 30, 2025 we will comply with the maximum, allowable fund balance level.

**Current Year Deficiencies in Internal Control:**

**Procurement -**

One instance was noted where the district did not obtain three written quotes as required by the district procurement policy. This resulted from the Facilities department

purchasing a piece of cleaning equipment from a vendor that typically is on state contract. However, this specific piece of equipment was not on a state contract.

By September 30, 2024, the Facilities department will have a process in place to reference the state contract number on purchases being made under a state contract. Reinforcement of this practice will be done by the purchasing agent in working with the requisitioner in the Facilities department.

### **Credit Cards -**

The auditors observed an increased use of the district's credit cards for purchases that typically would follow the normal purchase order/requisition process. This was driven by there being a number of new administrators in the district who weren't familiar with district purchasing practices.

By September 30, 2024 the Business Office will reinforce the proper use of district credit cards with the new administrators and their clerical staff. Ongoing, as credit card purchases are processed the Business Office will remind cardholders of the proper use if they find credit card purchases that should have been made through the purchase order requisition process.

Please let me know if you have any questions regarding the Corrective Action Plan.