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**Blind Brook–Rye Union Free School District  
School Business Office  
390 North Ridge Street  
Rye Brook, NY 10573**

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TO: Bill Stark

FROM: Jonathan Ross

RE: **Response to the 2011 Risk Assessment Update Report &  
Corrective Action Plan**

DATE: May 26, 2011

I have reviewed and respond herewith to the **2011 RISK ASSESSMENT UPDATE REPORT (RAR)** dated 4/25/11, submitted by the auditing firm, Cullen & Danowski, LLP. A draft copy is enclosed for your perusal. I ask that you forward this memo and enclosure to all Board members.

Last week I forwarded these same documents to the audit committee requesting general feedback and input about the need to meet with the internal auditor. To date Glen and Larry have expressed that they have no significant concerns and that an audit committee meeting does not need to be scheduled (the relative silence of Alain and Peter leads me to believe they share this sentiment).

This memorandum includes a plan for addressing operational deficiencies noted by the auditors. I am pleased to report that there is only one identified area in need of attention – extraclassroom activity fund operations. With respect to addressing extraclassroom activities, in January 2010 we began to address deficiencies revealed in an earlier internal audit and we will now focus on permanently complying with recommendations outlined for this area as we move into the new fiscal year.

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**Status of Prior Observations:**

The internal auditors note that the following items from prior year assessments have been resolved satisfactorily and do not need further comment:

- Governance
- Purchasing
- Extraclassroom Activities (except those noted in this memo as areas in need of attention)

In response to the current RAR recommendations, the following suggested corrective actions will be implemented in the months ahead.

## **Current Observations Requiring Corrective Actions – Extraclassroom Activity Funds**

- 1) **Bank Reconciliations** – Through the date of the assessment, bank reconciliations were performed by the extraclassroom central treasurer. Starting on July 1, 2011 the District treasurer will perform the monthly bank reconciliations for the student activity bank account. It will become part of the monthly bank reconciliation process that the District treasurer currently does for all other funds. The Assistant Superintendent will sign the Certification of Review after his own review of the reconciliations performed by the District treasurer.
- 2) **Sales Tax** – Currently the various clubs do not charge sales tax on items they sell or resell. Each faculty advisor should know which of the sales activities a club undertakes are subject to sales tax and take steps to see that all sales tax information is accurately recorded and sent to the central treasurer. In order to provide a ready reference, a list of common undertakings of extraclassroom fund raising and social activities will be distributed indicating their taxable status. An illustrative list is attached.

The central treasurer and District treasurer will meet with all club advisors and student treasurer in October 2011. At that meeting the club advisor and student treasurer will be given instructions on sales tax and a chart (attachment) of the activities that require sales tax reporting. The sales tax will be included in the sale amount. For every taxable dollar sold, the district will report a sale of .93 and sales tax collected of .07. The sales tax reporting will be included with the Cafeteria sales tax return.

- 3) **Cash Receipts** - The District treasurer working with the central treasurer will develop procedures to strengthen controls over cash receipts at the club level that are consistent with recommendations set forth in Pamphlet 2. The recommended form will be modified to include a more detailed explanation of the money collected and a section to indicate if the event/item requires sales tax to be paid. The new form will be used starting in September 2011.

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Again, I am pleased with the limited number of recommendations contained in this report and the work members of the business office have done since the last risk assessment update was performed. At this point, **I request your recommendation to the Board that they accept this report at their meeting on June 6, 2011.**

If you or any of the Board members have questions or concerns please let me know.

Enclosure