

Fulton City School District

October 11, 2022

Corrective Action Plan for Management Letter Items from the 2021-2022 Audit

Prior Year Deficiencies Pending Corrective Action:

Transportation Services Contract –

During the course of our examination, we noted that the District is currently in a contract extension through June 30, 2022 approved by the State Education Department for student transportation services. However, these services have not been competitively bid in several years. We recommend the Administration review this situation for compliance with the District's procurement policy.

District Response: The District monitors its transportation services to determine what changes, if any, are in the best interest of the District. Two transportation studies have been done by an outside consultant indicating that the cost of the existing contract is lower than what would be anticipated in a re-bid. The District maintains it is in compliance with policy and no corrective action is needed.

Fund Balance –

As indicated in the financial statements, the unassigned fund balance in the General Fund at June 30, 2022 exceeds the 4% maximum allowed by section 1318(a)(1) of the Real Property Tax Law by approximately \$2,589,417. We recommend the District continue to monitor fund balance as it relates to Section 1318(a)(1) of the Real Property Tax Law.

District Response: The District has been closely monitoring revenues and expenditures to ensure the sustainability of positions added through the receipt of federal and state grant funds. Effective July 1, 2022, the District has developed a fund balance and reserve plan to thoroughly review and plan for the effective use of these funds going forward. This plan will be updated at least semi-annually to ensure that the District submits timely recommendations to the Board of Education. Effective July 1, 2022, district staff complete monthly fund balance projection reports to assist in the proper accounting and maintenance of these funds. Additionally, the District will allocate any excess funds to ensure the sustainability of programs after the anticipated funding cliff when the COVID stimulus funds expire. District staff will make fund balance recommendations to the Board of Education in June 2023 to ensure that the district remains within the 4% limit.

Current Year Deficiencies in Internal Control:

Disbursements –

During our testing of cash disbursements, we noted the following:

1. Our examination revealed several instances in which the purchase order was dated subsequent to the invoice date.
2. Our examination revealed two instances where there was no purchase order to support a purchase made.
3. Our examination revealed two instances where there was no receiving signature or approval to pay indication on an invoice or purchase order prior to the invoice being paid.

We recommend the District make every effort to ensure that a purchase order is properly issued prior to any purchases being made, and limit the use of confirming orders to those purchase which are considered to be emergency in nature. Additionally, the District should make every effort to ensure that an appropriate individual has indicated that all goods have been received in good order.

District Response: In July and August 2022, Business Office staff met with all administrators and provided training regarding the budgeting and purchasing process to ensure that all district staff are aware of the Board of Education’s purchasing policies and procedures. The Business Office has re-designed responsibilities to ensure that there is adequate monitoring and oversight over the purchasing process. Effective July 2022, the Business Office has integrated the purchasing approval process through WinCap to accelerate the Purchase Order approval process and reduce instances of confirming purchase orders. The Business Office will continue to provide training and assistance to District staff and ensure that all required documentation has been received prior to payment issuance.

School Lunch Fund –

Federal Regulation #7CFR 210.09 recommends the School Lunch Fund balance not exceed three months average of expenditures. Due to the higher reimbursement rates during the COVID shutdown, the school lunch program’s fund balance exceeded this amount by \$479,726. We recommend the fund balance continue to be monitored for compliance with the Federal Regulation.

District Response: The District will develop an equipment replacement plan by January 2023 which will utilize these funds to ensure that the Food Service Department has updated equipment. The Food Service Department equipment is costly and the District has not been

able to update these items in many years. Recommendations from the plan will be implemented in the 2023-2024 budgeting process using these funds. These investments will reduce the cost of maintenance and repairs in the School Lunch Fund. The Food Service Department is still attempting to fill vacant positions due to the COVID-19 pandemic's impact on operations. The District anticipates that these changes will bring the fund balance into compliance by the end of the 2022-2023 fiscal year.

Prior Year Recommendation:

We are pleased to report the following prior year recommendation has been implemented to our satisfaction:

1. Attendance records for substitutes are approved and signed off on.