Education Center

OSWEGO
CITY SCHOOL DISTRICT

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2024-25 External Audit Corrective Action Plan

To: Dr. Raymond Kilmer, Superintendent
From: Peter A. Colucci, Executive Director of Business and Finance
Date: October 10, 2025
RE: External Audit Corrective Action Plan 2024-2025

<u>Prior Year Deficiency Pending Corrective Action:</u>

Capital Projects –
During our review of fixed asset account balances, we noted multiple prior year capital projects in the construction in progress balance. It appears some of these projects have been completed yet have not been capitalized.

We recommend the District reviews these old projects and capitalize as necessary.

The District will work with the external auditor to identify projects and phases of projects that should be capitalized and maintain a schedule to assess and capitalize future projects and those currently in process. **Corrective Action in process with completion expected by December 31, 2025.**

Self-Funded Health Insurance –

We recommend the District continues to monitor the health insurance program to ensure budgets and stop-loss insurance limits are adequate to support the program. In addition, the District should consider working with their State representatives in order to expand the use of an insurance reserve to include self-funded health insurance claims.

The District's Health Insurance Committee regularly meets with its consultant to review the plan and investigate recommendations to mitigate and reduce claims. Although the plan does have stop-loss insurance for high cost claims, the high cost claims are still recorded as an expense in the appropriations budget, without a reflection of the revenue generated by the reimbursement of the stop loss claim revenue, thus pushing the claims appropriations out of balance with the original projection. In addition, administration is in consultation with the External Auditor and similarly situated Districts with self-funded plans to meet the recommended requirements and legislative action necessary to establish a "Health Insurance Reserve". **Corrective Action is in process with optimistic resolution in spring 2026.**

<u>Current Year Deficiencies in Internal Control:</u>

Payroll –
During our examination of payroll, we noted that the rate of pay for food service workers working the concessions is not included in the contracts or a separate Board approval.

We recommend the District makes every effort to ensure the Board approves the pay rate that is provided to employees who work the concession stands.

Over the past few years, since the concession stands opened, the District has paid staff performing concession stand duties the same hourly rate without change. The Business Office will recommend a rate to the Superintendent and the Board of Education for approval after consultation with the Director of Food Service and the CSEA Bargaining Unit. **Corrective Action in process with completion expected by December 1, 2025.**

School Lunch Overages/Shortages –
During our examination of receipts, we noted a specific process for investigating overages/shortages in school lunch deposit is not in place.

We recommend the District makes every effort to establish a process to investigate overages/shortages in the School Lunch program.

The District Food Service Director and the District Treasurer have codified a uniform procedure for presenting receipts and investigating overages/shortages during the spring and summer of 2025. These uniform procedures have been presented to staff during trainings at the beginning of the school year, will be presented again during a training on November 10, 2025, and reviewed regularly with staff. **Corrective Action is underway and considered corrected at this time, but will be monitored regularly with retraining provided as needed.**