



Encl.

September 28, 2017

TO: Board of Education

FROM: Carolyn Benedict, Interim School Business Administrator

DATE: September 25, 2017

RE: Corrective Action Plan – Financial Statements

Below is the Corrective Action Plan for the Extraclassroom Activity Funds for the year ending June 30, 2017.

Prior Year Deficiencies

Student Involvement –

As required by the New York State Education Department student involvement is a key component in the educational experience of the students in the operation of the student activity funds. This includes the preparation of profit and loss statements for fundraising events, involvement in the preparation of receipts and disbursements, and maintaining a separate set of books. Based on our testing we only identified a limited number of profit and loss statements prepared for fund raising event for all clubs. In addition there was limited involvement with the students in the receipts and disbursements and maintenance of a separate set of books by activities in the Athletic Department.

Additional training will be provided to Student Activity Treasurers, Faculty Advisors, Chief Faculty Advisors, and Central Treasurers. This will include the proper procedures for student involvement, and preparation of deposit receipts, payment orders, and profit and loss statements.

Disbursements –

During our review of the cash disbursement procedures, we noted several instances where one of the three required signatures were not included on the payment order.

Central Treasurers will be reminded that they are not to process any payments that do not have the required signatures. Absent the three required signatures and/or adequate supporting documentation, the payment will not be processed.

Reconciliations –

During the course of our examination, we noted two instances in the High School, and three instances in the Middle School, in which there was no reconciliation prepared for items sold to total receipts collected.

During the upcoming training, the preparation of the reconciliation form will be reviewed with Student Activity Treasurers, Faculty Advisors, and Central Treasurers.

Sales Tax –

During the course of our examination, we noted three instances in the Athletics Department and two instances in the High School where sales tax was not paid on taxable purchases.

Sales tax rules will be reviewed at the training.

Donations –

During the course of our examination, we noted that clubs at the Middle School and High School made donations or gave gifts without a majority of club members indicating approval to donate club funds.

In the upcoming training, Faculty Advisors will be reminded that all donations must be approved by a majority of the respective club members and be documented in the meeting minutes. Central Treasurers will be reminded that absent these minutes, the payment is not to be processed.

Gift Cards –

During the course of our examination, we noted that the Summer Camp, MS Student Council, and Class of 2017 purchased gift cards. There was no signed documentation indicating the individuals that received the gift cards.

A form for acknowledgment of gift card receipt will be provided to Faculty Advisors. In the upcoming training, Faculty Advisors will be reminded that recipients must sign the form before receiving the gift card.

Disbursements –

Our review of disbursements revealed one instance in the Drama Club, one instance in the Boys Soccer Club and one instance in the Boys Lacrosse Club where items purchased were shipped to a home address instead of the District.

Faculty Advisors will be reminded in the training that all orders placed for club activities are to be delivered to a school address.

Current Year Deficiencies

Sales Tax –

During our examination, we noted one instance in the Cheerleading Club, and two instances in the Middle School Student Council in which sales tax was not remitted on gross sales from fundraising activities. In addition, we noted two instances in which sales tax was not remitted on gross sales from event Girls Tennis spaghetti dinner and the Girls Swimming golf tournament.

The fundraising activities for which sales tax is to be charged will be reviewed at the upcoming training of Student Activity Treasurers, Faculty Advisors, Chief Faculty Advisors, and Central Treasurers.

Class of 2018

During the course of our examination we noted the following:

- 1. As indicated in the statement of cash receipts and disbursements the Class of 2018 had a deficit cash balance at year end of \$782. The club's general ledger shows deposits totaling \$9,262, and expenses totaling \$22,986 relating to the prom.*
- 2. The profit and loss statement for the prom indicates that 225 tickets were sold at \$45 per ticket, and 16 students earned free prom tickets through fundraising efforts. However, the listing of tickets issued to students totals 305, leaving a discrepancy of 64 tickets sales unaccounted for. In addition, there are gaps in the sequential listing of tickets for a total of 18 tickets without explanation.*
- 3. There were two instances of payments for prom services that did not have supporting invoices with the payment orders.*
- 4. There was one instance in which an individual was reimbursed for prom decorations and was overpaid by \$23.87.*

In this district, the Faculty Advisors do not advance to the next grade level with the class. The Junior Class Advisors in 2016-17 [Class of 2018] will be the Junior Class Advisors in 2017-18 [Class of 2019]. The Class of 2019 Faculty Advisors will:

- review each payment order prior to their approval to ensure that adequate supporting documentation has been attached by the Student Treasurer
- review each payment order prior to their approval to ensure that the supporting documentation dollar amount(s) matches the dollar amount requested by the Student Treasurer
- prepare a budget for prom anticipated revenues and expenses to be reviewed with and approved by the High School Chief Faculty Counselor and the School Business Administrator. This budget will then be presented to the class for their approval and recorded in the minutes of the class meeting.

- utilize sequentially numbered prom tickets and an accompanying sequentially numbered record of tickets sales. Each day of tickets sales, the number of tickets sold will be reconciled to the cash received. The reconciliation record and money must be deposited with the Central Treasurer on the day that the tickets are sold.

Inactive Clubs

As indicated on the statement of cash receipts and disbursements the Debate, Cross Country, Softball Scholarship, Spring Track, Winter Cheerleading, and the Middle School Yearbook Clubs were financially inactive during the 2016-17 fiscal year.

The School Business Administrator will review these clubs with the Central Treasurers and will close them if future activity is not anticipated.

Internal Audit

The District completed an internal audit over certain extraclassroom activity funds in which the District is in the process of implementing corrective action.

The District will continue to implement the Internal Audit corrective action plan.

Thank you.

C: Dr. Thomas J. Douglas, Superintendent of Schools
Mr. Thomas Zuber, External Auditor
Linda Klievoneit, District Treasurer
Karen Donahue, High School Principal
Ron Holloway, Middle School Principal
Bert Conklin, Director of Athletics
Julie Kephart, Internal Auditor
Scott Arnold, CBO Controller
Ann Pirozzolo, CBO Accounting Manager