

**To:** Robert Edwards, Superintendent

**From:** Kristopher Williamson, Business Administrator

**Date:** Friday, January 7, 2022

**Subject:** CAP for June 30, 2021 Extraclassroom and Single Audit Reports

As part of the district's Single and Extraclassroom Audit, our auditors, Mengel, Metzger, Barr and Company, reviewed our internal controls over financial reporting. During their review, the following immaterial deficiencies in our internal controls were noted. Below is our response to their findings.

**Single Audit:** A corrective action plan is included in the Single Audit report. No further corrective action is required.

**Extraclassroom Audit:** There were some deficiencies noted. Our prior and current year deficiencies are noted below along with our response to these findings.

**Prior Year Deficiencies**

1. Several of the profit and loss statements that were prepared could not be traced back to the general ledger. In addition, there is a lack of student involvement in preparing profit and loss statements.
2. Sales tax is not being collected and remitted on taxable fundraisers.
3. Pre-numbered tickets, or tally sheets, are not always used to track attendance at events requiring an admission charge. In addition, ticket reconciliations are not consistently being prepared when clubs hold these events.
4. There is no process in place to ensure individuals receiving payments in excess of \$600 in a calendar year are appropriately issued an IRS Form 1099.
5. Treasurer's receipts are not pre-numbered.
6. Some clubs do not appear to meet the criteria for an extraclassroom organization according to New York State Guidance.
7. Payments are being processed by the Central Treasurer without all necessary approvals.
8. Payments are being processed by the Central Treasurer without any support for the amount or reasoning for the expenditure.

**Current Year Deficiencies**

- A. **Gift Cards:** There were some instances where gift cards were given as prizes without evidence of students acknowledging receipt of these gift cards.
- B. **Fiscal Accounting and Oversight:** Procedures are not always enforced at the building level, and in some instances Faculty Advisors have been instructed to take actions in direct contradiction to the training provided.
- C. **Inactive Clubs:** Some clubs were financially inactive during the 2020-2021 fiscal year.
- D. **Related Party:** The Student Treasurer of the Class of 2023 was related to one of the Faculty Co-Advisors.

### **Response to Findings**

- I. **Review of Extraclassroom Procedures.** The district will use the mid school year point to meet with staff who supervise any extraclassroom activity. A document was provided to all Faculty Advisors in September 2021 outlining the procedures for properly running extraclassroom clubs. In January or February of 2022, the Business Administrator will meet with all Faculty Advisors to review the guidance from *The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds* manual provided by New York State. Faculty Advisors will meet with their extraclassroom club student officers to ensure that proper procedures are being followed. **Person Responsible: Business Administrator to provide guidance and support to Building Principals**
  - This plan will provide corrective action for deficiencies 1-5, 7-8, A, and B, and will be completed by June 30, 2022.
- II. **Increase Student Involvement.** The Business Administrator will work with the Faculty Auditor and Central Treasurer to provide support to student officers to ensure that students increase their involvement and responsibilities within their clubs. The Faculty Auditor will work with each Faculty Advisor to support each student officer in the role of President, Vice-President, and Secretary. The Central Treasurer will work with each Faculty Advisor to support each student Treasurer. The Business Administrator will meet periodically with the Faculty Auditor and Central Treasurer to review progress regarding student involvement. **Persons Responsible: Business Administrator and Building Principals**
  - This plan will provide corrective action for deficiencies 1-3 and 7-8, and will be completed by June 30, 2022.
- III. **Review Current Extraclassroom Clubs.** The Business Administrator will work with the Faculty Auditor and Central Treasurer to review each Extraclassroom Club to determine if it meets the criteria as stated by New York State to be considered an extracurricular activity. Any club determined to not meet this criteria will be removed from the list of clubs according to proper procedure. Any club that is inactive will be reviewed to determine if the club should continue as an extracurricular activity or be removed from the list of clubs according to proper procedure. The effects of the current Covid-19 outbreak will be a factor in considering whether or not an inactive club continues as an extracurricular activity. **Person Responsible: Business Administrator**
  - This plan will provide corrective action for deficiencies 6 and C, and will be completed by June 30, 2022.
- IV. **Related Parties.** The district will continue to review procedures to be followed when a student officer is related to a Faculty Advisor. A Co-Advisor who is not related to the student officer will be assigned to the club. Procedures will reflect a practice that prohibits signatures on the same document where two or more signers are related. **Persons Responsible: Building Principals and Central Treasurer**
  - This plan will provide corrective action for deficiency D, and will be completed by June 30, 2022.

Sincerely,



Kristopher Williamson  
Business Administrator