

To: Robert Edwards, Superintendent

From: Kristopher Williamson, Business Administrator

Date: Wednesday, January 25, 2023

Subject: CAP for June 30, 2022 Extraclassroom Audit Report

As part of the district's 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. Our prior and current year deficiencies are noted below along with our response to these findings.

Prior Year Deficiencies

1. 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. 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.
4. Treasurer's receipts are not pre-numbered.
5. Payments are being processed by the Central Treasurer without all necessary approvals.
6. Payments are being processed by the Central Treasurer without any support for the amount or reasoning for the expenditure.
7. There was one instance where one club made a scholarship payment to a student without meeting minutes to indicate that the majority of the club approved the expense.

Current Year Deficiencies

- A. **Student Participation:** The faculty advisor of one club maintains the club books without the assistance of the Student Treasurer.
- B. **Fundraising Approval:** There is no formal process for fundraising activities.
- C. **Internal Accounting Controls:** Administration is not reviewing the extraclassroom financial records during the year. There is no formal process for clubs to reconcile their books with those maintained by the Central Treasurer.
- D. **Certificate of Deposit:** The Certificate of Deposit was unavailable for review.

Other Items

01. **Inactive Clubs:** Some clubs were financially inactive during the 2021-2022 fiscal year.
02. **Related Party:** The Student Treasurer of the Jr. High Band was related to one of the Faculty Co-Advisors.

Response to Findings

- I. **Review of Extraclassroom Procedures.** During the 2022-23 school year, the district plans on reviewing all procedures in place for Extraclassroom activities. The Business Administrator will provide annual training to 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**
 - Corrective Action for: Deficiencies 1-7, A, B, and C
 - Timeline: Completed by June 30, 2023
- II. **Increase Student Involvement.** The Business Administrator will work with the Faculty Counselors and Central Treasurer to provide support to student officers to ensure that students increase their involvement and responsibilities within their clubs. The Faculty Counselors 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 Counselors and Central Treasurer to review progress regarding student involvement.
 - **Persons Responsible: Business Administrator and Building Principals**
 - Corrective Action for: Deficiencies 1, 5-7, A, and B
 - Timeline: Completed by June 30, 2023
- 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**
 - Corrective Action for: Other Item 01
 - Timeline: Completed by June 30, 2023
- IV. **Financial Documents Available for Review.** The G.O. Bookkeeper and Central Treasurer will provide monthly financial updates to the Business Administrator. The Business Administrator will review all banking documents, including the Certificate of Deposit.
 - **Person Responsible: Business Administrator**
 - Corrective Action for: Deficiencies C and D
 - Timeline: Completed by June 30, 2023
- V. **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**
 - Corrective Action for: Other Item 02
 - Timeline: Completed by June 30, 2023