

To: Robert Edwards, Superintendent

From: Kristopher Williamson, Business Administrator

Date: Thursday, December 28, 2023

Subject: CAP for June 30, 2023 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 (Student Treasurer) 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. There is no formal process for fundraising activities
5. There is no formal process for clubs to reconcile their books with those maintained by the Central Treasurer.
6. Receipts are not pre-numbered.
7. There were two instances in which payment orders were missing the Student Treasurer's signature.
8. There were two instances in which student meeting minutes approving the purchase of gift cards were unavailable for review.

Current Year Deficiencies

- A. **Raffles:** Raffles were held during the 2022-23 school year.
- B. **Profit and Loss Statements:** There were two instances in which profit and loss statements were not prepared by clubs involved with fundraising activities.
- C. **Disbursements:** There was one instance in the Class of 2023 in which an invoice was unable to be provided to support the payment.
- D. **Receiving Signatures:** There was one instance in the Class of 2023 and one instance in the Helping Hands Club in which gift cards were given out to individuals and where there was no documentation showing receiving signatures of those who received them.

Other Items

01. **Inactive Clubs:** Some clubs were financially inactive during the 2022-2023 fiscal year.

Response to Findings

The district recognizes that a full transformation to proper procedures will be a multi-year process. I am pleased to report that in the current 2023-24 school year, the following items are currently experiencing some progress.

- Training has been provided to student treasurers and student secretaries.
- A system for pre-numbering receipts has been implemented.
- Revised forms are being used for disbursements, receipts, profit and loss, and transfers.
- Student treasurers are maintaining their own separate ledgers from the Central Treasurer and duplicates of financial records are being maintained by each club.
- The Faculty Auditor is reviewing each club binder in detail and providing guidance to clubs.

To ensure that the district continues on the path of improvement, the following corrective actions will be taken:

- I. **Review of Extraclassroom Procedures.** During the 2023-24 school year, the Faculty Auditor plans to continue reviewing all procedures in place for Extraclassroom activities. Faculty Counselors will meet with the Faculty Advisors to ensure that proper procedures are being followed.
 - **Person Responsible: Faculty Auditor (Kristopher Williamson) to provide guidance and support to the Faculty Counselors (Joe Mack and John Zarcone)**
 - Corrective Action for: Deficiencies 1-8, B, C, and D
 - Timeline: Completed by June 30, 2024
- II. **Increase Student Involvement.** The Faculty Auditor 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 Auditor will provide training for student treasurers and student secretaries. 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 Faculty Auditor will meet periodically with the Faculty Counselors and Central Treasurer to review progress regarding student involvement.
 - **Persons Responsible: Faculty Auditor (Kristopher Williamson), Faculty Counselors (Joe Mack and John Zarcone), and Central Treasurer (Sherry Timmons)**
 - Corrective Action for: Deficiencies 1-2, 7-8, B, and D
 - Timeline: Completed by June 30, 2024
- III. **Training for Advisors.** The Faculty Auditor will provide annual training to all Faculty Advisors, at the start of the school year, to review the guidance from *The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds* manual provided by New York State. Prior to March 1, 2024, the Faculty Auditor will provide follow-up training to Faculty Advisors regarding profit and loss statements, sales tax guidelines, payment order procedures, requirements within meeting minutes, information pertaining to raffles, and documentation needed for financial transactions.
 - **Persons Responsible: Faculty Auditor (Kristopher Williamson)**
 - Corrective Action for: Deficiencies 1-2, 7-8, A, B, C, and D
 - Timeline: Completed by March 1, 2024
- IV. **Review Current Extraclassroom Clubs.** The Faculty Auditor will work with the Faculty Counselors 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.
 - **Person Responsible: Faculty Auditor (Kristopher Williamson)**
 - Corrective Action for: Other Item 01
 - Timeline: Completed by June 30, 2024