

LaFayette Central School District

Four Schools, Three Buildings, Two Nations, One Goal: Excellence!

LaFayette Jr./Sr. High School
3122 Route 11 North
LaFayette, NY 13084

Big Picture School
3122 Route 11 North
LaFayette, NY 13084

C. Grant Grimshaw Elementary
5957 Route 20 West
LaFayette, NY 13084

Onondaga Nation School
Route 11A RR#1 Box 270
Nedrow, NY 13120

Corrective Action Response to Extraclassroom Activity Fund 2019-20 10-8-2020

INTERNAL CONTROL RELATED MATTERS

Issue: Receipts Procedures and Documentation

Observation:

We reviewed the cash receipt procedures and documentation of the clubs. Our audit procedures included selecting a sample of 20 cash receipts to review. During our review, we noted deficiencies surrounding the controls over cash receipts as follows:

- In five (5) instances it was noted that sales tax was not collected on items when it appears based on the type of sale that sales tax should have been collected and remitted to the State. Additionally, three (3) instances were noted that did not contain documentation to support if sales tax was necessary to be collected or not. Lastly, a resale certificate is not utilized when purchasing goods to be resold where sales tax is required to be collected.
- In ten (10) instances the deposits were not made on a timely basis.
- In one (1) instances there were no signatures present authorizing the amounts to be deposited.
- In five (5) instances, the support for the cash receipts selected did not contain adequate documentation to support the amount received.

Recommendation:

We recommend that all receipts contain a description of what the receipt was for, have adequate support for the receipt, proper sign-offs are done and that deposits are made on a timely basis. We also recommend that the District review the policy for "The Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds" and collect and remit sales tax on the appropriate items. We also recommend that sales tax owed by each club be taken out of the bank account on a monthly basis and segregated into a sales tax account until the tax filing is submitted. This will ensure a club is not closed out prior to the tax being segregated. In addition, the district should utilize a resale certificate to ensure sales tax is not being paid both at the time of purchase and at the time of remitting collections to the state.

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Vision: *Inspire, empower, and prepare all students to achieve excellence.*

Action:

Extraclassroom training will be provided by our External Auditors, Bonadio & Co., LLC. Each school's central treasurer and student advisors will be included in the training. The training will specifically address receipt and disbursement documentation, authorization sign-offs, proper segregation of duties, timely deposits, sales tax guidance, the use of resale certificates among other key issues. Additionally, the Treasurer will conduct a mid-year audit to ensure these procedures are being followed. If necessary, another audit will take place prior to year-end. The training will be completed by January 31, 2021 and the mid-year audit will be completed by February 28, 2021.

Issue: Disbursements Procedures and Documentation**Observation:**

We reviewed the cash disbursement procedures and documentation of the clubs to test the following attributes: 1) authorized signature, 2) proper supporting documentation, and 3) recorded correctly in the general ledger. We selected a sample of 20 disbursements and had the following exceptions:

- In six (6) instances the withdrawal form did not include all required signatures.

Recommendation:

We recommend that all disbursements be supported by adequate documentation such as vendor invoices as proof of the expenditure and all disbursements be properly authorized in accordance with District policy.

Action:

Extraclassroom training will be provided by our External Auditors, Bonadio & Co., LLC. Each school's central treasurer and student advisors will be included in the training. The training will specifically address receipt and disbursement documentation, authorization sign-offs, proper segregation of duties, timely deposits, sales tax guidance, the use of resale certificates among other key issues. Additionally, the Treasurer will conduct a mid-year audit to ensure these procedures are being followed. If necessary, another audit will take place prior to year-end. The training will be completed by January 31, 2021 and the mid-year audit will be completed by February 28, 2021.

OTHER MATTERS FOR CONSIDERATION OF MANAGEMENT**Issue: Concession Stand Sales****Observation:**

During our inquiries we noted that there does not appear to be an 'inventory' system in place for concession stand sales to keep track of the number of items purchased and on hand versus the number of items sold to aid in determining if the amount of concession stand revenue received is in line with the amount of product sold.

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Recommendation:

We recommend the District evaluate implementing some type of inventory system to track the amount of items purchased and sold to be able to determine if the amount of money received from the sales are appropriate.

Action:

The School Business Manager and/or Treasurer will evaluate the concession stand sales process. An inventory system will be considered. This evaluation will be completed by April 30, 2021.

Issue: Ticket Sales**Observation:**

During our inquiries we noted that there does not appear to be a good system in place for ticket sales to keep track of the number of tickets sold in advance or at the event.

Recommendation:

We recommend the District evaluate implementing some type of controls where two people collect the money and count the money for ticket sales that reconciles back to the number of tickets sold. Pre-numbered tickets should be used.

Action:

The School Business Manager and/or Treasurer will evaluate implementing some type of ticket sales controls for tracking the number of tickets sold either in advance or at the event. This evaluation will be completed by April 30, 2021.

Issue: Extraclassroom Forms and Schedules**Observation:**

During our review of policies and procedures it appears that the High School, Elementary and Onondaga Nation Schools all utilize different forms for cash receipts and disbursements and require various forms of support for those transactions. In addition, the excel schedules used to record the receipts and disbursements lack some of the necessary information.

Recommendation:

We recommend the District evaluate implementing some type of standardized forms for use throughout the District so consistent methods and practices are being used amongst all the schools. We recommend that the excel cash receipts schedules used to record the daily activity contain the following: deposit date, amount of deposit, description of the deposit and then be allocated to the appropriate club. We also recommend that the excel disbursement schedules used to record the daily activity contain the following: check date, check number, vendor, amount, description and then be allocated to the appropriate club. Sample forms that can be found in the 2019 New York State, "The Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds" booklet.

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Action:

The School Business Manager and/or Treasurer will review all forms used currently by each Club Treasurer and will create standard forms to be used by all. A folder of these forms will be made available to the Club Treasurers. This review will be completed by April 30, 2020.

Issue: Club Management**Observation:**

In accordance with the New York State Regulation on the Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds, clubs shall not be established for students below the sixth grade.

Recommendation:

We recommend that the District review the active club listing to ensure that its membership comply with NYS Regulations surrounding Extraclassroom Activity Funds.

Action:

The School Business Manager and/or Treasurer will review the clubs formed at each school building and will dissolve all clubs below the sixth grade. The extraclassroom club listing will be updated once this has been discussed with each building. This will be completed by February 28, 2021.

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