



PELHAM UNION FREE SCHOOL DISTRICT

**Corrective Action Plan
Related to:**

**Independent Accountant's Report on Applying Agreed-Upon Procedures:
Receipts of Cash & Checks, Revenue Accounting and Extraclassroom Activities for the Period
July 1, 2017 – October 31, 2018**

Dated: January 28, 2019

The engagement was performed to review internal controls and operating efficiencies related to cash receipts, revenue management and extraclassroom activities.

FINDINGS, RECOMMENDATIONS AND DISTRICT RESPONSE

Findings are noted in the attached Independent Accountant's Report on Applying Agreed-Upon Procedures. Recommendations and District Response to findings follows.

Recommendation

Consider implementing an online method to collect funds from parents for items such as field trips, lost book fines, AP exam fees, instrument rental, cap and gown, chorus dresses, etc. In the meantime, the Business Office should consider using a three-part receipt book, instead of a two-part receipt book, for all deposits received from the schools. The third copy of the receipt would be sent back to the originator as a receipt. Also, the building secretaries should be instructed to notify the Business Office if a receipt is not received within a set period of time (e.g. 3 days).

District Response

The District has researched online methods for fund collection and plans to work with the Technology Department to implement this measure in the near future. This effort has been hampered by turnover in the Technology Department leadership.

Receipts are provided, as practical, for cash and checks received in the Business Office. Further, the Business Office is developing a revised cash receipt transmittal form to be used for all funds sent internally to the office for deposit. The form would be processed and a copy returned to the sender as confirmation of receipt.

Recommendation

The District should utilize the receipt log to verify that amounts received are actually deposited.

District Response

The Business Office is now reconciling the receipt log to the deposits per the bank statement on a monthly basis to ensure amounts received are deposited.

Recommendation

All deposits received from the schools should be accompanied by a completed deposit form and supporting documentation (i.e. list of students and amount each paid) in order for the Business Office to determine that the deposit is complete. Additionally, all deposits from the buildings should be sent to the Business Office in a timely manner.

District Response

The Business Office will reinforce to need to provide substantiation of all cash receipts transmitted for deposit, as practical, as well as the need to send receipts in a timely manner.

Recommendation

The MS Main Office should discontinue the procedure of maintaining a box on the Secretary's desk to collect payments for field trips. All funds should be secured in the safe, including during the school day. Additionally, all funds related to field trips should be deposited with the Secretary rather than brought to the venue to pay admission.

District Response

The MS Main Office has been instructed to secure field trip payment collections in a secure, locked location at all times in order to safeguard funds.

The second part of the recommendation (related to paying venues for field trips) pertains to the HS. The Business Office is working with the HS principal to examine practices around field trip venue payments to determine a consistent approach that ensures fieldtrip activity flows through the District or the PTA, as appropriate.

Recommendation

Consider scanning textbooks into the Library system to track the issuance and return of the textbooks each year.

District Response

The Business Office will discuss this recommendation with the building principals and the Technology Department to determine if there is a more efficient method to account for textbooks issued to students.

Recommendation

The invoice from the Town of Pelham, and any other receipt not previously billed by the District, should be reviewed by the appropriate District employee to ensure that the amounts are accurate and complete.

District Response

This measure has been implemented and was completed for the annual Town remittance received in January 2019.

Recommendation

Review the MS Extraclassroom accounts to determine if the structure should be changed to breakout each club with a starting balance and ending balance which would be carried forward each year as a running balance. Also, determine whether or not each extraclassroom activity is a bona-fide club per CR §172 and Finance Pamphlet 2. Included within the pamphlet is the regulation that each club shall have student officers as president, secretary and treasurer who are involved in the financial activities of the club.

District Response

The Business Office has met with the MS principal, extraclassroom advisors and central treasurer to review a restructuring of the MS extraclassroom fund. This process will be an ongoing one, with budgetary and operational impact. The district will work toward a restructuring to become effective within the 2019-20 school year.

Recommendation

Establish procedures requiring all clubs to use pre-numbered tickets whenever possible for admission to events, account for the number of tickets sold and compare to the deposit amount. When appropriate, a profit and loss statement should be prepared to determine if events are breakeven. The deposit amount should be documented with the details of the deposit on the deposit form (i.e. number of items/tickets sold multiplied by cost is equal to the total deposit) and any supporting documents should be attached to the deposit form (i.e. class lists, listing of tickets sold, etc.) for the Central Treasurer to be able to determine if the deposit is complete.

District Response

The Business Office has met with the HS and MS principals, extraclassroom advisors and central treasurers to reinforce measures necessary to implement this recommendation.

Recommendation

Review balances in the HS Yearbook club account and determine a plan to spend the funds.

District Response

The HS Central Treasurer informed the Business Office that the balance in the HS Yearbook Club at 6.30.18 of \$28,983 will be drawn down over several years through adjustments in the yearbook pricing structure and one-time expenditures aimed at yearbook production enhancements.

Recommendation

Establish procedures to require each club to maintain a financial ledger and confirm in writing that ledger with the Central Treasurer at least once during the year and at the end of the year. On a test basis the Central Treasurer at the HS should compare the deposits and expenses that are recorded to the correct account after the Student Treasurer posts the activity.

District Response

The Business Office has met with the HS and MS principals, extraclassroom advisors and central treasurers to reinforce measures necessary to implement this recommendation.

Recommendation

Improve the sales tax procedures related to extraclassroom activities and establish a process for determining if the event is taxable. The procedures need to ensure that the fundraising events and activities are in compliance with sales tax guidelines (e.g., yearbook, clothes, items purchased for resale) and ensure that the clubs do not improperly claim exemption from tax with vendors.

District Response

The Business Office has met with the HS and MS principals, extraclassroom advisors and central treasurers to reinforce measures necessary to implement this recommendation. Further, the HS & MS Central Treasurers have been provided with *The Safeguarding, Accounting & Auditing of Extraclassroom Activity Funds* pamphlet issued by NYSED, which discusses sales tax matters related to ECAF. The Central Treasurers have been encouraged to contact the Business Office with questions about potential sales tax matters as they arise.

Recommendation

Develop procedures to ensure that deposits are submitted to the Central Treasurer on a timely basis. The receipts (i.e., cash and checks) should be deposited as soon as possible.

District Response

The Business Office has met with the HS and MS principals, extraclassroom advisors and central treasurers to reinforce measures necessary to implement this recommendation.

Recommendation

Ensure that a detailed invoice is supplied for each payment. All refunds should have a letter from the parent requesting the refund attached as documentation. Additionally, all transfers should be documented on a form and, at a minimum, the club advisor should sign-off on the transfer.

District Response

The Business Office has met with the HS and MS principals, extraclassroom advisors and central treasurers to reinforce measures necessary to implement this recommendation. The Central Treasurers have been instructed to withhold payment if proper documentation is not provided.

Recommendation

Ensure that all deposit forms are signed-off by the student treasurer.

District Response

The Business Office has met with the HS and MS principals, extraclassroom advisors and central treasurers to reinforce measures necessary to implement this recommendation.