



**PELHAM UNION FREE SCHOOL DISTRICT**  
**Corrective Action Plan Related to**  
**COMMUNICATION OF INTERNAL CONTROLS OVER FINANCIAL REPORTING**  
**June 30, 2021**

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In the course of planning and performing their audit of the financial statements of the Pelham Union Free School District as of and for the year ended June 30, 2021, PKF O'Connor Davies our external auditor, made the following observations about the internal controls and operations, none of which was considered a material weakness. The District's action plan in response to each deficiency is noted.

**EXTRACLASSROOM ACTIVITIES**

**FINDING: Segregation of Duties**

During the audit testing, it was noted that the Central Treasurer for the Middle School Extra Classroom Fund has the ability to collect cash, issue receipts, prepare bank deposit slips, make bank deposits, write checks, and prepare bank reconciliations.

**Recommendation**

We recommend that the School District takes care to review its segregation of duties framework and ensure that the duties of each employee are truly segregated.

**Action Plan**

The District has mitigating controls in effect to offset the segregation of duties concerns noted. For instance, the District Treasurer signs all disbursements made by the Middle School Extra Classroom Fund (Fund) and reviews bank statements for the Fund. The Central Treasurer has been instructed to provide adequate documentation on cash receipt records to evidence that all funds collected were deposited. In addition, the Central Treasurer has been asked to prepare year end statements for those clubs with financial activity and to obtain approval of those statements from club advisors.

**FINDING: Inactive Clubs**

During the course of the 2020-21 year, eleven clubs had no activity: DIY-Do It Yourself Club (\$150), Environmental Science Club (\$2,331), GSA-Gender Sexuality Alliance Club (\$262), Human Rights Club (\$140), Peer Leadership (\$68), PelMel-Newspaper Club (\$30), SCI Olympiad (\$1,213), Science Research Club (\$856), ST for Refugees (\$872), Mental Health Club (\$383) and the Italian Club (\$58).

**Recommendation**

We recommend that the School District investigate and review these balances and take the appropriate action to close out these old amounts. A determination of the status of a club with no financial activity should be made to determine the proper disposition of funds.

**Action Plan**

The High School principal and the Central Treasurer review club activity at year end. Typically, a few clubs are closed annually with any remaining fund balances transferred to the general Student Association in accordance with Board of Education policy. Certain clubs remain operationally active while having no financial activity. In such cases, the club fund balance can carryforward without change to ensuing years.

**FINDING: Fund Balances**

During our review of the High School's activity accounts, we noted that the Class of 2020 and Class of 2021 have a combined balance of \$12,406 as of June 30, 2021. These accounts should have closed when the classes graduated, and the balances expended or transferred to another account at the end of the fiscal year.

**Recommendation**

We recommend that these accounts be removed and the funds transferred to active clubs.

**Action Plan**

The District has instructed the Student Association Advisor and Central Treasurer to implement the recommendation.

**FINDING: Cash Receipts**

During our testing of the Middle School's cash receipts, we noted that the School District did not deposit one receipt within 72 hours of receipt.

**Recommendation**

We suggest that procedures be implemented to ensure that all receipts are deposited within 72 hours of receipt by the School District.

**Action Plan**

The District has made the Middle School GO Advisor and Central Treasurer aware of the finding and reminded them to ensure compliance with District policy regarding the timely deposit of cash receipts.

**SCHOOL LUNCH FUND**

**FINDING: Excessive Fund Balance**

The School Lunch Fund is used to account for revenues and expenditures in connection with the School District's food service program. New York State Education Regulations suggests that assigned fund balance in the School Lunch Fund be no more than three months' worth of operating average expenditures. The average three month expenditure for the School District is approximately \$70,236 and the District has a total unassigned fund balance of approximately \$337,749 at June 30, 2021, which is in excess of \$267,513.

**Recommendation**

We recommend that the School District develop a plan to utilize the excess fund balance of the School Lunch Fund to comply with the New York State Education Regulations.

**Action Plan**

The District is aware of the operating surplus, and will coordinate with NYSED on developing and obtaining approval for a spending plan to meet the allowable limit.