

**Edgemont Union Free School District, New York  
Corrective Action Plan**

**Other Matters**

- **Special Purpose Fund**

*Inactive Trusts*

The Special Purpose Fund is used to account for assets held by the School District in accordance with the terms of an agreement. Our audit of the activity of this fund indicated that seven of these accounts had no financial activity for the entire fiscal year.

***Recommendation***

We recommend that the School District analyze the balances and review the purposed of these funds so that a determination may be made as to the proper disposition of the funds. Should it be determined that these amounts are no longer required to be held in trust, a Board of Education resolution should be approved transferring these amounts to the General Fund.

- ***Corrective Action Plan***

The Assistant Superintendent for Administration and Business will analyze the balances and review the purpose of all accounts in the Special Purpose Fund by December 1, 2024. For those accounts no longer required to be held in a trust, Board authorization to transfer remaining balances to the General Fund will be requested by the Assistant Superintendent for Administration and Business by January 31, 2025. For those accounts still required to be held in a trust, an action plan will be developed with the custodian of each account to dispose of the remaining funds for the purposes originally intended by June 30, 2025.

- **Extraclassroom Activity Funds**

Extraclassroom activity funds, which are authorized by the New York State Department of Education, are an integral part of the educational program of the School District. As part of our audit, we have reviewed, evaluated, and tested the Extraclassroom Activity Funds of the School District. The results of our tests disclosed that the following areas were not in compliance with the regulations of the Commissioner of Education.

*Inactive Clubs*

There were thirty-six clubs that had no financial activity during the current fiscal year. State Education Department Regulations provide that the funds of a discontinued activity shall automatically revert to the account of the general student organization or the student council and shall be expended in accordance with that organization's constitution.

- **Recommendation**

We recommend that the District investigate and review these balances and take the appropriate action to close out these old amounts. A determination of the status of the club with no financial activity should be made to determine the proper disposition of funds. This action will deter clubs from being inactive in future years.

- **Corrective Action Plan**

In collaboration with the Extraclassroom Activity Treasurer, the Assistant Business Manager will review these balances and take appropriate action to close out old amounts by December 31, 2024. Historically, the Board of Education has provided guidelines permitting inactive club accounts to remain open for up to two years without activity. In determining the status of each club without financial activity in the 2023-2024 school year, the Assistant Business Manager and Extraclassroom Activity Treasurer will consider these guidelines and make determinations regarding the disposition of funds by January 31, 2025.

#### *Timeliness of Deposits*

During our testing, the auditor notes that all ten selection were not made timely. This lack of timely deposits can increase the risk of misplacement, and misappropriation, which can lead to negative impacts on the financial reporting process.

#### **Recommendation**

We recommend that cash be deposited within three business days, or 72 hours of receipt. This practice will strengthen the internal control process over cash receipts and greatly lessen the likelihood of cash getting lost or stolen before it is deposited in the bank.

- **Corrective Action Plan**

The Assistant Business Manager will meet with the Extraclassroom Activity Treasurer quarterly, with first meeting occurring no later than November 30, 2024 to review the outlined recommendation and audit records of cash deposits occurring within the quarter. For any audited deposits failing to meet the 72-hour deposit recommendation, the Assistant Business Manager will require the Extraclassroom Activity Treasurer to provide written rationale explaining the contributing factors that resulted in late deposit. The Assistant Business Manager will summarize these contributing factors in the form of a memo written to the Assistant Superintendent for Administration and Business by June 1, 2025 for review. The Assistant Superintendent for Administration and Business will review the memo and make determination regarding any necessary documented procedural changes by June 30, 2025.