

**HYDE PARK CENTRAL SCHOOL DISTRICT**

Administration Offices: P.O. Box 2033, Hyde Park, New York 12538-8033  
Telephone: (845) 229-4000  
[www.hpcsd.org](http://www.hpcsd.org)

**Greer Rychcik, Ed.D.**  
*Superintendent of Schools*

**Aviva Kafka**  
Deputy Superintendent  
Phone: 845-229-4008

**Linda Steinberg**  
School Business Manager  
Phone: 845-229-4009

**TO:** Board of Education Audit Committee  
**FROM:** Linda Steinberg, School Business Manager  
**cc:** Dr. Greer Rychcik, Superintendent of Schools  
**DATE:** January 9, 2018  
**RE:** Corrective Action Plan for the 2016-2017 Audit

The purpose of the external auditor (Marvin and Company) is to perform an independent audit of the District's financial statements and express an opinion as to their fairness in presentation and conformity with generally accepted accounting principles.

The auditing standard, Statement on Auditing Standards No. 112, Communicating Internal Control Related Matters Identified in an Audit was issued by the American Institute of Certified Public Accountants. This auditing standard provides guidance on communicating matters relating to internal control, and requires the external auditor to evaluate the severity of control deficiencies that the auditor has become aware of during the course of the audit. Control deficiencies that are determined to be significant deficiencies or material weaknesses are required to be reported as part of the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. The 2016-2017 Extraclassroom Activity audit report contained findings that need to be addressed by the District within the stipulated guidelines. We are required to respond to the findings of the audit by creating a corrective action plan.

The following are the findings as noted in the Independent Auditor's Report that require corrective actions to be made by the District:

**1. Cash Disbursements**

**Finding:** During Testing and review of disbursements, we noted 4 out of 60 disbursements in which there was no invoice or supporting documentation to indicate the amount to be disbursed.

**Recommendation:** We recommend supporting documentation for cash disbursements be kept.

**District Response:** The Extraclassroom central treasurers will follow the external auditors' recommendations by requiring and keeping supporting documentation for all cash disbursements.

***The Hyde Park Central School District empowers our community to strive for excellence and embrace the opportunities of our globally connected world.***

## **2. Cash Disbursement Approvals**

**Finding:** During our test of sixty cash disbursements, we noted 7 out of 60 disbursements tested in which the disbursement was missing the student's signature. Additionally, there were 22 out of 60 disbursements in which there was no purchase request showing student or faculty approval.

**Recommendation:** As the policies and procedures that are in place for cash disbursements are for the dual purpose of providing internal control over disbursements involving the students in the process, we recommend the Fund's policies and procedures be followed. Signatures on disbursements should be checked to ensure that all necessary signatures are included on disbursement documentation.

**District Response:** The Extraclassroom central treasurers will ensure that proper approval and signatures appear on all disbursement requests before disbursements are made.

## **3. Club Ledgers**

**Finding:** During our testing we noted that the middle school did not have/use club ledgers. We also noted that in our testing of 51 high school tested disbursements, one was not accounted for on the Club ledger.

**Recommendation:** Club ledgers are an important and required part of the accounting records for Extraclassroom activities. The purpose of these ledgers is for the Club to be responsible for recording and monitoring their activity and for providing a system of checks and balances against the ECAF Treasurer. To help ensure that each club is aware of the balance available to them, club ledgers should be prepared and maintained by the student treasures of each club, ensuring they are correctly accounting for all activity throughout the year. These ledgers should be periodically compared to the ECAF Treasurer's ledger with any discrepancies investigated and resolved.

**District Response:** ECAF Treasurers will communicate the importance of maintaining club ledgers to the student club advisors and club officers. The students will be required to reconcile their club ledgers to the ledgers maintained by the ECAF Treasurers. Additionally, on a periodic basis, the students will be required to submit copies of their ledgers to the ECAF Treasurer for record keeping purposes.

## **4. Review of Checks**

**Finding:** During our testing we noted that 1 in 51 high school disbursements tested was lacking the Chief Faculty Advisor's signature.

**Recommendation:** All checks should be reviewed by both check signors and agreed to supporting documentation.

**District Response:** The Extraclassroom central treasurers will ensure that proper approval and signatures appear on all disbursement requests before disbursements are made

## 5. Accounting Controls Over Cash Receipts

**Finding:** The Extraclassroom Activity Clubs receive funds from a variety of sources, including donations, ticket sales, field trips, event admissions and product sales. However, controls over these receipts are limited.

**Recommendation:** The District should review NYSED's Finance Pamphlet 2 for all aspects of control over Extraclassroom Activity Funds. However, as it relates to cash receipts, the District should consider the following:

- All donations should be documented in the minutes of each Club receiving donations as soon as they are received. The minutes should be signed by the Club officers and maintained as part of the official records of the club. In addition, the copy of the check or other documentation, such as a letter from the donor, should be filed with the cash receipts documentation.
- The District should consider issuing pre-numbered receipts to all Clubs with direction as to when a receipt should be issued, i.e., anytime an individual collects money from another individual. Periodically, the pre-numbered receipt books should be collected and reconciled to the cash receipts recorded.
- The District should require all fundraising activity to be supported by a ticket reconciliation for events for which admission is charged. Any fundraising involving the sale of inventory should be supported by an inventory reconciliation form which should be attached to the cash receipt.
- To provide a system of checks and balances, all clubs should be required to prepare a statement of profit and loss for each fundraising event held. This will institute a sense of accountability as each event will be reviewed for effectiveness and efficiency.

**District Response:** The ECAF central treasurers will ensure that documentation, such as a letter from the donor, is filed with the cash receipt of a donation. The ECAF treasurers will also advise the club advisors and officers that all donations should be documented in club minutes.

ECAF treasurers will issue pre-numbered receipt books to all clubs and ask that clubs follow the external auditors' recommendations for issuance of cash receipts.

Pre-numbered tickets will be used when admissions to events is charged. Ticket reconciliation will be documented in the fundraiser's profit & loss statement. When inventory is sold, the amount collected will be reconciled to the number of items originally available to sell and the number of items unsold. The reconciliation will be reflected on the fundraising event's profit & loss statement.

The ECAF treasurers will inform the club advisors and officers that they are required to prepare a profit and loss statement for each fundraising event.