

Voorheesville Central School District

Extra-Classroom Activities

DECEMBER 2017



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

Contents

- Report Highlights 1**

- Extra-Classroom Activity Fund 2**
 - How Should the District Account for Extra-Classroom Activity Collections? 2

 - The District Did Not Properly Account for Extra-Classroom Activity Collections. 2

 - How Should the District Account for Extra-Classroom Activity Disbursements? 4

 - The District Did Not Properly Account for Extra-Classroom Activity Disbursements. 5

 - What Do We Recommend? 6

- Appendix A: Response From District Officials. 7**

- Appendix B: Audit Methodology and Standards. 9**

- Appendix C: Resources and Services10**

Report Highlights

Voorheesville Central School District

Audit Objective

Determine whether District officials properly accounted for extra-classroom activity (ECA) fund collections and disbursements.

Key Findings

- Student treasurers did not issue duplicate press-numbered receipts or prepare adequate accountabilities for all collections.
- The central treasurer made disbursements without adequate supporting documentation and proper documentation of approval.
- Student treasurers did not maintain independent ledgers documenting collections and disbursements.

Key Recommendations

- Ensure that student treasurers maintain adequate supporting documentation for all ECA fund collections.
- Ensure that disbursement requests are adequately supported and approved prior to disbursing ECA funds.
- Ensure that student treasurers maintain independent ledgers showing all ECA collections and disbursements.

School officials generally agreed with our recommendations and have initiated, or indicated they planned to initiate, corrective action.

Background

The Voorheesville Central School District (District) is located in the Towns of Berne, Guilderland and New Scotland in Albany County.

The seven-member Board of Education (Board) is responsible for the general management and control of the District's financial and educational affairs, including the ECA funds. The Superintendent of Schools (Superintendent) is the chief executive officer and is responsible, along with other administrative staff, for day-to-day District management under the Board's direction. The Assistant Superintendent for Business (Assistant Superintendent) oversees the District's business operations.

Quick Facts

Enrollment	1,170
Employees	228
2016-17 Budgeted Appropriations	\$23.8 million

Audit Period

July 1, 2015 - March 31, 2017

Extra-Classroom Activity Fund

Generally, student activity organizations raise extra-classroom activity (ECA) funds. Students raise and spend these funds to promote the general welfare, education and morale of all students and to finance appropriate extracurricular activities for the student body. The Board-appointed central treasurer is responsible for supervising the student treasurers' work for the individual activity accounts including verifying deposits and expenditures, reconciling all accounts and preparing an annual report. In addition, the Board appoints a faculty advisor for each student club or organization.

During the 2015-16 school year, the District's 39 ECA fund accounts recorded collections totaling \$175,683 and disbursements totaling \$175,868 and had a combined cash balance of \$102,813 as of June 30, 2016.

How Should the District Account for Extra-Classroom Activity Collections?

Students are responsible for collecting money at fundraisers under the direction of their faculty advisors and all collections must be remitted to the central treasurer for deposit. When collecting money, students should issue duplicate press-numbered receipts or use some other method that adequately documents the source, date, amount and purpose of each collection. Student treasurers should remit collections to the central treasurer as soon as possible and provide adequate documentation to support the collections. Student treasurers should retain these records along with all other documentation supporting receipt of the collections.

Student treasurers, with the assistance of faculty advisors, are also responsible for maintaining independent accounting records of collections and disbursements. The central treasurer should maintain separate accounting records and reconciliations from the student treasurers. These records should be periodically reconciled by an independent person and any discrepancies should be investigated.

To provide additional oversight of ECA funds, the Board may appoint a faculty auditor who is responsible for reviewing ECA financial records to determine if adequate procedures are being used to account for the funds.

The District Did Not Properly Account for Extra-Classroom Activity Collections

When ECA collections were remitted to the central treasurer, a deposit form was filled out to document the activity's name, type of fundraiser, composition and total amount to be deposited. This form was typically signed by the student treasurer

and club advisor. We selected 72¹ remittances totaling \$78,736 that 10 clubs made to the central treasurer and reviewed all supporting documentation for the collections (e.g., accountabilities, order forms, ticket reconciliations and tally sheets). We found that all 72 remittances were accurately accounted for in the central treasurer's ledger and deposited intact. We also compared the dates recorded on the student deposit forms and duplicate deposit slips with the validated deposit slip dates to determine if the amounts collected were deposited in a timely manner after being remitted to the central treasurer. Other than minor discrepancies, which we discussed with District officials, these remittances were deposited in a timely manner.

However, we reviewed the student treasurers' independent records for the same \$78,736 of collections and found the records were not adequate for collections totaling \$57,084. Although the student treasurers prepared deposit forms that were remitted to the central treasurer, they did not maintain adequate records for collections, such as receipts or other documentation supporting the sources, dates and amounts of collections. For example, one club remitted \$9,230 for prom ticket sales and did not issue duplicate receipts or maintain detailed records to support the dates of collection and total number of tickets sold. Instead, the advisor maintained a list of registered prom attendees. Although the advisor reconciled this list with the total deposited, this reconciliation indicated that total deposits were \$260 less than what should have been collected. Because the student treasurer and advisor did not maintain adequate collection records or attendance records, we could not determine whether the club collected all money due to them for prom ticket sales or if those collections were entirely remitted to the central treasurer for deposit.

Because the student treasurers' records were not adequate, we could not determine whether all collections were remitted to the central treasurer. As a result, where possible, we performed additional testing to determine whether all collections were remitted. For example, one club remitted \$9,302 for the sale of play tickets, DVDs, concessions, merchandise and playbill advertisements but did not issue duplicate receipts, maintain inventories of goods purchased for resale or prepare accountabilities for the items sold. As a result, we performed accountabilities using DVD and merchandise purchases and play ticket numbers to determine how much should have been collected. Except for minor discrepancies, discussed with District officials, we determined those collections were remitted and deposited. Concession sales could not be verified because the items were donated. As a result, there were no inventory records to document the number of items received, sold and remaining, and there were no duplicate receipts issued.

1 See Appendix B for sampling methodology.

In addition, seven clubs did not remit funds to the central treasurer timely. Student collection dates for 38 collections lacked adequate supporting documentation. Therefore, we could not determine whether those collections were remitted in a timely manner. For example, one club held collections totaling \$9,137 between 11 and 35 days. Similarly, a different club held \$4,030 for pre-sales of play tickets between seven and 27 days prior to remitting the money to the central treasurer. Collection dates were not adequately documented for another \$850 so we could not determine how long these collections were held before being remitted.

Student treasurers did not maintain adequate accounting records. Four clubs did not have a student ledger and three of the remaining six clubs had partial or inaccurate student ledgers. We found that one student treasurer's ledger did not have any dates recorded, another student treasurer's ledger recorded ticket revenue at \$6,000 less than what was remitted and deposited and the entries in the third student treasurer's ledger were not in chronological order.

Faculty advisors did not ensure that student treasurers maintained complete and accurate student ledgers and adequately documented the source, date, amount and purpose of collections. In addition, the Board did not appoint a faculty auditor to oversee the management of the ECA funds, or appoint an independent person to review and compare the student treasurers' and central treasurer's records.

When student treasurers do not maintain and submit adequate documentation to support collections, District officials cannot ensure that students are adequately accounting for all collections and remitting them to the central treasurer in a timely manner. Furthermore, when ledgers are not complete and accurate and funds are not remitted timely, there is an increased risk that errors or irregularities could occur and not be detected or corrected in a timely manner.

How Should the District Account for Extra-Classroom Activity Disbursements?

The central treasurer should disburse ECA money only upon receiving payment orders signed by a student treasurer and faculty advisor. In addition, disbursements should have documentation, such as itemized receipts or invoices, to support the expenditures approved for payment. All disbursements should be recorded in both the student treasurers' and central treasurer's ledgers. Furthermore, donations from one club to another must be authorized by club members. Best practices require club members to document their agreement to donate funds.

The District Did Not Properly Account for Extra-Classroom Activity Disbursements

We reviewed 59 check disbursements totaling \$42,326 made from nine clubs and five interclub transfers totaling \$2,270 to determine if they were supported by approved payment forms, contained adequate documentation and were for appropriate club activities. We found the following:

- Nine disbursements totaling \$628 were made without adequate supporting documentation. From our review of other supporting documentation and interviews with District officials, we were able to determine that five disbursements totaling \$299 were for proper purposes. However, we could not determine if four disbursements totaling \$329 issued as reimbursements were for proper purposes because there was insufficient documentation to support the original purchases. For example, one advisor was reimbursed \$196 for gift cards that were given as gifts to non-club members but there was no support for the club's decision to do so. Although we were able to determine what these disbursements were made for, the central treasurer should not have made the disbursements without adequate documentation.
- The central treasurer made two disbursements totaling \$129 for reimbursements to a faculty advisor without the student treasurer's signature on the check request form. In addition, she made a \$600 interclub transfer for a donation made from one club to another that included an approved check request form, but did not contain evidence of the club member's consent to donate the money.
- One student treasurer's disbursement ledger included disbursements that were not made totaling \$138, as well as, minor recording errors in check amounts. Another student treasurer did not record \$325 in disbursements (paid for prom music) in the ledger or deduct two insufficient fund checks totaling \$260.

The central treasurer and faculty advisors did not ensure that check request forms were adequately supported prior to disbursing funds. Further, faculty advisors did not ensure student treasurers maintained complete and accurate disbursement records. When payments are made without adequate supporting documentation, District officials cannot ensure that the disbursements are made for appropriate purposes. Additionally, when ledgers and supporting documents are not maintained there is an increased risk that errors or irregularities could occur and remain undetected.

What Do We Recommend?

Faculty advisors should:

1. Ensure that student treasurers maintain adequate supporting documentation for all ECA fund collections including duplicate receipts or some other documentation that includes the source, date, amount and purpose of collections.
2. Ensure student treasurers obtain and provide the central treasurer with receipts, invoices and other relevant documentation to support disbursements.
3. Ensure that student treasurers maintain independent ledgers showing all collections and disbursements.

The central treasurer should:

4. Ensure that disbursement requests are adequately supported and approved prior to disbursing ECA funds.

The Board and District officials should:

5. Ensure that an independent person periodically reviews and compares the central treasurer's records with the student treasurers' independent records and ledgers.

Appendix A: Response From District Officials

VOORHEESVILLE CENTRAL SCHOOL DISTRICT VOORHEESVILLE, NEW YORK 12186



December 5, 2017

Board of Education

Doreen U. Sala
President

Cynthia M. Monaghan
Vice President

Michael J. Canfora
C. James Coffin
Jeannle McDonnell
Robert J. Samson
Diana M. Straut

District Staff

Brian Hunt
Superintendent

Francis Rielly
Assistant Superintendent
For Finance &
Operations

Robert Carte
Director of Technology

Karen Conroy
Director of Curriculum

Michael Goyer
Director of Facilities &
Transportation

Karen Jones
Director of Pupil
Personnel Services

Joseph Saplenza
Director of Athletics

Robin Burch
Treasurer

Jessica Tabakian
District Clerk

Please accept this document as both the Voorheesville Central School District's official response letter and corrective action plan. The district's response to the findings from the Office of the State Comptroller's audit of the Extra Classroom Accounts and meeting with two representatives from the Comptroller's office we have developed methods to address the areas that the audit deemed necessary to address.

The key findings were as follows:

- Student treasurers did not issue duplicate press-numbered receipts or prepare adequate accountabilities for all collections
- The central treasurer made disbursements without supporting documentation and proper documentation of approval
- Student treasurers did not maintain independent ledgers documenting collections and disbursements.

Key Recommendations were as follows:

- Ensure that all student treasurers maintain adequate supporting documentation for all ECA fund collections.
- Ensure that disbursement requests are adequately supported and approved prior to disbursing ECA funds.
- Ensure that student treasurers maintain independent ledgers showing all ECA collections and disbursements.

The Voorheesville Central School District will do the following actions in response to the findings and recommendations made by the Office of the State Comptroller.

1. The Board of Education will appoint an Independent Extra Classroom Account Auditor. This position will act similarly to a claims auditor. Each club will be audited at least once per year depending on volume of transactions. In the periodic review will compare central treasurer's records with the student treasurer's independent ledger.
2. Faculty advisors will attend mandatory training meetings and will perform monthly reconciliations with student treasurers and sign off on the reconciliation. Faculty advisors will ensure that the student treasurers complete sign off sheets for counting money along with corresponding documentation for receipts, provide supporting documentation for check requests that include proper signatures, invoices and receipts all of which needs to be submitted promptly to the central treasurer.
3. Faculty advisors will be responsible for checking club records, assisting student treasurers to ensure accuracy and completeness of the maintenance of the independent ledgers
4. Clubs will hold monthly meetings for which minutes will be taken and copies will be sent to the central treasurer.
5. The central treasurer will ensure that check requests have proper signatures as well as supporting documentation before any disbursement of funds is made.

Sincerely,

Francis Rielly
Assistant Superintendent for Finance & Operations

Appendix B: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, we performed the following audit procedures:

- We interviewed District officials and employees and reviewed District policies and various financial records and reports to gain an understanding of the ECA funds.
- We selected 10 clubs and reviewed one month of collections remitted to the central treasurer for deposit by each club to determine whether the collections were supported by receipts or some other form of documentation, accurately accounted for in the central treasurer's ledger and deposited intact in a timely manner.
- We selected 10 clubs and reviewed a judgmental sample of disbursements made by these clubs from the activity fund account for one month during our audit period. One club did not make any disbursements during the selected month. We also reviewed five transfers. We reviewed the disbursements and transfers to determine if they were supported by approved payment forms and adequate documentation of the purchases and were for appropriate activity purposes.
- We reviewed the independent records of the selected clubs to determine if the selected collections and disbursements were recorded in student ledgers, and determine if collections were remitted to the central treasurer in a timely manner.

We conducted this performance audit in accordance with GAGAS, generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law, Section 2116-1(3)(c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make the CAP available for public review in the Clerk's office.

Appendix C: Resources and Services

Regional Office Directory

http://www.osc.state.ny.us/localgov/regional_directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

<http://www.osc.state.ny.us/localgov/costsavings/index.htm>

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

<http://www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm>

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

<http://www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm>

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

<http://www.osc.state.ny.us/localgov/planbudget/index.htm>

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

<http://www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.pdf>

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

<http://www.osc.state.ny.us/localgov/finreporting/index.htm>

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

<http://www.osc.state.ny.us/localgov/researchpubs/index.htm>

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

<http://www.osc.state.ny.us/localgov/training/index.htm>

Contact

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: localgov@osc.state.ny.us

www.osc.state.ny.us/localgov

Local Government and School Accountability Help Line: (866) 321-8503

GLENS FALLS REGIONAL OFFICE – Jeffrey P. Leonard, Chief Examiner

One Broad Street Plaza • Glens Falls, New York 12801-4396

Tel:(518) 793-0057 • Fax: (518) 793-5797 • Email: Muni-GlensFalls@osc.state.ny.us

Serving: Albany, Clinton, Essex, Franklin, Fulton, Hamilton, Montgomery, Rensselaer, Saratoga, Schenectady, Warren, Washington counties



Like us on Facebook at facebook.com/nyscomptroller

Follow us on Twitter [@nyscomptroller](https://twitter.com/nyscomptroller)