

**EXTRACLASSROOM ACTIVITY FUNDS
MANAGEMENT COMMENT LETTER**

Board of Education
Elmira City School District
Elmira, New York

In planning and performing our audit of the financial statements of the Extraclassroom Activity Funds of Elmira City School District (the School District) as of and for the year ended June 30, 2017 in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our current year audit, we became aware of other matters with respect to internal control. This letter summarizes these comments and recommendations regarding these matters. This letter does not affect our report dated September 22, 2017 on the financial statements of the Extraclassroom Activity Funds of the Elmira City School District.

OTHER MATTERS

Current and Prior Year Finding

All Schools

Faculty Auditor and Chief Faculty Counselor

Finding:

During our current and prior year audits, we determined the Board had not appointed an Activities Fund Faculty Auditor. Board Policy #5520 states “there will be an Activities Fund Faculty Auditor appointed by the Board.” Additionally, no Chief Faculty Counselor has been appointed. “*The Safeguarding, Accounting, and Auditing of Extra classroom Activity Funds,*” suggests the Board appoint a Faculty Auditor and a Chief Faculty Counselor.

Recommendation:

We continue to recommend the Board appoint a faculty member to the position of Activities Fund Faculty Auditor, per Board policy, and discuss the appointment of a Chief Faculty Counselor to provide oversight of activities.

High School

Current and Prior Year Findings

Sales Tax

Finding:

During our current year audit, 1 of 2 taxable fundraising events did not collect or remit sales tax as required per “*The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds.*”

Additionally, sales tax was not paid as required by NYS sales tax law for 1 disbursement tested; during the prior year audit, 2 disbursements tested did not pay sales tax as required.

Recommendation:

We continue to recommend the Central Treasurer, Student Treasurer, and Faculty Advisor work together to identify transactions subject to sales tax and ensure applicable taxes are paid and remitted.

Timely Deposits

Finding:

During our current year audit, 2 of 10 deposits tested were not submitted timely to the Central Treasurer; during our prior year audit, 9 of 20 were not submitted timely.

Recommendation:

In order to safeguard assets, we continue to recommend funds be submitted to the Central Treasurer upon receipt.

Student Ledger Test

Finding:

During our current year audit, 8 of the 19 ledgers examined did not agree with the Central Treasurer's balance at year end; in our prior year audit, 6 of 26 ledgers examined did not agree to the Central Treasurer.

Recommendation:

We continue to recommend Student Treasurers and the Central Treasurer reconcile their ledgers on a regular basis, including at year-end, and resolve any differences.

Ernie Davis Academy Middle School

Current Year Finding

Disbursements- Supporting Documentation

Finding:

During our current year audit, 1 of 10 disbursements examined did not have required supporting documentation.

Recommendation:

We recommend all disbursements be accompanied by supporting documentation indicating what was purchased, the price, and if sales tax was applicable and paid.

Current and Prior Year Findings

Appropriate Signatures

Finding:

During our current audit, 2 of 10 receipts examined were not signed by the Student Treasurer or the Faculty Advisor; in the prior year, 6 of 10 examined were not signed.

Recommendation:

We continue to recommend all receipts be approved and signed by a Student Officer and the Faculty Advisor, to ensure proper accounting.

Receipts - Supporting Documentation

Finding:

During our current year audit, 3 of the 10 receipts examined lacked adequate supporting documentation and we were unable to determine if they were deposited timely to the Central Treasurer. During our prior year audit, 3 receipts examined lacked appropriate documentation, thus we were unable to determine if they were deposited timely.

Recommendation:

In order to safeguard student assets, we continue to recommend all cash receipts have supporting documentation indicating: appropriate signatures; the source of funds; detailed information, including, if applicable, admission ticket numbers; the activity to which cash receipts should be credited; and total amount of cash received. We further recommend developing and implementing specific procedures to ensure monies are secured at all times and submitted to the Central Treasurer within 3 business days of receipt.

Profit and Loss Statements

Finding:

During our current year audit, Profit and Loss Statements were not completed for any of the 5 fundraisers selected for testing. During our prior year audit, Profit and Loss Statements were not completed for either of the 2 fundraisers selected for testing.

Recommendation:

In accordance with “*The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds,*” a Profit and Loss Statement must be prepared for all fundraisers.

Disbursements-Sales Tax

Finding:

During our current and prior year audits, sales tax was not paid on 1 of the 5 transactions examined, as required by NYS sales tax law.

Recommendation:

We recommend the Central Treasurer, Student Treasurer, and Faculty Advisor work together to identify transactions subject to sales tax and ensure applicable taxes are paid.

Student Ledger Test

Finding:

During our current year audit we noted 1 of 5 ledgers examined did not agree with the Central Treasurer’s balance at year end and 4 of 9 ledgers were not available for examination. In the prior year, 1 of 5 ledgers was not available and 1 ledger did not agree with the Central Treasurer’s balance.

Recommendation:

We continue to recommend Student Treasurers and the Central Treasurer reconcile ledgers on a regular basis, including year-end, resolve any differences and that ledgers be available for audit.

Inactive Clubs

Finding:

During our current and prior year audits we noted the News Media club has been inactive for three years, and two other activities were inactive during the current year.

Recommendation:

We continue to recommend inactive clubs be dissolved according to School District policy.

Broadway Academy Middle School

Current and Prior Year Findings

Student Ledgers:

Finding:

During our current year audit, 1 of 4 student ledgers were not available for us to examine. During the prior year audit, 2 of 3 student ledgers examined did not agree to the Central Treasurer's balance at year end.

Recommendation:

We recommend students keep a separate ledger from the Central Treasurer, reconcile it on a quarterly basis with the Central Treasurer, and further recommend the ledger be made available to us during our audit.

Supporting Documentation

Finding:

During our current year audit, 3 of 8 receipts examined lacked adequate supporting documentation. During our prior year audit, 5 of 10 receipts examined lacked adequate supporting documentation.

Recommendation:

We continue to recommend all cash receipts have supporting documentation indicating: appropriate signatures; the source of funds and detailed information, including, if applicable, admission ticket numbers; the activity to which cash receipts should be credited; and total amount of cash received.

Timely Deposit

Finding:

During the current and prior year audits, 1 receipt was not submitted to the Central Treasurer timely. Additionally, during the current and prior year audits, we were unable to determine if 3 and 5, respectively, receipts were submitted timely to the Central Treasurer due to a lack of supporting documentation.

Recommendation:

In order to safeguard assets, we continue to recommend developing and implementing specific procedures which dictate how receipts will be handled from the time they are received until they are submitted to the Central Treasurer, including proper dating and authorizations of receipt documents and deposits. Monies should be secured at all times and submitted to the Central Treasurer within 3 business days of receipt. These procedures should include proper dating, authorizations, documentation, securing of funds at all times as well as submission to the Central Treasurer within three business days of receipt.

Profit and Loss Statements

Finding:

During our current year audit, Profit and Loss Statements were not completed for 3 of the 4 fundraisers selected for testing. During our prior year audit, 4 of 4 fundraisers did not have Profit and Loss Statements completed.

Recommendation:

In accordance with “*The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds,*” a Profit and Loss Statement must be prepared for all fundraisers.

Prior Year Findings Resolved

All Schools

Club Officer Signature Sheets

Finding:

During the prior year audit, signature sheets were not maintained for individual activities. Without signature sheets, we were unable to determine student and advisors names and signatures for comparison with accounting records.

Current Year Status:

During our current year audit, signature sheets were available for examination.

High School

Cash Receipts

Finding:

During our prior year audit, of 20 receipts examined, we had the following findings;

- 11 were not signed by the Student Treasurer or Faculty Advisor.
- 1 was signed by the Faculty Advisor, but not the Student Treasurer.
- 1 was signed by the Student Treasurer, but not the Faculty Advisor.
- 6 lacked adequate supporting documentation.
- 10 were not dated, making it impossible to determine if funds were deposited timely.
- 2 were not deposited timely by the Central Treasurer.

Current Year Status:

During our current year audit all of above findings were resolved.

Profit and Loss Statements

Finding:

During our prior year audit, Profit and Loss Statements were not completed for 4 of 13 fundraisers examined.

Current year status:

During our current year audit all of fundraisers examined were accompanied by a Profit and Loss Statement.

Cash Disbursements

Finding:

During our prior year audit, 2 of 20 documents examined lacked a Student Treasurer and Faculty Advisor signature, and support for 18 disbursements did not include the check number.

Current Year Status:

During our current year audit, all disbursements examined had appropriate Student Treasurer and Faculty Advisor signatures and check numbers.

Ernie Davis Academy

Cash Receipts

Finding:

During our prior year audit, 2 receipts examined had two signatures, however, we were unable to determine whose signatures they were.

Current year Status:

During our current year audit, all signatures examined agreed to the signature sheets provided.

Timely Deposit

During our prior year audit, 2 of 10 receipts examined were not submitted to the Central Treasurer timely.

Current Year Status:

During our current year audit, all receipts examined and accompanied by supporting documentation were submitted to the Central Treasurer timely.

Broadway Academy Middle School

Cash Receipts

Finding:

During the prior year audit, of 10 receipts examined, we had the following findings;

- 3 were not signed by the Student Treasurer or faculty advisor.
- 2 had two signatures, however, we were unable to determine whose signatures they were.

Current Year status:

During our current year audit all receipts examined had appropriate signatures.

This letter is intended solely for the use of the Audit Committee, Board of Education, management, the New York State Department of Education, and others within the School District, and is not intended to be and should not be used by anyone other than these specified parties.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with School District personnel, and we will be pleased to discuss them in further detail at your convenience or to perform any additional study of these matters.

Respectfully Submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 22, 2017