



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, 2018 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 10, 2018 on the financial statements of the Extraclassroom Activity Funds of the Elmira City School District.

OTHER MATTERS

Current Year Finding

High School

Stale Dated Checks

Finding:

During our current year audit, we noted three stale dated checks totaling \$232.

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Recommendation:

We recommend the Central Treasurer investigate all checks over 6 months old and implement a procedure to contact the payee to resolve the outstanding checks.

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.

Current Year Status:

During our current year audit we were provided the new Board Policy, #7410, replacing policy #5520. This policy does not specifically state who will be the Chief Faculty Counselor, however it does imply the building principal will be fulfilling this role.

High School

Current and Prior Year Findings

Timely Deposits

Finding:

During our current year audit, 1 of 10 deposits tested were not submitted timely to the Central Treasurer; during our prior year audit, 2 of 10 were not submitted timely.

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, and securing of funds at all times.

Student Ledger Test

Finding:

During our current year audit, 4 of 36 ledgers examined did not agree with the Central Treasurer’s balance at year end; in our prior year audit, 8 of 19 ledgers examined did not agree to the Central Treasurer.

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.

Ernie Davis Academy Middle School

Current Year Finding

Timely Deposits

Finding:

In our current year audit, 1 of 10 receipts was not submitted to the Central Treasurer timely.

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, and securing of funds at all times.

Current and Prior Year Findings

Appropriate Signatures

Finding:

During our current audit, 1 of 10 receipts examined was not signed by the Student Treasurer or the Faculty Advisor; in the prior year, 2 of 10 examined were not signed.

Recommendation:

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

Profit and Loss Statements

Finding:

During our current year audit, Profit and Loss Statements were not completed for 3 of 6 fundraisers selected for testing. During our prior year audit, Profit and Loss Statements were not completed for any of the 5 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.

Student Ledger Test

Finding:

During our current year audit, 1 of 5 ledgers examined did not agree with the Central Treasurer's balance at year end and 3 of 9 ledgers were not available for examination. In the prior year, 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.

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, the Technology and Trophy clubs have been inactive.

Recommendation:

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

Broadway Academy Middle School

Current and Prior Year Findings

Student Ledger Test

Finding:

During our current year audit, 1 of 5 ledgers examined did not agree with the Central Treasurer's balance at year end and 3 of 9 ledgers were not available for examination. In the prior year, 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.

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.

Receipts - Supporting Documentation

Finding:

During our current year audit, 1 of 8 receipts examined lacked adequate supporting documentation. During our prior year audit, 3 of 8 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 of 8 receipts were not submitted to the Central Treasurer timely.

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, and securing of funds at all times.

Profit and Loss Statements

Finding:

During our current year audit, Profit and Loss Statements were not completed for 1 of 5 fundraisers selected for testing. During our prior year audit, 3 of 4 fundraisers examined 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

High School

Sales Tax

Finding:

During our prior year audit, 1 of 2 taxable fundraising events did not collect or remit sales tax as required per New York State Sales Tax Law.

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.

Current Year Status:

During our current year audit, of the receipts and disbursements tested, all requiring the collection and payment of sales tax were properly paid.

Ernie Davis Academy Middle School

Disbursements - Supporting Documentation

Finding:

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

Current year Status:

During our current year audit, all disbursements examined were supported by adequate documentation.

Receipts - Supporting Documentation

Finding:

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

Current Year Status:

During our current year audit all receipts examined had adequate supporting documentation.

Disbursements - Sales Tax

Finding:

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

Current Year Status:

During our current year audit, all disbursements examined requiring the payment of sales tax paid the appropriate tax.

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,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 10, 2018