

**CORRECTIVE ACTION PLAN (CAP) TO FISCAL YEAR END JUNE 30, 2020
INTERNAL AUDIT FINDINGS AND RECOMMENDATIONS.**

The Internal Audit findings were presented to the Audit Committee on April 6, 2021. Corrective action plan components will be managed by Dr. Kathleen J. Acker, Assistant Superintendent for Finance and Management Services. It should be noted that corrective actions have commenced or been completed as of May 25, 2021.

I. RECORDKEEPING PROCEDURES

The auditor noted that clubs at the Finley Middle School were not developing a charter which can result in the formation of clubs that do not meet the educational goals of the District. The auditors recommended that all clubs should be required to develop a charter explaining the club's purpose and goals.

Management's Response: *The District agrees with the recommendations and club charters were developed for all clubs and submitted for Dr. Acker's review on March 3, 2021.*

The auditor noted that students were not always involved in maintaining club records; specifically, most of the clubs at Finley Middle School do not maintain their own ledgers, minutes of meetings, and/or itemized invoices or receipts and instead rely on the central treasurer for their club fund balance. The auditor recommended that per NYSED Guidance, the student treasurer for each club, with the assistance of the faculty advisor, maintain a ledger of the club's activity and all deposit forms, payment orders, and itemized invoices or receipts. In addition, they recommended that the District require each club to record and maintain minutes of each meeting to substantiate receipts, disbursements, and events organized by the club. The auditor also recommended that training be provided to the central treasurers, faculty advisors, and student treasurers on an annual basis in the fall to provide guidance on recordkeeping procedures and proper internal controls over cash handling.

Management's Response: *The District agrees with the recommendation. The internal auditors provided the necessary training to the central treasurers and faculty advisors on October 29, 2020. The training session was recorded and then used by the faculty advisors to train the student treasurers. Training will be provided on an annual basis in the fall. On May 26, 2020, financial ledgers were provided to Finley Middle School and Huntington High School for each club to maintain their own financial records.*

II. CASH HANDLING PROCEDURES

The auditor noted instances in which club procedures did not involve maintaining a copy of cash receipts issued (i.e. loose yearbook sales and the transfer of funds from t-shirt sales to the honors club). They also noted that cash handling procedures at the Finley Middle School store permit the faculty advisor to be reimbursed for purchases using cash from sales, rather than preparing a payment order. It was recommended that clubs should issue and maintain

a copy of all receipts for cash collected when a profit and loss statement is not deemed reasonable. In addition, it was recommended that payment orders be prepared for any reimbursements, payments, or transfers of club funds.

Management's Response: *The District agrees with the recommendation. The internal auditors included proper cash handling procedures when training the central treasurers and faculty advisors on October 29, 2020 to avoid any future occurrences of the findings.*

III. SAFEGUARDING OF FUNDS

The auditors noted that the District did not appoint a faculty auditor to review the records maintained by the clubs as well as the central treasurers. They recommend that the District appoint a faculty auditor to review and compare the student ledgers against the central treasurer ledgers at least twice per year and on a rotating basis.

Management's Response: *The District agrees with the recommendation. A faculty auditor was appointed at the October 26, 2020 Board of Education meeting.*