

Greenwich Central School District

Extra-Classroom Activities

JUNE 2021



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

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Report Highlights

Greenwich Central School District

Audit Objective

Determine whether Greenwich Central School District (District) officials adequately safeguarded extra-classroom activity (ECA) funds and collections and disbursements were properly accounted for.

Key Findings

District officials did not ensure that ECA funds were adequately safeguarded or that ECA collections were always properly supported. ECA disbursements were properly accounted for.

- The faculty auditor did not adhere to the District's ECA policy, which resulted in insufficient oversight of and inadequate reviews of ECA collections and records.
- The student treasurers did not maintain adequate supporting documentation for:
 - 32 of the 70 collections reviewed totaling \$30,970 (69 percent), which prevented District officials from determining whether the collections were remitted intact and in a timely manner.
 - Three of the seven fundraising events reviewed, which prevented District officials from ensuring all the ECA clubs' fundraising activities collections were properly supported.

Key Recommendations

- Ensure the faculty auditor reviews ECA records.
- Ensure that student treasurers maintain proper supporting documentation for all ECA club collections and fundraising events.

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

Background

The District serves the Towns of Argyle, Cambridge, Easton, Fort Edward, Greenwich, Hebron, Jackson and Salem in Washington County.

The elected five-member Board of Education (Board) is responsible for the general management and control of financial and educational affairs, including ECA funds.

The Superintendent of Schools is the chief executive officer and responsible for recommending to the Board the staff necessary to fulfill duties related to ECA funds, including the central treasurer, faculty auditor and faculty advisors.

Quick Facts

| | |
|--------------------|-----------|
| Active ECA Clubs | 46 |
| ECA Receipts | \$165,609 |
| ECA Disbursements | \$143,976 |
| Student Enrollment | 1,150 |

Audit Period

July 1, 2019 – September 30, 2020

Extra-Classroom Activities

ECA funds are administered by and for the benefit of the students. Students raise and spend these funds to promote the general welfare, education and morale of all students and to finance the normal and appropriate extracurricular activities of the student body. Funds are usually collected by students from a number of sources (e.g., admissions, membership dues, and sales) and are spent as they see fit within established regulations.

How Should the District Safeguard ECA Funds?

The Regulations of the Commissioner of Education (Regulations) of the New York State Education Department (SED) were formulated to safeguard ECA funds and provide school districts with the opportunity to teach students good business procedures through participation in handling such funds and operating a successful business. A board and district officials are required to adopt and implement policies and procedures to protect ECA fund money.

The District's policies and procedures were developed from the Regulation to provide guidance for the safeguarding, accounting and auditing of the District's ECA fund operations. The District's policies also require ECA funds to be handled in accordance with financial procedures published by SED (refer to the SED publication *The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds*).

Each ECA club is required to have a student treasurer and faculty advisor to oversee and advise the club members. A board should appoint a central treasurer and a faculty auditor to oversee the management of ECA funds. The central treasurer is responsible for depositing ECA funds, preparing disbursements for signature, maintaining the central accounting records, and reporting the fund's activity to the board on a regular basis.

The faculty auditor is responsible for reviewing the extra-classroom financial records, which includes examining the central treasurer's accounts once a month, auditing student treasurers' ledgers at least twice per year, examining transactions and procedures, certifying the accuracy of entries posted and available club balances, investigating instances when the central treasurer and club ledgers do not agree, and preparing and providing a year-end report to the junior/senior high school principal (principal) and board, summarizing the financial condition of each activity.

The Faculty Auditor Did Not Provide Sufficient Oversight of ECA Funds

At its annual organizational meeting, the Board appointed the Business Manager as the faculty auditor of ECA funds. The faculty auditor, along with the central treasurer, were responsible for reconciling the ECA bank statement each month to the monthly schedule of ending cash balances for each club. In addition, the faculty auditor was responsible for ensuring that all deposits and all disbursements were entered into ECA financial software maintained by the central treasurer.

The central treasurer prepared reconciled schedules of each ECA club activity, which included the club name, beginning cash balance, receipts, disbursements and the ending cash balance, that were provided to the Board and principal quarterly and at the end of each school year.

Each ECA club treasurer kept cash collections in a separate locked cash box stored in a building safe between remittances to the central treasurer. However, the faculty auditor did not periodically check the safe to determine whether all collections received during the month were remitted to the central treasurer, deposited and reported in the club activity schedules.

In addition, the faculty auditor did not perform all the oversight responsibilities required by the Board's ECA policy. For example, the faculty auditor did not audit the student ledgers (required at least twice a year) and made no comparisons between the central treasurer's and the student treasurers' records.

Consequently, the faculty auditor did not perform any procedures to investigate instances when the central treasurer's records report and club ledgers did not agree. As a result, District officials and the central and student treasurers had no assurance that the ECA accounting records were correct, and there was an increased risk that errors could occur that would not be detected or corrected in a timely manner.

How Should Districts Account for ECA Collections?

Each ECA club has a student treasurer who is responsible for maintaining independent accounting records of collections and disbursements. The student treasurers should maintain accounting records, with the assistance of faculty advisors, to account for all collections and disbursements that include daily running cash balances. It is important for faculty advisors to guide the student treasurers in entering information into their ledgers, ensuring that support is maintained for all collections and to routinely check the student treasurers' account balances.

...[T]he faculty auditor did not perform all the oversight responsibilities required by the Board's ECA policy.

Student treasurers should maintain adequate support for collections remitted to the central treasurer for deposit. Support can be individual receipts (documenting the source, date, amount and purpose for the collections), order slips, participant lists, pre-numbered tickets with a ticket reconciliation report or an inventory of items sold.

District procedures require the student treasurers, with the help of faculty advisors, to complete a student deposit form indicating the composition, source, date and amount received when remitting collections to the central treasurer. Copies of these records should be retained along with all other documentation supporting the collections.

Good business practices require student treasurers and faculty advisors to remit collections to the central treasurer promptly and require the central treasurer to deposit collections as soon as possible to safeguard collections. It is important that all collections be remitted and deposited intact (i.e., same amount and form as the collections) to reduce the risk of irregularities occurring with the handling of collections.

Further, the faculty advisor should assist the student treasurer in preparing profit and loss statements for all fundraising activities to analyze the profitability of those activities. Upon receiving money from a fundraiser, the student treasurer should count the amount collected and reconcile that amount with supporting collection records and report those revenues accordingly in the profit and loss statement.

ECA Collections Were Not Always Properly Supported

We reviewed ECA records for 70 collections totaling \$44,496 remitted to the central treasurer for deposit during our audit period to determine whether they were supported by receipts or some other form of documentation and whether they were deposited intact and in a timely manner.¹ We found 32 collections totaling \$30,970 (69 percent) lacked adequate supporting documentation, which prevented us and District officials from determining whether the collections were remitted intact and in a timely manner to the central treasurer.

While 26 of the 70 collections reviewed totaling \$10,547 (24 percent) were deposited intact, the collection date was not always properly recorded in the student ledgers. In instances where the supporting documentation for the collection date was inadequate or missing, we compared the collection dates documented in the club event calendar to the dates remittances were received by the central treasurer to determine when collections were received. We found the remaining 12 of the 70 collections totaling \$2,979 (7 percent) were remitted to the central treasurer more than five school days after the collection date.

...32 collections
totaling \$30,970
(69 percent)
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supporting
documentation...

¹ Refer to Appendix B for information on our sampling methodology.

In one instance, we found collections for concession sales collected on three days in February 2020 totaling \$147 remained in the building safe as of December 7, 2020 and were not remitted to the central treasurer until we brought it to the attention of officials. These collections were immediately remitted to and deposited by the central treasurer that day. With the exception of collections for these concession sales, all the collections reviewed were supported by a student deposit form and were remitted to and deposited by the central treasurer.

When student treasurers do not maintain adequate documentation to support collections, District officials cannot ensure student treasurers, and the faculty advisors assisting the students, adequately account for all the ECA clubs' collections and remit them to the central treasurer. Although we did not find any evidence of mishandled ECA collections, collections should be deposited as soon as possible to prevent their loss or misuse.

Due to lack of training provided to faculty advisors, they were unaware of the types of records that must be maintained (e.g., press-numbered ticket stubs, analysis of food sales at sporting events, and collection logs with name, date, amount received and composition). The faculty auditor planned to provide training on accounting and reporting for ECA funds to student treasurers and faculty advisors in fall 2020 but has rescheduled for 2021 due to COVID-19 pandemic restrictions.

ECA Fundraising Profit and Loss Statements Were Not Always Adequately Supported

We reviewed seven ECA club fundraising activity profit and loss statements with event collections totaling \$27,382 during our audit period. The student treasurers and faculty advisors for the seven clubs prepared profit or loss statements for each fundraising activity, and expenditures were properly supported. However, we found a lack of documentation to support the revenues reported for three fundraising events.

- Varsity Club Concession Sales – We found the 2019-20 profit and loss statement lacked adequate support for total reported revenues of \$2,584. Specifically, no concession sales cash collection records were maintained for each game, and collections were comingled with other game day collections when recorded to the student ledger and remitted to the central treasurer for deposit.

However, we found a lack of documentation to support the revenues reported for three fundraising events.

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- Future Farmers of America Fruit Sales – The 2019-20 profit and loss statement reported total revenues of \$11,831. However, student sales sheets were not retained or available to support reported revenues of \$5,385 (46 percent). Because not all sales records were available, we examined vendor invoices for fruit sales and determined that the reported revenues appeared reasonable. According to the faculty advisor, the individual student fruit sale collection sheets are given back to students to provide information on prior year’s customer sales. The sales sheets maintained and on file were only for students who either graduated or did not participate in 2019-20.
 - Classes of 2024 and 2025 Co-Sponsored Craft Fair – The event profit and loss statement reported total revenues of \$4,813 shared equally by both clubs. While collections for vendor fees were sufficiently supported, \$1,030 in reported raffle ticket sales were inadequately supported because unsold tickets were discarded, documentation of the ticket numbers sold was not retained to verify the collections reported, and a ticket reconciliation report was not prepared comparing the tickets purchased with those sold and on hand. Therefore, we were unable to determine whether all raffle revenue was accurately reported.

When student treasurers do not maintain adequate documentation to support revenues reported on the profit and loss statements, District officials cannot ensure student treasurers, and the faculty advisors assisting the students, adequately accounted and reported all the ECA clubs’ fund raising activities.

How Should ECA Clubs Account for Disbursements?

The central treasurer should disburse money for ECA clubs only upon receiving disbursing payment order forms with the required signatures of the student treasurer and faculty advisor. Disbursements should be approved by the principal before the disbursing order form is presented to the central treasurer.

Disbursements are required to be supported by documentation, such as itemized receipts or invoices to support the expenditures approved for payment. After the central treasurer prepares the disbursement checks, they are required to be co-signed by the central treasurer and principal.

ECA Disbursements Were Adequately Supported

We reviewed 55 cash disbursements totaling \$43,463 (30 percent of total disbursements of \$143,976) to determine whether they were adequately supported and for a legitimate purpose, and whether disbursement checks were co-signed by the central treasurer and principal. Except for minor instances, which we discussed with officials, ECA disbursements were supported, for legitimate purposes and signed by both the central treasurer and principal.

What Do We Recommend?

The faculty auditor should:

1. Oversee the management of the ECA fund money, as required.
2. Audit ECA cash collections to ensure District procedures are being followed and perform periodic comparisons between the student treasurers' and the central treasurer's records and investigate and resolve any discrepancies.
3. Provide adequate training to faculty advisors and student treasurers.

The Board should ensure:

4. Student treasurers and faculty advisors maintain proper accounting records for all ECA club collections and adequate supporting documentation for the revenues reported on the profits and loss statements.

Appendix A: Response From District Officials

Greenwich Central School

"Scholarship, Character, Community - Cultivating the Future"

President of the Board
James Nolan
Vice-President of the Board
Laura Lemoine

Superintendent of Schools
Mark E. Fish
Members of the Board
Erin Boivin
Michael Conlin
Stacy Perkins

School Business Manager
Troy Tyler
District Clerk
Denise Smith

May 3, 2021

Mr. Gary G. Gifford, Chief Examiner
NYS Office of the State Comptroller
Division of Local Government & School Accountability
Glens Falls Regional Office
One Broad Street
Glens Falls, NY 12801-4396

Dear Mr. Gifford:

This letter is in response to the Report of Examination of the Greenwich Central School District. The Report of Examination covered **Extra-Classroom Activities** from the period July 1, 2019 through September 30, 2020.

We would like this letter to serve as both the Audit Response and the Corrective Action Plan.

The District concurs with the findings and has started implementing measures that will fulfill the recommendation on improving **Extra-Classroom Activities**.

Audit Recommendation No. 1

- **Ensure the faculty auditor reviews ECA records.**

Implementation Plan of Action(s):

The Faculty Auditor will:

1. Oversee the management of the ECA fund money, as required.
 - a. In addition to meeting monthly to reconcile bank statements, the faculty auditor along with the central treasurer will review and audit the student ledgers at least twice annually at or around the months of November and May.
 - b. The faculty auditor will provide the central treasurer, faculty advisor and student treasurers with the following:
 - i. Standardized forms to record general ledgers, profit and loss statements, fundraising activities and ticket sales.
 - ii. Provide a general location that is accessible to all parties to access all required documentation and forms.

10 Gray Avenue, Greenwich, NY 12834
Phone: (518)692-9542 Fax: (518)692-9547
www.greenwichcsd.org

Greenwich Central School

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2. Audit ECA cash collections to ensure District procedures are being followed and perform periodic comparisons between the student treasurers' and the central treasurer's records and investigate and resolve any discrepancies.
 - a. The faculty auditor along with the central treasurer will audit a sample of deposits monthly to verify amounts and timeliness of each deposit.
 - b. Audit the transactions and reports of each fundraiser.
3. Provide adequate training to faculty advisors and student treasurers.
 - a. Training will begin, which was delayed last year due to COVID-19, in May 2021 to all active faculty advisors that will include but not limited to:
 - i. Overview of the ECA process, rules and responsibilities.
 - ii. Oversight responsibilities of the faculty advisor to student treasurers.
 - iii. Processes and forms required to provide adequate documentation to support all transactions.
 - b. Training will then be provided prior to the start of the next school year for all faculty advisors.
 - c. A student treasurer "roles and responsibility" form will be provided at the beginning of each school year. Each student treasurer will be required to read and acknowledge such rules and responsibilities.

Implementation Date:

- November 1, 2021

Person Responsible for Implementation:

- Faculty Auditor, Troy Tyler

Audit Recommendation No. 2

- **Ensure that student treasurers maintain proper supporting documentation for all ECA club collections and fundraising events.**

Implementation Plan of Action(s):

- Training will be provided to student treasurers in the fall of each school year.
 - Process for deposits, disbursements, and record keeping.
 - Safeguarding cash and checks
 - Timeliness of deposits to the central treasurer, within two business days preferred.
 - Review or standard forms to be used
 - Provide access to each member responsible for their activity:
 - File location of all hard copies
 - File location for electronic files
 - A running ledger account that is accessible to the faculty auditor, central treasurer, and faculty advisor and student treasurer.

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- Perform an audit of each fundraiser or event.
 - Verify the student treasurer general ledger to the central treasurer ledger.
 - Review profit and loss statements
 - Review all supporting documentation

Implementation Date:

- November 1, 2021

Person Responsible for Implementation:

- Faculty Auditor, Troy Tyler
- Central Treasurer, Joann Sloan Haynes

The District appreciates the professionalism of the examiners, and the positive suggestions that were offered. Examinations provide an additional measure to assure accounting rules are followed. We look forward to continuing the constructive relationships that have been established with the State Comptroller's Regional Office.

Sincerely,

Mark Fish
Superintendent of Schools

Cc: Board of Education
Troy Tyler, Business Manager
Joann Sloan-Haynes, Central Treasurer

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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, our audit procedures included the following:

- We interviewed District officials and reviewed SED guidance for ECA clubs, Board adopted policies and the District's procedures for ECA funds.
- We reviewed the job duties and procedures for the faculty auditor and compared those procedures to the SED regulations and Board policies.
- We used our professional judgment to select a sample of collections from five months of our audit period (July and December 2019, and February, April and July 2020). We reviewed all collections for our sample months to determine whether they were supported, accurately accounted for, and remitted to the central treasurer intact and in a timely manner, and whether the central treasurer promptly deposited those collections intact. We included July 2019 and July 2020 in our sample because deposits were recorded in these months, but no entries were made in the activities calendar, which increased the risk that receipts from 2018-19 were collected and not deposited in a timely manner. We included December 2019 because it was an active month for fundraising for many classes and clubs, and February 2020 because it was the last full active month before the school campus closed and fundraising activities were canceled in March 2020 due to the pandemic. We included April 2020 in our sample because deposits were recorded this month even though the District was closed due to the pandemic and fundraising activities were canceled, increasing the risk that receipts were collected but not deposited in a timely manner.
- We used our professional judgement to select a sample of seven fundraising activities, including admissions to dances and breakfasts, raffle sales, book sales, sales of food items, and sales that spanned a specific time period (for example, sales collected over a month's period), from a total population of 20 clubs holding 30 fundraising events, and concession stand sales at sports events. We reviewed the profit and loss statement for each of these activities to determine whether the reported collections and disbursements were supported, collections were deposited intact in a timely manner and all revenues and expenditures were included on the profit and loss statement. Our sample included July 2019 and July 2020, during which recorded deposits (receipts) had no entries in the activities calendar, which increases the risk that receipts from the 2018-19 year were collected and not deposited in a timely manner. We included December 2019 because it was an active month for fundraising for many classes and clubs and February 2020 because it was the last full active month before the school campus closed and fundraising activities were canceled in March 2020. We included April 2020 in our sample because there were deposits (receipts) recorded during this month even though the District was closed due to COVID-19 and fundraising activities would have been canceled, which increases the risk that receipts were collected but not deposited in a timely manner.

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- We reviewed 55 cash disbursements totaling \$43,463 (or 30 percent of total disbursements for the audit period of \$143,976) to determine whether they were adequately supported and for a legitimate purpose. We used our professional judgment to select 10 disbursements (based on payments to individuals, even dollar amounts and advances made for future purchases) and all five automated clearing house (ACH) withdrawals to a credit card vendor for the audit period. We included an additional 40 randomly selected disbursements in our sample.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). 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.

The Board has the responsibility to initiate corrective action. 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-a (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 next 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. The CAP should be posted on the District's website for public review.

Appendix C: Resources and Services

Regional Office Directory

<https://www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf>

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

<https://www.osc.state.ny.us/local-government/publications>

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

www.osc.state.ny.us/local-government/fiscal-monitoring

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

<https://www.osc.state.ny.us/local-government/publications>

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

www.osc.state.ny.us/local-government/resources/planning-resources

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

<https://www.osc.state.ny.us/files/local-government/publications/pdf/cyber-security-guide.pdf>

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

www.osc.state.ny.us/local-government/required-reporting

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

<https://www.osc.state.ny.us/local-government/publications>

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

www.osc.state.ny.us/local-government/academy

Contact

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