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Date: July 15, 2024

To: Audit Committee
Dobbs Ferry Union Free School District

From: Nugent & Haeussler, P.C.

Re: Internal Audit Services – Extraclassroom Activity Funds

In accordance with the Annual Risk Based Internal Audit Plan, we have conducted our internal audit services with respect to the Extraclassroom Activity Funds of the Dobbs Ferry Union Free School District.

CONCLUSION

The grading standards are Satisfactory, Acceptable and Unsatisfactory.

Satisfactory - Compliance with the Organization's established policies and procedures. Internal audit results indicate none or insignificant recommendations.

Acceptable – Minimal instances of non-compliance with the Organization's established policies and procedures. Internal audit procedures resulted in recommendations for improvements in internal controls, policies and/or procedures.

Unsatisfactory – Non-compliance with the Organization's established policies and procedures. Internal audit results indicate significant deficiencies relating to internal controls, policies and/or procedures.

The controls over the Extraclassroom activity funds are rated **Acceptable**.

District management is to submit a response to this report to the Audit Committee with copies to interested management and the auditor by September 30, 2024.

OBJECTIVE/SCOPE

The purpose of the internal audit services is to assist the Audit Committee in making a determination with respect to:

- Whether adequate policies, practices, internal controls and procedures exist regarding Extraclassroom Activity Funds for the High School and Middle School.
- Evaluating the effectiveness of the Extraclassroom Activity Funds controls and procedures with regards to District policies and procedures.
- Evaluating compliance with applicable laws and regulations.

The internal audit covered transactions from July 1, 2023 through April 24, 2024. The internal audit services were conducted on May 14th and 15th, 2024.

PROCEDURES, FINDINGS & RECOMMENDATIONS

Policy Review

During our review of District policies related to Extraclassroom Activity Funds, it was noted that some of the policies have not been reviewed or updated for many years.

We recommend that all of the District's Extraclassroom Activity Funds related policies be reviewed on an annual basis and updated where necessary. We recommend that policy reflect the procedures described in "The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds" pamphlet provided by the New York State Education Department.

Sales Tax

During our review of the Extraclassroom Activity Funds, we found that the district does not have a separate "Certificate of Authority" for the Extraclassroom Activity Funds.

We recommend that the district apply for a separate "Certificate of Authority" for the Extraclassroom Activity Funds.

Middle School

Cash Receipts

During our review of cash receipts, we found that bank deposits were made without formal documentation of the approval of the acceptance of funds by the student officer of that specific club.

We recommend that a deposit receipt form be used that includes the student officer approval for all cash receipts as described in "The Safeguarding, Accounting, and

Auditing of Extraclassroom Activity Funds” pamphlet provided by the New York State Education Department.

During our review of cash receipts, we found instances in which funds were held for long periods of time before they were deposited into the bank.

We recommend that all funds received by each club be remitted to the Central Treasurer and deposited into the bank on a timely basis. The recommended time is within 72 hours of receiving the funds.

Profit and Loss Statements

During our review of fundraising activities to ensure profit and loss statements are being filled out for each individual fundraiser, we found that there were receipts for fundraising activities that did not have a profit and lost statement attached.

We recommend a profit and lost statement be prepared and attached to all cash receipts for fundraising activities.

Pursuant to Commissioner's Regulation §170.12(e)(4)(i), we do not consider this recommendation and/or suggestion to be a finding or require a corrective action plan.

Cash Disbursements

During our review of cash disbursements, we found that cash disbursements were made without formal documentation of the approval by the student officer of that specific club.

We recommend that a payment order approval form be used that includes the student officer approval for all cash disbursements as described in “The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds” pamphlet provided by the New York State Education Department.

Student Officer Lists

We found that the student officer and faculty advisor lists do not include the signatures of the officers or advisors for all clubs to ensure the Extraclassroom Activity Fund Treasurers had sample signatures for each advisor and student officer of each club.

We recommend that the Extraclassroom Activity Treasurer receive a sample signature from each student officer and faculty advisor from each club in order to be able to cross reference approvals on cash receipts and cash disbursements.

Pursuant to Commissioner's Regulation §170.12(e)(4)(i), we do not consider this recommendation and/or suggestion to be a finding or require a corrective action plan.

Club Records

We found that there were clubs that did not keep their own accounting records to compare to the Extraclassroom Activity Treasurer's books and records.

We recommend that each club should designate a student officer to keep their own books and records and regularly reconcile them to the Extraclassroom Activity Treasurer's books and records.

Pursuant to Commissioner's Regulation §170.12(e)(4)(i), we do not consider this recommendation and/or suggestion to be a finding or require a corrective action plan.

Inactive Clubs

During our review of the Extraclassroom Activity Funds summary schedule, we found there were clubs listed that did not have activity during the year ended June 30, 2023 or during the current fiscal year.

We recommend the District review these clubs to determine if they should be considered inactive clubs.

Pursuant to Commissioner's Regulation §170.12(e)(4)(i), we do not consider this recommendation and/or suggestion to be a finding or require a corrective action plan.

High School

Cash Receipts

During our review of cash receipts, we found that bank deposits were made without formal documentation of the approval of the acceptance of funds by the student officer of that specific club.

We recommend that a deposit receipt form be used that includes the student officer approval for all cash receipts as described in "The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds" pamphlet provided by the New York State Education Department.

During our review of cash receipts, we found instances in which funds were held for long periods of time before they were deposited into the bank.

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We recommend that a payment order approval form be used that includes the student officer approval for all cash disbursements as described in "The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds" pamphlet provided by the New York State Education Department.

Sales Tax

During our review of the cash disbursements, we found instances when a club purchased items using the District's sales tax exemption.

We recommend the District Extraclassroom Activity Funds not use the Districts to make purchases and pay the appropriate sales tax for items that are considered taxable sales under New York State law.

Student Officer Lists

We found that the student officer and faculty advisor lists do not include the signatures of the officers or advisors for all clubs to ensure the Extraclassroom Activity Fund Treasurers had sample signatures for each advisor and student officer of each club.

We recommend that the Extraclassroom Activity Treasurer receive a sample signature from each student officer and faculty advisor from each club in order to be able to cross reference approvals on cash receipts and cash disbursements.

Pursuant to Commissioner's Regulation §170.12(e)(4)(i), we do not consider this recommendation and/or suggestion to be a finding or require a corrective action plan.

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We recommend that each club should designate a student officer to keep their own books and records and regularly reconcile them to the Extraclassroom Activity Treasurer's books and records.

Pursuant to Commissioner's Regulation §170.12(e)(4)(i), we do not consider this recommendation and/or suggestion to be a finding or require a corrective action plan.

Other

In addition to the items listed above in the Procedures, Findings & Recommendations area of this letter, we performed other procedures with respect to Extraclassroom Activity Funds and have no further recommendations.

We also reviewed various forms of the Extraclassroom Activity Funds including monthly and quarterly reports for accuracy, and to ensure they are in compliance with standards set forth by the New York State Education Department in "The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds."

We made inquiries of the Business Office Treasurer, the Extraclassroom Activity Fund Treasurer at the High School and Middle School to get an understanding of the controls at all levels.

We made inquiries of Club Advisors at the High School and Middle School to get an understanding of the controls at the advisor level.

We also reviewed the stipends paid to the faculty advisors for all clubs to ensure the proper amounts have been recorded and the stipends went through the proper approval process.

We also reviewed the bank reconciliations performed and the preparation and review process that is followed for bank reconciliations.

We also reviewed the process for the establishment and approval of a new club in the Extraclassroom Activity Funds at the district.

We also reviewed the process for keeping attendance for all clubs in the Extraclassroom Activity Funds at the district.

This report is intended solely for the information and use of the Audit Committee, the Board of Education and Management of the Dobbs Ferry Union Free School District. It is not intended to be, and should not be used by anyone other than these specified parties.

Respectively Submitted,

Nugent & Haeussler, P.C.

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