

October 8, 2019

To the President and Members  
of the Board of Education of the  
Mechanicville City School District

Dear Board Members:

In planning and performing our audit of the financial statement of Mechanicville City School District's Extraclassroom Activity Fund (the Fund), as of and for the year ended June 30, 2019 we considered the Fund's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, during our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated October 8, 2019 on the financial statement of Mechanicville City School District's Extraclassroom Activity Fund. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control and other operational efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

#### 1. CLUB LEDGERS

##### Finding

During our testing of cash disbursements and cash receipts, we noted 10 out of 60 disbursements tested and 20 out of 60 cash receipts tested where the disbursement or receipt was recorded for the incorrect amount, not included in either the student ledger or Central Treasurer's ledger, or the ledger was missing.

##### Recommendation

Club ledgers are an important and required part of the accounting records for extraclassroom activities. The purpose of these ledgers is for the Club to be responsible for recording and monitoring their activity and for providing a system of checks and balances against the ECAF Treasurer. To help ensure that each club is aware of the balance available to them, club ledgers should be prepared and maintained by the student treasurers of each club, ensuring they are correctly accounting for all activity throughout the year. These ledgers should be periodically compared to the Central Treasurer's ledger with any discrepancies investigated and resolved.

## 2. BUDGETS

### Finding

Through our audit procedures we noted that no budgetary estimates of necessary receipts and disbursements for each club were made and documented.

### Recommendation

Per the NYSED guidance, each club should annually budget receipts and disbursements and a copy filed with each the chief faculty advisor, central treasurer, faculty advisor, and student activity treasurer.

## 3. CASH RECEIPTS

### Finding

The Extraclassroom Activity Clubs receive funds from a variety of sources, including donations, ticket sales, field trips, event admissions and product sales. However, controls over those receipts are limited.

### Recommendation

The District should review NYSED's Finance Pamphlet 2 for all aspects of control over Extraclassroom Activity Funds. However, as it relates to cash receipts, the District should consider the following:

- All donations should be documented in the minutes of each Club receiving donations as soon as they are received. the minutes should be signed by the Club officers and maintained as part of the official records of the club. in addition, the copy of the check or other documentation, such as a letter from the donor, should be filed with the cash receipts documentation.
- The District should consider issuing pre-numbered receipts to all Clubs with directions as to when a receipt should be issued, i.e. anytime an individual collects money from another individual. Periodically, the pre-numbered receipt books should be collected and reconciled to the cash receipts recorded.
- The District should require all fundraising activity to be supported by a ticket reconciliation for events for which admission is charged. Any fundraisers involving the sale of inventory should be supported by an inventory reconciliation form which should be attached to the cash receipt.
- To provide a system of checks and balances, all clubs should be required to prepare a statement of profit and loss for each fundraising event held. This will institute a sense of accountability as each event will be reviewed for effectiveness and efficiency.

## 4. FACULTY AUDITOR

### Finding

During our procedures, we noted that there is not a faculty auditor auditing records on a periodic basis.

### Recommendation

Per the NYSED guidance, a Chief Faculty Auditor should be appointed annually. The faculty auditor will call in the ledgers kept by the student activity treasurer at least twice a year, on a rotating basis, in order to compare the balance as shown on the central treasurer's report with the balance recorded in the ledger of the student activity treasurer. He/she should also examine various transactions and paperwork to determine if correct procedures are being used. He/she shall certify on these pages the accuracy of the entries posted and the available balances listed.

We would like to thank the management and staff of Mechanicville City School District for their cooperation during the course of the audit. There are many favorable areas within the Fund upon which we have not made comment. Please understand that the nature of this letter is to recommend improvements.

This communication is intended solely for the information and use of the management, audit committee and Board of Education of Mechanicville City School District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Marvin and Company, P.C.*