Board of Education
Hornell City School District
25 Pearl Street
Hornell NY 14843

Extra Class Activity Audit
Internal Audit Report
Fiscal Year 2018-2019

March 2019
Executive Summary

Internal Audit performed an audit including detailed testing of the Hornell City School District Extra Class Activity area. The area’s tested during the audit in summary are as follows:

- An audit of the Extra Class Activity area was done at the Hornell City School District on March 11th of 2019. Internal audit found that there were good processes and controls in place, with recommendations for strengthening below in the exceptions area. Area's tested were as follows:
  1. Policies and procedures.
  2. Student club listings along with signoffs and charters.
  3. Sampling of documentation concerning receipts, including bank deposits, ledgers, documentation, sales tax, authorizations, and segregation of duties.
  4. Sampling of documentation concerning disbursements, including bank statements, authorizations, and ledger entries.
  5. Sampling of fund raisers including inventory security, profit and loss statements, authorizations, and calendar of events.
  6. Check that the ledgers of the Central Treasurer and the ledgers of the clubs agree and reconcile correctly with the bank statements.
  7. Check to ensure the BOE gets a treasurer report with club activities and ledger balances.
  8. Bank reconciliations are done regularly and are accurate from Central Treasurer ledgers and club ledgers to the bank statements.

Audit Scope, Objective, and Methodology

Scope

To perform an internal audit by annual testing and evaluation of one or more areas of the districts internal controls, taking into account risk, control weaknesses, size, and complexity of operations.

Internal Audit is a department within Tompkins-Seneca-Tioga BOCES and is supervised by the Board of Education for the Hornell City School District under a cooperative services agreement. The findings and conclusions in this report are the responsibility of the Board and the Internal Audit Department.

Objective

To determine whether:

- All regulations and controls pertaining to school extra class activities are being completed and adhered to for the above areas in the executive summary.

Methodology

Internal Audit complies with applicable regulations promulgated by the State Commissioner of Education and the District's policies and procedures. The Audit Committee/Board requested that Internal Audit perform an audit of the school transportation area.

Strengths

- Very good organization of documentation.
- EPES software being used.
- Club balances are signed off to agree with Central Treasurer ledger balances.
- All club members are signing off with responsibilities.
- Inactive clubs have been eliminated per outside audit finding last year.
- Money is being brought to the bank in a timely manner.

Exceptions and Recommendations

As part of performing an Internal Audit, changes for strengthening controls and reducing identified risks are generally recommended, along with time frames for implementation.

1. Recommend that charters or objectives for all clubs be written up with yearly plans to meet goals.

2. Recommend that all clubs turn into the Central Treasurer the point of sale documentation. This should include who, quantity, amount, date, etc. for when items have been sold.

3. The student store should have a perpetual inventory taken and compared to the physical inventory. This would include a periodic perpetual inventory including Beginning inventory + purchases – sales = ending inventory. Then a physical count should take place and compared to the perpetual inventory with any differences investigated.

4. Recommend a forecasted profit and loss statement be done prior to the decision of the fund raiser to estimate how much money will be raised and how it will be raised. This should be used as a basis for the approval of the fund raiser and compared to the actual results of the fund raiser. Good educational opportunity for the students.

Recommended Implementation Timeframe: Spring of 2019 school year

Conclusion

Based on the results of audit testing, Internal Audit believes controls and the related policies and procedures over Extra Class Activities are present, but could be enhanced. The aforementioned audit exceptions indicate opportunities for improvement in the internal control system. Implementation of corrective actions should strengthen the process and reduce the risks.