

Norwich City School District
 2019-20 External Audit of Extraclassroom Activity Funds
 Summary of Audit Findings & Corrective Action Plan

Audit Findings
<p>SIGNIFICANT DEFICIENCIES Current Year Finding</p>
<p>1) Cash Receipts - Supporting Documentation <i>Finding:</i> During the current year audit, 10 of 10 receipts examined lacked adequate supporting documentation, such as dates the events were held and whether the funds were turned in to the Central Treasurer in a timely manner.</p> <p><i>Recommendation:</i> We recommend adequate supporting documentation be provided and retained for all cash receipts.</p>
<p>2) Cash Receipts - Deposits <i>Finding:</i> During the current year audit, we identified 3 of 10 receipts not deposited by the Central Treasurer in a timely manner.</p> <p><i>Recommendation:</i> We recommend the Central Treasurer make every effort to deposit the money into the bank within 3 days of receipt.</p>

OTHER MATTERS
<p>Current Year Finding</p>
<p>1) Inactive Funds <i>Finding:</i> During our current year audit, the Class of 2022, National Honor Society, and Art Club activity funds were financially inactive.</p> <p><i>Recommendation:</i></p>

Corrective Action Plan
<p>Goal to complete by June 30, 2021</p>
<p>NCS D Agrees with the auditor recommendations. A training on internal controls over the Extraclassroom Activity Funds was held with Insero & Co. on January 6, 2021 with the NCS D Extraclassroom Treasurer, The District Treasurer and the Activity Advisors to discuss the audit findings and solutions. The district will require adequate supporting documentation be provided and retained for all cash receipts such that any reviewer with no knowledge of the transaction will be able to accurately follow the transaction from beginning to end. Process improvements will be rolled out to Extraclassroom advisors and applicable students to ensure documentation requirements and process are met. Insero & Co. has agreed to provide annual training on controls over Extraclassroom Activities, including training for Student Officers.</p>
<p>NCS D Agrees with the auditor recommendations. A training on internal controls over the Extraclassroom Activity Funds was held with Insero & Co. on January 6, 2021 with the NCS D Extraclassroom Treasurer, The District Treasurer and the Activity Advisors to discuss the audit findings and solutions. The Extraclassroom or Central Treasurer understands the importance of making timely deposits, including applicable documentation and pending any impediments to making a timely deposit, the deposit will be made within three days of receipt going forward. Insero & Co. has agreed to provide annual training on controls over Extraclassroom Activities, including training for Student Officers.</p>

<p>COVID-19 continues to impact district operations into the 2020-2021 school year, including the activity of certain clubs. NCS D will review the activity of all funds on a recurring basis going forward, including at the end of each school year to determine if action needs to be taken to dissolve funds in accordance with NCS D board policy. Insero & Co. has agreed to provide annual training on controls over Extraclassroom Activities, including training for Student Officers.</p>

During the current year audit, Covid-19 disrupted the activity of all clubs and resulted in significantly less activity for certain clubs. We recommend management review the inactive clubs and if the inactivity is not due to Covid-19, dissolve the funds according to School District policy.

2) Appropriate Signatures

Finding:

During our current audit, 3 of 10 receipts and 1 out of 10 disbursements examined were not signed by the Student Treasurer or the Faculty Advisor.

Recommendation:

To ensure proper accounting, we recommend all receipts and disbursements be approved and signed by a Student Officer and the Faculty Advisor .

3) Profit and Loss Statements

Finding:

During our Current Year audit, Profit and Loss Statements were not completed for 8 of 8 fundraisers examined.

Recommendation:

We recommend all fundraisers include a profit and loss statement. A profit and loss statement allows Student Officers and Club Advisors to analyze fundraisers to determine if they are benefiting the club.

4) Cash Receipt - Sales Tax

Finding:

During our current year audit, sales tax was not collected and remitted on 8 of 8 applicable receipts examined.

Recommendation:

We recommend the Central Treasurer review transactions to determine if sales tax should be collected and ensure it is paid on all applicable purchases.

NCS D Agrees with the auditor recommendations. A training on internal controls over the Extraclassroom Activity Funds was held with Insero & Co. on January 6, 2021 with the NCS D Extraclassroom Treasurer, The District Treasurer and the Activity Advisors to discuss the audit findings and solutions. The Activity Advisors are aware of the importance of internal controls, including ensuring proper approval is documented on both receipts and disbursements. Activity Advisors will ensure appropriate training of internal controls over Extraclassroom Activities is carried out with Student Officers. Insero & Co. has agreed to provide annual training on controls over Extraclassroom Activities, including training for Student Officers.

NCS D Agrees with the auditor recommendations. A training on internal controls over the Extraclassroom Activity Funds was held with Insero & Co. on January 6, 2021 with the NCS D Extraclassroom Treasurer, The District Treasurer and the Activity Advisors to discuss the audit findings and solutions. Part of the discussion included simplifying the profit and loss process, including standardizing a template that can summarize each event. The district will plan to incorporate this template going forwards.

NCS D Agrees with the auditor recommendations. A training on internal controls over the Extraclassroom Activity Funds was held with Insero & Co. on January 6, 2021 with the NCS D Extraclassroom Treasurer, The District Treasurer and the Activity Advisors to discuss the audit findings and solutions. The Central Treasurer will coordinate with the District Treasurer and Director of Business Services on future events in which sales tax may need to be collected and remitted and to ensure the proper procedures are carried out.

COVID-19

As a result of the remote learning environment mandated due to COVID-19, it appears the School District's Extraclassroom Activity Funds were not maintained in accordance with Board-approved policies and procedures. It was noted through inquiry the School District was unable to obtain Student Officer approval on receipts and disbursements. It should be noted this occurred after school was closed due to COVID-19.

The District agrees that COVID-19 severely impacted normal district operations, including the function of certain Extraclassroom internal controls. The District will ensure that internal controls over the Extraclassroom processes are carried out as soon as it is possible to safely do so.

It is reasonable that controls and procedures were not developed to ensure all club activity was properly tracked and approved by the students due to the unprecedented nature of this school closing. However, we recommend the School District examine its Extraclassroom Activity Funds policies and procedures to ensure the students properly approve and track club activities in the event of future school building closures.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with School District personnel, and we will be pleased to discuss them in further detail at your convenience or to perform any additional study of these matters.