



CINCINNATUS CENTRAL SCHOOL DISTRICT

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To: Mr. Todd Freeman, Superintendent

From: Matthew Priest. School Business Official

Re: Corrective Action Plan for 2023-2024

The 2023-2024 fiscal year external audit for the Cincinnati Central School District was performed by the firm of MMB+CO, Business Advisors and CPAS. The firm identified three deficiencies in internal control. MMB+CO also identified one item in "other item" and is not considered to be a deficiency in internal control; however, the firm considers it an item that should be communicated to the District. The district's responses to the identified areas are stated in blue color and are in italics.

Profit and Loss Statements:

Our examination revealed one instance of a profit and loss statement not being completed for a fundraising event in the French Club. In addition, there was one instance in the Middle School Club where receipts and disbursements listed on the profit and loss statements, were not able to be traced to the general ledger.

We recommend profit and loss statements be prepared for fundraiser's and be given to the Central Treasurer to be retained for our review at year end.

This recommendation will be followed. As this was a single occurrence, the District has established procedures with the handling of profit and loss statements. We continue to strive towards improvement of our practices. The District will create a checklist for all clubs to follow in regards to the various fundraisers' profit and loss statements. To ensure the process and procedure is accurately completed, we will have the checklist created and implemented by January 1, 2025.

Sales Tax:

During the course of our examination, we noted one instance in the Drama Club where sales tax was not paid on taxable purchases. We also noted one instance in the Student Senate where sales tax was not remitted on dances.

We recommend every effort continue to be made to comply with the New York State Sales Tax Law.

This recommendation will be followed. As this was a single occurrence, the District has established procedures with the handling of sales tax. We continue to strive towards improvement of our practices. We will continue regular communications between the Central Treasurer, Student Treasurer and the Faculty Advisor to ensure that applicable taxes are paid. We will revisit and reevaluate these procedural steps to ensure the process is accurately completed by January 1, 2025.

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Change Fund:

During our interview with the Central Treasurer, it was noted that clubs are able to use change funds to make cash purchases for pizza or supplies if needed.

In an effort to safeguard cash and to improve accountability, all cash receipts should be deposited intact, and all purchases should be made by check.

The District agrees with this recommendation. The District will continue to safeguard cash and improve accountability by creating stricter procedures for clubs to follow. All events that charge admission will be given a check for \$50 of starter cash to be used to make change for admission sales only. All refreshments and decorations will need to be pre-ordered and a check secured from the Central Treasurer to pay for those items. This procedure will be implemented by January 1, 2025.

Other Item; Inactive Club:

As indicated on the statement of cash receipts and cash disbursements, the Computer Club did not have any financial activity during the 2023-24 fiscal year.

We recommend the status of this club be reviewed. If no future financial activity is anticipated, the club should be closed in accordance with the Board of Education policy.

The District agrees with this recommendation. The District will dissolve club's funds that are showing no financial activity. This will follow the extra classroom policy that is currently in place for clubs that are not financially active. There has been no financial activity during the 2022 – 2023, 2023 – 2024 academic years, therefor the funds will be dissolved from Computer Club and placed in the Student Senate's account. The Computer Club will remain intact; however, the club will not carry any financial assets. This procedure will be implemented by December 31, 2024.