

March 30, 2023

To the School Board  
Sanborn Regional School District

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sanborn Regional School District (the “District”) for the year ended June 30, 2022, we considered the District’s internal control structure in order to determine our audit procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that represent an opportunity for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and recommendations regarding these matters. A separate report dated March 30, 2023 contains our report on internal accounting controls. This report does not affect our report dated March 30, 2023, on the financial statements of the Sanborn Regional School District for the year ended June 30, 2022.

Sincerely,

*Vachon Clukay & Company PC*

Vachon Clukay & Company PC

## **STUDENT ACTIVITIES FUND**

### ***Observation***

In performing our testing procedures over the student activities fund, we selected a total of 51 vendor disbursement transactions. Of the 51 transactions tested, we noted two disbursements that were approved subsequent to the date of the disbursement, and four transactions that lacked supporting documentation or an approved disbursement request form. In addition, we tested 46 transactions involving the receipt of funds. Of the 46 transactions tested, we noted one instances of deposit forms being incomplete.

### ***Implication***

Failure to approve disbursements prior to processing the related checks, and failure to retain supporting documentation, may result in an increased risk of unauthorized or inappropriate expenditures being made. Additionally, failure to properly complete deposit forms increases the risk of misclassification of funds or enforcing District policies.

### ***Recommendation***

We recommend that disbursements be approved in advance of the transactions being processed, and that documentation for all disbursements be retained in accordance with the District's adopted policy. Additionally, we recommend that deposit forms for all receipts be completed in their entirety, including the name and signature of the individual completing the form.

## **CREDIT CARDS**

### ***Observation***

In performing procedures over P-Card transactions, we selected 40 P-Card transactions for testing. Of the transactions tested, we noted one instance of a charge that lacked supporting documentation, and two instances that lacked supporting documentation with sufficient detail to determine the content of the purchase and the appropriateness of the charges. Additionally, we noted inconsistencies in how the vendor information is documented for credit card purchases when transactions are entered into the general ledger, using the name of the credit card supplier in some instances, and the actual vendor in others.

### ***Implication***

Failure to retain proper supporting documentation, including enough detail to document the components of the underlying purchase, may result in an increased risk that unauthorized or inappropriate expenditures may be made. While the District's policy does not explicitly require itemized invoices, it does prohibit the purchase of certain items, such as alcohol. The lack of itemized invoices makes enforcement of the current policy more difficult to verify. Furthermore, lack of a clear and consistent method for recording vendor information within the general ledger creates additional complexities when reviewing transactions and analyzing vendor data.

### ***Recommendation***

We recommend that all supporting documentation for P-Card purchases be remitted to the Accounts Payable Clerk for processing on a timely basis, and that this information include itemization of the items purchased whenever possible. Additionally, we recommend that the District evaluate its process for recording transactions to ensure consistent use and identification of vendors.