

**TOWN AUDITOR'S REPORT
HIGH SCHOOL STUDENT ACTIVITIES FUND
FISCAL YEAR 2022**

Control Account

As of June 30, 2022, the Checking Account and Agency Account had a reported balance of \$192,181.46, representing total cash available at year-end. The school Finance Secretary continues to carry a discrepancy of \$2,706.70 over MUNIS that comes from accounting transactions of several years ago. Ledgers (spreadsheets) are maintained for each type of Student Activity on which deposits and expenditures are posted and the ledger is reconciled to MUNIS.

Observation and Recommendation

The aforementioned \$2,706 discrepancy from prior years is the result of a number of journal entries into and out of certain GL accounts. I have reviewed the activity and can see that they were performed correctly from an accounting perspective, but there is no definitive documentation as to why such entries were made. Since they span over several years, I will confer with the Town Accountant, Treasurer, and the Finance Secretary in the coming weeks to bring closure to this matter. Given the age of the issue and the fact that the discrepancy has not increased or decreased in all reconciliations, I will most likely recommend that this amount become the new "Zero" and the accounts be considered balanced.

Revenue/Expenditures (MUNIS Fund 8506)

All revenue generated from Student Activities is deposited with the Town Agency Fund maintained at the Bank of Canton. Invoices \$500 or less are paid via check from the checking account maintained at the South Shore Bank.

Be advised, invoices over \$500 are paid through the Towns' operating account via the warrant process. Accounts Payable operations track the invoices paid for Student Activities and provides a total to the Assistant Treasurer (AT). The AT in turn reviews this data and transfers monies from the Agency Bank Account to the Operating Bank Account for reimbursement. Accounting records all transactions relating to Student Activities Funds to Fund 8506. For FY22 MUNIS reflects \$320,440 in Revenue and \$265,501 in Expenditures for the High School. Therefore, there was an increase in FY22 in available cash for Student Activities.

To perform my review of revenue, I selected numerous receipts and confirmed each to the bank deposits, cross checked them to the deposits, and reviewed the deposit ticket and tear sheet (for cash) for compliance. I also confirmed the deposit on bank statements.

To audit expenditures, I reviewed numerous expense transactions and examined the appropriate backup that supported each charge. Some disbursements were traced to the Student Activity Ledger Card.

Turnovers to Treasury Deposited to the Agency Bank

Treasury maintains an Agency Bank account with the Bank of Canton whereby all currency & check deposits regarding Student Activities are made. I selected several turnovers to Treasury and confirmed the total monies to the Bank of Canton Statement, Deposit Ticket and Bag Tear Receipt (for cash only, as checks are scanned). I confirmed a number of deposits to MUNIS. Be advised, cash and checks to be turned over to Treasury are held in a safe the combination of which is known only by the Principal and Office Finance Secretary. Cash Turnover to Treasury totals were reviewed to "Cash Deposit Detail Reports" prepared by the Activity Sponsor, which accompany the monies given to the Principals' Office.

Observation and Recommendation

Cash tips are left by customers when they pay for their goods/service. The cash is placed in bags that are individually numbered. Those bags are secured in a locked safe (see above for details). Presently, it appears that the counting and signature recording of the cash is performed by one person, the Finance Secretary. In my experience handling cash I would usually see two signers confirming cash counts; a person who performed the count while another who either witnessed the count or performed a "control count". With this in mind, I'd recommend that the High School leadership consider having a co-signer for this cash count. Please note that I am not insinuating any impropriety with the existing practice nor is this an audit finding. This is merely a suggestion to further tighten cash control.

South Shore Bank Checking Account

This account is used to pay (via check) invoices of \$500 or less and is controlled by the Principal. School Management authorized to sign checks are the Principal and Financial Manager at Administration. Only one signature is required. The Agency Bank account replenishes this operating account, based on the supporting back-up submitted to Treasury. No replenishment occurred in FY22.

Fiscal 2022 started with Check 4016 and ended with Check 4264, with approximately 248 checks written for the fiscal year (including voices). I examined the voids; no issues. I accounted for all checks issued during the fiscal year.

I selected numerous payments from the Principals' checking account (South Shore Bank) and agreed each to the Bank Statement and the Student Activity Ledger Cards. I reviewed the South Shore Bank Statement to the Check Book balance as prepared by the Finance Secretary for June 2022. There were no discrepancies noted during the review and I agree with the totals prepared by the High School.

Observation and Recommendation

While reviewing statements, I noted that there are a number of prior period transactions that are being carried as reconciling items on each bank statement. Some date back a full year. Reconciling items such as these are fairly common and I commend the Finance Secretary for resolving older items each month with the assistance of the Town Treasurer. However, there remain a number of items that need to be cleared. In the coming weeks I will discuss this with the Town Treasurer to see if the older items can be cleared.

Bank of Canton Agency Account

The Treasury Agency Account for Schools is maintained at the Bank of Canton. I requested and was given all Fiscal Year 2022 Bank Statements. Upon receipt I reviewed numerous deposits as credited on the Bank of Canton Statement to fund 8506 and to a Cash/Check Turnover to Treasury by the School. Additionally, I reviewed debits to the Bank of Canton School Agency Account for Transfers to the Town Operating Account which is used to pay Student Activity Fund invoices over \$500.

The Finance Secretary maintains a Summary of Deposits/Withdrawals to the Agency Account for which I traced transactions to the Bank Account and Ledger Cards. For numerous payments over \$500 I examined the appropriate documentation.

Student Activities Ledger Cards

The Finance Secretary accounts for each Activity's funds by posting Deposits and Withdrawals on a Ledger Card. To test the integrity of these cards I performed the following: I selected deposits as entered on the Ledger Cards for various Student Activities and verified that the amount was deposited in the Agency Bank Account and recorded in MUNIS, I selected some payments entered on the Ledger Cards and agreed each to the South Shore Bank statement and I examined invoices and purchase orders that supported the charges, I reviewed direct pays (over \$500) to MUNIS, and I reviewed each of the Ledger Cards' year-end balance as listed on the Bookkeepers' Summary to the year-end balance on the detailed Ledger Card. There were no discrepancies on items reviewed.

Event Financial Reports

Event Financial Reports (EFR) are required to be prepared for each Fund Raiser and Activity which shows the details of the Revenue and Expenses associated with the Event. The Student Advisor is to complete the EFR. I was given a number of EFRs and reviewed the revenue and expenses. These activities are generally fundraisers so typically these reports show only revenue generated. Only one report showed an expense.

Observation and Recommendation

For background, the School Financial Management Procedures for Extra Curricular Advisors requires that an "Event Financial Report (EFR) be completed for all fund raisers at the completion of the event". All money must be turned over to the Principal's Office within 24 hours accompanied by a Student Activity Deposit Form for the Bookkeeper and an EFR for the Principal. To that end, the Finance Secretary and School Principal have done a very good job ensuring these reports are prepared.

However, I have learned that more reports should have been completed by advisors. All Advisors must prepare an EFR immediately after the Event and enclose it with the Cash/Checks that must be turned over to the appropriate staff within 24 hours. Then, the staff should examine this report and agree the Funds received to those listed on the EFR. The Principal may want to review these Event Financial Reports to stay abreast of Student Fund Raisers. This is not a finding, but rather a recommendation for improvement. I recommend that the High School Principal, who is new this year, communicate the importance of preparing these reports at the completion of the event.

Conclusion

Apart from the comments I provided to the Finance Secretary separately and the recommendations listed above, based on my review of the detailed records maintained by the High School Finance Secretary I conclude there are no findings. The Finance Secretary is to be commended for the thoroughness and accuracy of the records she maintains.

Respectfully Submitted,



Brian Connolly
Town Auditor

11/3/22