

Committee Meeting Agenda/Minutes

Committee:	BOE Finance Committee		
Location: Superintendent's Office, Room 158 Chase Building 236 Grand Street	Date of Meeting: Monday February 10, 2025	Start Time: 5:00 p.m.	Finish Time: 6:24 pm

Team Norms:
<ol style="list-style-type: none"> 1. All meetings will start on time 2. All team members will agree to stay on specific agenda topics 3. A specific agenda will be set for all meeting

Commissioners Present:	Staff Present:
<i>Commissioners Brown, Orso, and Van Stone</i>	<i>Chief Operating Officer Nicholas Albini, Interim Grant Manager Tom Bell, Chief Financial Officer Doreen Biolo, Chief Academic Officer Janet Frenis, Educational Liaison Robert Haxhi, Assistant Superintendent Juan Mendoza, and Interim Superintendent D. Schwartz</i>

AGENDA		MINUTES
#	Agenda Item	Time Allotted
		<ul style="list-style-type: none"> • Motion • Motion by/seconded by • Vote tally
1.	Fiscal Year 2025/26 Proposed Budget ~ <i>Dr. Schwartz, D. Biolo</i>	<i>Motion to recommend the Board transmit the 2025-26 budget Van Stone/Brown unanimously</i>
2.	Follow-up Review of City of Waterbury Student Activity Fund Audit.	<i>Reviewed report</i>
3.	Adjournment	<i>Motion to adjourn at 6:24 pm Van Stone/Brown unanimously</i>

Additional notes/minutes: *The BOE Finance Committee Budget Presentation 2025-2025, including district data, was handed out and discussed.*

Minutes prepared by: *Commissioner T. Van Stone*



WATERBURY
PUBLIC SCHOOLS

BOE Finance Committee
Budget Presentation 2025-2026
February 10, 2025



WATERBURY
PUBLIC SCHOOLS

The Mission

The Mission of Waterbury Public Schools is to inspire and prepare every student to be successful in and beyond school.

The Vision

All Waterbury Public Schools students will graduate ready to transform their world.



WATERBURY
PUBLIC SCHOOLS

Core Values

- **Holds high expectations for excellence in teaching and learning.**
- **Promotes equity in policy, practice and resources**
- **Provides students quality learning experience aligned to our Portrait of the Graduate**
- **Acts as stewards for community resources, managing our assets to ensure equity and excellence.**
- **Recognizes that meaningful relationships are the foundations of a high-quality education.**
- **Commits to embracing a diverse community.**
- **Commits to civility, honesty, responsibility and transparency.**

WATERBURY PUBLIC SCHOOLS

Strategic Plan Model





WATERBURY PUBLIC SCHOOLS

Student Enrollment

School Year	Student Count	English Learners	Students with Disabilities
2019 – 2020	18,674	2,919	3,747
2020 – 2021	18,353	2,965	3,763
2021 – 2022	18,562	3,188	3,824
2022 – 2023	18,595	3,393	3,850
2023 – 2024	18,827	3,907	3,836
2024 – 2025	18,664	3,934	3,810



WATERBURY PUBLIC SCHOOLS

Diverse Student Population

School Year	American Indian or Alaska Native	Asian	Black or African American	Hispanic or Latino	Two or More Races	White	Islander
2019 - 2020	108	297	4,036	10,745	648	2,838	2
2020 - 2021	108	285	3,945	10,758	665	2,591	1
2021 - 2022	102	292	3,956	11,232	704	2,275	1
2022 - 2023	98	285	3,943	11,459	756	2,053	1
2023 - 2024	92	299	3,969	11,779	790	1,898	0
2024 - 2025	77	289	3,847	11,897	758	1,776	0
Difference *	-31	-8	-189	1152	110	-1062	-2
% Difference *	-28.70%	-2.69%	-4.68%	10.72%	16.98%	-37.42%	-100.00%

* % Difference compared from FY 2020 to FY 2025



WATERBURY PUBLIC SCHOOLS

Our Students' First Language

January 2024	January 2025	Difference
Spanish - 4,621	Spanish - 4,974	353
Portuguese - 337	Portuguese - 365	28
Albanian - 135	Albanian - 125	-10
Urdu - 53	Urdu - 54	1
Haitian Creole - 29	Haitian Creole - 72	43
Arabic - 35	Arabic - 39	4



WATERBURY
PUBLIC SCHOOLS

Goals:

- Academic Excellence**
- Safe and Healthy Schools**
- Financial Stability and Sustainability**



WATERBURY PUBLIC SCHOOLS



2025 - 2026 BUDGET PROCESS

Fall through January:

- Planning and Preparation

January-February:

- Review by Board of Education and Recommendation to Mayor

First week of April:

- Mayor's Budget to Board of Aldermen

April to first week of June:

- Board Of Aldermen Holds Meetings, Hearings, Considers Actions, Adopts Budget

Early June:

- Board of Education makes Line Item Changes, Adopts Final Budget

2025 - 2026 BUDGET PRIORITIES

Strategic Plan : Fiscal Responsibility

- **Goal 1 Aligned Budget** - Increase the capacity of the district and decision-makers to build a budget aligned to its strategic priorities for increasing access to equitable opportunities for all students.
- **Goal 2 Consolidated Long Range Planning** - Develop and consolidate long-range plans prioritizing programmatic, facilities, and infrastructure needs in order to support a stable and sustainable district

EDUCATION COST SHARING GRANT

EDUCATION COST SHARING GRANT

FISCAL YEAR	TOTAL ECS (WATERBURY)	CITY	ALLIANCE
2017-2018	\$133,356,066	\$113,367,182	\$19,988,884
2018-2019	\$136,201,264	\$113,617,182	\$22,584,082
2019-2020	\$143,020,652	\$113,617,182	\$29,403,470
2020-2021	\$150,090,541	\$113,617,182	\$36,473,359
2021-2022	\$157,222,797	\$113,617,182	\$43,605,615
2022-2023	\$164,355,045	\$113,617,182	\$50,737,863
2023-2024	\$170,363,118	\$113,617,182	\$56,745,936
2024-2025	\$189,654,075	\$113,617,182	\$76,036,893
2025-2026*	\$200,109,332**	\$ 113,617,182	\$ 86,492,150 *

***ECS Preliminary Numbers - Per the Governors Proposed Biennial Budget**

****Total ECS FY26 \$200,816,321 (\$706,989 – Increasing Educator’s Diversity Grant)**

GENERAL FUND & ALLIANCE EDUCATION BUDGET

FISCAL YEAR	APPROVED CITY BUDGET	STATE APPROVED ALLIANCE BUDGET	COMBINED YEARLY BUDGET
2017-2018	\$158,375,000	\$19,988,884	\$178,363,884
2018-2019	\$158,375,000	\$22,584,082	\$180,959,082
2019-2020	\$158,375,000	\$29,403,470	\$187,778,470
2020-2021	\$158,375,000	\$36,473,359	\$194,848,359
2021-2022	\$158,375,000	\$43,605,615	\$201,980,615
2022-2023	\$158,375,000	\$50,737,863	\$209,112,863
2023-2024	\$158,375,000	\$56,745,936	\$215,120,936
2024-2025	\$158,375,000	\$76,036,893	\$234,411,893
2025-2026	\$158,375,000*	\$86,492,150	\$244,867,150

*Minimum Budget Requirement - MBR



WATERBURY
PUBLIC SCHOOLS

Federal Stimulus Funds

From March 2020 through September of 2024 the Waterbury Public Schools Received a Total of **\$ 149,197,129** in ESSER & ARP ESSER Funds.

-These Funds are Fully Exhausted and No Longer Available for FY 2026-

Education Department

2025-2026 Proposed Budget Summary

	Expenditures 2023-2024	Approved Budget 2024-2025	Proposed Budget 2025-2026	Inc/Dec
Salaries	\$91,194,757	\$153,117,858	\$160,210,589	\$7,092,731
Health Benefits Expense	\$9,143,776	\$10,090,000	\$11,119,800	\$1,029,800
Instructional Expense	\$2,407,553	\$2,616,090	\$2,769,090	\$153,000
Purchased Services Expense	\$44,094,532	\$43,775,558	\$50,569,292	\$6,793,734
Property Expense	\$8,763,034	\$9,199,732	\$9,554,468	\$354,735
Miscellaneous Expense	\$2,512,803	\$755,150	\$765,150	\$10,000
New Items	\$0	\$130,000	\$126,000	(\$4,000)
Gross Budget Proposal	\$158,116,454	\$219,684,388	\$235,114,387	\$15,430,000
<i>Alliance Year 13 (Operating Budget)</i>		(\$57,684,387)		\$57,684,387
<i>Alliance Year 14 (Operating Budget)</i>			(\$60,472,884)	(\$60,472,884)
<i>Alliance Year 14 (Portion of ECS / Alliance Increase for Operating Budget)</i>			(\$10,455,257)	(\$10,455,257)
General Fund 2016-2017 Surplus		(\$450,000)	(\$450,000)	\$0
General Fund 2015-2016 Surplus		(\$1,000,000)	(\$1,000,000)	\$0
General Fund 2014-2015 Surplus		(\$1,000,000)	(\$1,000,000)	\$0
City Non Lapsing Account		(\$500,000)	(\$500,000)	\$0
Contingency Surplus		(\$675,000)	(\$675,000)	\$0
Total Budget Proposal	\$158,116,454	\$158,375,000	\$160,561,246	\$2,186,246

Major Account Increase/Decrease

**EDUCATION DEPARTMENT
BOE Proposed Budget 2025-2026
Major Account Increase/Decrease**

2025-26 BOE Proposed Gross Budget	\$235,114,387
<i>2024-2025 BOA Approved Budget (Same for FY26)</i>	\$158,375,000
DIFFERENCE	\$76,739,387
<i>Alliance Non Reform Year 14</i>	(\$60,472,884)
Contingency/ General Fund Surplus	(\$3,625,000)
<i>Alliance Year 14 (Full ECS / Alliance Increase for Operating Budget)</i>	(\$10,455,257)
BUDGET INCREASE	\$2,186,246
CONTRACTUAL SALARY INCREASES	\$6,470,356
SAW (Step Increase)	\$243,055
WTA (Step Increase)	\$5,502,525
Blue Collar (Step Increase)	\$287,352
WMAA -contract ends 6/30/25 -(estimated 3%)	\$53,225
White Collar -contract ends 6/30/25 -(estimated 2%)	\$277,456
Other (Crossing Guards 3.50% GWI increase; Non-Union; SRO)	\$106,743
Salary Difference from Operating Budget to Alliance	(\$2,788,497)
PROJECTED RESIGNATIONS - ATTRITION	\$400,000
Certified Attrition	\$200,000
Non Certified Attrition	\$200,000
HEALTH BENEFIT CONTRIBUTION	\$1,000,000
PUPIL TRANSPORTATION	\$2,505,881
OUT OF DISTRICT TUTION	
Special Education & Regular Ed School Choice	\$3,600,856
PURCHASED SERVICES - SPECIAL EDUCATION	\$830,000
GENERAL REPAIRS and MAINTANANCE	\$258,830
ELECTRICITY	\$500,000
NATURAL GAS	(\$400,000)
MISCELLANEOUS ITEMS	\$264,077
ALLIANCE YEAR 14 (Alliance Increase for Operating Budget)	(\$10,455,257)
BUDGET INCREASE	\$2,186,246

Education Department

New Items	Proposed Budget 2025-2026
511 Roberto Clemente International School (2) Teachers; English & Spanish Grade 5	\$126,000
Total New Items	\$126,000

Education Department

Salaries	Expenditures 2023-2024	Approved Budget 2024-2025	Proposed Budget 2025-2026	Inc/Dec
511 Instructional Regular Payroll	\$42,965,970	\$104,348,699	\$108,537,157	\$4,188,458
511 Special Education Payroll	\$31,400,069	\$35,556,048	\$37,344,956	\$1,788,908
511 Administration Payroll	\$1,456,916	\$1,450,168	\$1,565,743	\$115,575
511 Fiscal Administration Payroll	\$470,842	\$796,194	\$811,101	\$14,906
511 Operation and Maintenance Payroll	\$7,399,751	\$9,432,630	\$9,767,898	\$335,268
511 Human Resources Payroll	\$562,180	\$843,950	\$854,846	\$10,897
511 Student Transportation Payroll	\$908,810	\$858,410	\$874,754	\$16,344
511 Adult Education Payroll	\$1,220,139	\$1,350,000	\$1,350,000	\$0
511 Operation and Maintenance Overtime	\$1,023,972	\$600,000	\$700,000	\$100,000
511 Outside Activities Overtime	\$318,530	\$245,000	\$300,000	\$55,000
511 Administration Overtime	\$263,155.09	\$40,000	\$75,000	\$35,000
511 Athletic & Extra Compensatory	\$914,186	\$875,000	\$929,000	\$54,000
511 Extra Police Protection	\$314,902	\$250,000	\$300,000	\$50,000
511 Substitute Teacher Payroll	\$568,567	\$350,000	\$520,000	\$170,000
511 Education Longevity	\$7,135	\$5,620	\$5,620	\$0
511 Projected Resignations/Attrition Certified	\$0	(\$2,700,000)	(\$2,500,000)	\$200,000
511 Projected Resignations/Attrition Non-Certified	\$0	(\$2,500,000)	(\$2,300,000)	\$200,000
511 Certified Early Incentive & Vacation Sick Time Buyout	\$1,399,633	\$1,316,139	\$1,074,514	(\$241,625)
Total Salaries	\$91,194,757	\$153,117,858	\$160,210,589	\$7,092,731

Education Department

Benefit Expense	Expenditures 2023-2024	Approved Budget 2024-2025	Proposed Budget 2025-2026	Difference
522 Health Benefit Fund	\$9,000,000	\$10,000,000	\$11,000,000	\$1,000,000
529 Car & Meal Allowance	\$143,776	\$90,000	\$119,800	\$29,800
Total Benefits	\$9,143,776	\$10,090,000	\$11,119,800	\$1,029,800

Education Department

Instructional Expense	Expenditures 2023-2024	Approved Budget 2024-2025	Proposed Budget 2025-2026	Difference
561 Instructional Supplies	\$1,344,263	\$1,620,000	\$1,595,000	(\$25,000)
561 Office Supplies	\$62,044	\$75,590	\$75,590	\$0
561 Emergency/Medical Supplies	\$0	\$2,000	\$0	(\$2,000)
561 Intake Center Supplies	\$3,469	\$3,500	\$3,500	\$0
561 Recruitment Supplies	\$44,007	\$50,000	\$50,000	\$0
561 Medicaid Supplies	\$6,384	\$8,000	\$8,000	\$0
561 Janitorial Supplies	\$388,025	\$300,000	\$465,000	\$165,000
561 Buildings & Grounds Supplies	\$368,642	\$370,000	\$370,000	\$0
567 Clothing	\$40,534	\$40,000	\$50,000	\$10,000
567 Crossing Guard Uniforms	\$1,990	\$2,000	\$2,000	\$0
569 Recreational Supplies	\$11,162	\$15,000	\$15,000	\$0
569 Athletic Supplies	\$137,034	\$130,000	\$135,000	\$5,000
Total Instructional Expense	\$2,407,553	\$2,616,090	\$2,769,090	\$153,000

Education Department

Purchased Services Expense	Expenditures 2023-2024	Approved Budget 2024-2025	Proposed Budget 2025-2026	Difference
533 Professional Services	\$0	\$4,200,000	\$4,200,000	\$0
533 Evaluation and Testing	\$0	\$2,500	\$0	(\$2,500)
533 Consulting	\$515,965	\$406,658	\$269,796	(\$136,862)
533 Auditing	\$58,000	\$62,000	\$64,000	\$2,000
539 Sport Officials	\$13,610	\$25,000	\$25,000	\$0
539 Report Cards	\$0	\$0	\$0	\$0
539 Messenger Service	\$37,488	\$33,600	\$40,000	\$6,400
551 Pupil Transportation	\$20,332,980	\$18,790,000	\$21,295,881	\$2,505,881
553 Postage	\$44,191	\$45,000	\$45,000	\$0
553 Telephone	\$222,440	\$200,000	\$200,000	\$0
553 Wide-area Network	\$77,955	\$93,600	\$100,408	\$6,808
556 Out of District Tuition	\$17,152,583	\$16,000,000	\$19,600,856	\$3,600,856
556 Purchased Services - Outside Special Ed	\$5,532,198	\$3,825,000	\$4,655,000	\$830,000
557 Tuition Reimbursement	\$42,916	\$10,000	\$15,000	\$5,000
558 Travel Expenses	\$4,700	\$5,000	\$5,000	\$0
559 Advertising	\$24,230	\$32,500	\$13,000	(\$19,500)
559 Printing & Binding	\$15,424	\$23,000	\$18,000	(\$5,000)
559 Insurance - Athletics	\$19,851	\$21,700	\$22,351	\$651
Total Purchased Services Expense	\$44,094,532	\$43,775,558	\$49,569,292	\$6,793,734

Education Department

Property Expense	Expenditures 2023-2024	Approved Budget 2024-2025	Proposed Budget 2025-2026	Difference
543 General Repairs & Maintenance	\$1,375,889	\$1,288,000	\$1,546,830	\$258,830
543 Maintenance - Service Contracts	\$783,310	\$975,000	\$920,000	(\$55,000)
544 Building Rental	\$573,171	\$587,642	\$605,560	\$17,918
545 Water	\$272,580	\$250,000	\$275,000	\$25,000
545 Electricity	\$3,077,831	\$3,000,000	\$3,500,000	\$500,000
545 Security & Safety	\$352,389	\$100,000	\$100,000	\$0
561 Diesel/Propane/heating oil	\$440,834	\$578,424	\$576,284	(\$2,140)
561 Gasoline	\$206,142	\$210,667	\$205,794	(\$4,873)
561 Natural Gas	\$1,492,747	\$2,000,000	\$1,600,000	(\$400,000)
575 Furniture	\$12,725	\$15,000	\$15,000	\$0
575 Office Equipment	\$135,457	\$155,000	\$170,000	\$15,000
575 Plant Equipment	\$39,960	\$40,000	\$40,000	\$0
Total Property Expense	\$8,763,034	\$9,199,732	\$9,554,468	\$354,736

Education Department

Miscellaneous Expense	Expenditures 2023-2024	Approved Budget 2024-2025	Proposed Budget 2025-2026	Difference
589 Mattatuck Museum	\$12,660	\$12,000	\$12,000	\$0
589 Board of Ed Commissioners	\$20,801	\$20,700	\$20,700	\$0
589 Emergency Fund	\$9,299	\$9,450	\$9,450	\$0
589 Waterbury Promise	\$500,000	\$500,000	\$500,000	\$0
589 Mileage	\$10,194	\$10,000	\$10,000	\$0
589 Coaches Reimbursements	\$4,098	\$3,000	\$3,000	\$0
589 Dues & Publications	\$64,707	\$65,000	\$65,000	\$0
591 Athletic Revolving Fund	\$127,104	\$135,000	\$145,000	\$10,000
591 Sinking Fund	\$1,763,940	\$0	\$0	\$0
Total Miscellaneous Expense	\$2,512,803	\$755,150	\$765,150	\$10,000

2025 - 2026 BUDGET INCREASE

2025-2026 Proposed Budget \$160,561,246

2024-2025 Approved Budget \$158,375,000

Total Increase \$ 2,186,246

Percentage Increase 1.38%

2025-2026 BOA Budget Assumption \$158,375,000

2025-2026 Budget Gap \$ 2,186,246

2025 – 2026 Budget Summary

2025-2026 BOE Proposed Budget	\$160,561,246
2025-2026 BOA Budget Assumption*	\$158,375,000
2025-2026 Proposed Budget Gap	\$2,186,246
2025-2026 Budget Mitigation Plan (TBD)**	(\$2,186,246)
2025-2026 Net Budget Gap	\$0

***BOA Education Budget (Meets the Minimum Budget Requirement - MBR)**

**** Based on FY26 Budget Assumption - Develop Budget Mitigation Plan**

Questions and Answers



The City of Waterbury
Finance and Audit Review Commission
235 Grand Street, Waterbury, CT 06702

December 4, 2024

Honorable Board of Education:

We respectfully submit the Follow-up Review of City of Waterbury Student Activity Fund Audit, for your review and comments

A handwritten signature in cursive script, reading "P. Buzzelli". The signature is written in black ink and is positioned above the printed name and title.

Paul Buzzelli, Chairman
Finance and Audit Review Commission



The City of Waterbury
Internal Audit Department
235 Grand Street, Waterbury, CT 06702

December 4, 2024

Finance and Audit Review Commission:

The Audit Department has completed the Follow-up Review of City of Waterbury Student Activity Fund Audit. Our objective was to determine if recommendations from the Audit Report dated February 28, 2022 (Exhibit A) were implemented.

We would like to thank the employees of the Board of Education and School Business Office for their cooperation during the process.

The accompanying report is provided for your information. Additional copies of the report will be provided upon your request. This report can also be found on the City of Waterbury's Internal Audit Webpage.

Sincerely,

Joseph Garvis, CPA, CGMA

cc: Honorable Paul K. Pernerewski, Jr., Mayor
Joe Geary, Chief of Staff
Ali DeGirolamo, Mayoral Aide
Jennifer Rose, Executive Secretary, Press Secretary
Mike LeBlanc, Director of Finance
Doreen Biolo, Chief Financial Officer
Carrie Swain, Board of Education

Follow-up Review of City of Waterbury Student Activity Fund Audit

City of Waterbury

November 19, 2024

Joseph J Garvis, CPA
Director of Internal Audit

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City of Waterbury Student Activity Fund Audit Report	A
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The City of Waterbury
Internal Audit Department
235 Grand Street, Waterbury, CT 06702

November 19, 2024

To: Finance and Audit Review Commission

From: Joseph Garvis, Director of Audit

Subject: Follow-up Review of City of Waterbury Student Activity Fund Audit.

A. Background Information

At the request of the Finance and Audit Review Commission, the Internal Audit Department conducted a follow-up audit of the Recommendations from the Audit Report dated February 28, 2022 of City of Waterbury Student Activity Fund. (Exhibit A)

The objectives of that audit were to determine whether cash handling procedures and internal controls over cash at the City of Waterbury:

- were effectively designed to reduce the risk of loss and/or misappropriation.
- whether internal controls related to safeguarding of cash transactions are adequate including receiving, tracking and recording.
- provide for the efficient use of financial resources

What Was Found

Controls could be strengthened and improved, also some processes could be improved and policies and systems updated for :

- Collection and documentation of receipts
- Disbursements and Processing Payment Requests
- Quicken Ledger Activity
- Reporting
- Manual Processes and Systems
- Software Systems
- Management Oversight
- Waterbury Board of Education SAF Policy and Regulations

Recommendations – From The City of Waterbury Student Activity Fund Audit

A. We recommend that all moneys collected from any source be substantiated by pre-numbered triplicate-copy receipts. In a system using triplicate copy receipt books the top copy is given to the customer, the second copy is attached to deposit documentation and the third copy remains in the receipt book to form the detail manual POS system	Closed
B. We recommend that receipt books have prenumbered receipts and all detail receipts contain unique printed language such as, City of Waterbury Student Activity Fund or other unique printed language or logo deemed appropriate	Closed
C. We recommend that all receipt books are centrally purchased, issued, tracked and controlled by WPSS Central Business Office. Also, that a central database is used to control the distribution and tracking of receipt books issued and in use, the series of detail receipts involved and receipt books that were issued and are fully used	Closed
D. We recommend that supporting documentation (invoices, receipts) are always provided as part of the documentation supporting the request for payment form and are kept for auditing purposes as required by BOE policy.	Closed
E. We recommend that all checks are printed from the automated software feature in Quicken and all data is stored on the network drive.	Closed
F. We recommend that consideration should be given to automating and integrating manual processes and systems into software systems to the greatest extent possible. Automating manual processes and systems strengthens controls, enables Management to monitor transactions and activity in real time and also produce Management/Exception reports, performance indicators and other reports in real time.	Closed
G. We recommend that a review is done to determine the capability of using Quicken software to produce detail cash receipts in order to automate and integrate the cash receipts function into Quicken.	Closed
H. We recommend that Quicken software is evaluated to determine if Quicken is adequate to meet all the needs of WPSS for SAF purposes	Closed
I. We recommend that a review is done to determine if the additional features and benefits available using Quick Books rather than Quicken would better meet the needs of WPSS Student Activity Fund.	Closed
J. We recommend that a review of Student Activity Fund software packages is done to determine the feasibility of replacing the system currently being used with a Student Activity Fund software package	Closed

A. Detail Follow-up Review Findings

General

Recommendations (above) from the 2022 SAF Audit (Exhibit A) that were implemented for cash receipt books and check disbursements that resulted in improvements to the control environment included:

- The use of pre-numbered triplicate-copy receipts with unique printed language
- Centralized control over the issuance and tracking of cash receipt books by the School Business Office (SBO).
- Printing checks using the automated feature in Quicken software

Student Activity Funds policies, documents and forms

At the time of our review The Waterbury Public School System (WPSS) had Student Activity Funds (SAF) Policy & Regulations adopted by the Board of Education (BOE) August 2, 2004 (**Exhibit A**). SBO Management has done a review and updated the Policy & Regulations however the BOE has not adopted the updated version of the SAF Policy & Regulations done by SBO Management.

Recommendations

- We recommend that SBO Management take action to submit the updated version of the SAF Policy & Regulations including any recommendations for changes to the BOE for review and approval of the changes.
- We recommend that once any changes to SAF Policy & Regulations are approved by BOE, SBO Management take action to reinforce with all School Principals and School Business Officers the revised SAF Policy & Regulations. This could include conducting training or providing additional instruction to make certain school personnel are made aware of what is required in order to comply with BOE Policy & Regulations for Student Activity Funds.

Due Date:

Responsible Person: Chief Financial Officer, WPSS

Reporting

At the time of our review we found reporting of the activity/club account balances to activity advisors was not always being done periodically. We were informed some reporting of activity/club balances was being done informally as requested however the process was not documented.

Reporting detail activity and balances to activity advisors is a key control over the accounting function, where activity advisors independent of accounting can confirm transactions and recorded balances for their respective club or activity.

Recommendations

- We recommend that detail activity/club account balance reports are prepared on a periodic basis and distributed to each club/activity advisor showing detail activity and balances for their club/activity. If any differences exist policy should include a process to resolve discrepancies involving both the school business officer and the principal's office.

Due Date:

Responsible Person: Chief Financial Officer, WPSS

Reconciliation of receipts and segregation of duties

All bank reconciliations are prepared by a staff member in the WPSS SBO from Quicken ledger activity and Webster bank records. At school locations Business Managers collect funds, prepare detail receipts and make bank deposits. Although a process exists to collect, record, deposit and report receipts we found there was no documented accounting process showing all detail receipts and deposit activity was accounted for, compared to bank deposits and deposits recorded in Quicken.

In general there was a lack of separation of duties at school locations. The same employee that receives SAF funds, counts cash and checks, issues receipts, has custody of funds, makes deposits, prepares and issues vendor checks, accounts for cash receipts, is the sole user of the software, makes transfers and issues any related reports.

Recommendations

- We recommend a documented process is developed to tie detail copies of receipts in receipt books to detail deposits per bank and detail deposits recorded in Quicken software. The individual performing this analysis and reconciliation should not have access to any SAF funds, be responsible for bookkeeping or accounting for SAF or for inputting, processing or reporting data in Quicken.

- Due to the lack of separation of duties we recommend oversight is increased to compensate for the lack of separation of duties in the SAF function.

Due Date:

Responsible Person: Chief Financial Officer, WPSS

Internal Control Activities

Our Follow up review concludes that for recommendations implemented (Closed) the control environment was improved also controls could be further strengthened with the recommendations made in this report.

Recommendations

- We recommend that a review is done and action is taken to implement any recommendations made in the Detail Follow-up Review Findings

Due Date:

Responsible Person: Chief Financial Officer, WPSS

Exhibit A

City of Waterbury Student Activity Fund Audit

February 28, 2022

Joseph J Garvis, CPA
Director of Internal Audit

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I. Authorization

At the request of the Finance and Audit Review Commission (FARC) the Internal Audit Department (IAD) surveyed Management to identify potential audit projects and was requested to review the accounts and operations of City of Waterbury (City) Student Activity Funds (SAF).

II. Objectives and Methodology

A. The objectives of our audit were to:

- Obtain an understanding of all existing state and local requirements as they relate to SAF.
- Obtain an understanding of the various SAF processes and procedures used by Waterbury Public School System (WPSS).
- Determine if written policy and procedures are adequate to address proper internal controls and compliance.
- Determine if funds are adequately safeguarded.
- Determine if receipts are complete and deposited in a timely manner.
- Identify opportunities to improve efficiencies and controls in the SAF process.

To develop an understanding of relevant control structure policies and procedures, we reviewed financial records, applicable laws, policy and regulations. We examined department reports, compared data, observed operating procedures and analyzed historical results.

B. Scope of procedures:

1. Tested cash receipts
2. Reviewed detail deposits
3. Tested cash deposits to the bank
4. Tested check deposits to the bank
5. Reviewed and summarized receipt books
6. Reviewed and summarized bank statements
7. Compared bank statements to receipt books and Quicken ledger

8. Reviewed bank account reconciliations
 9. Reviewed activity account reports
 10. Compared activity account balances to bank balances
 11. Tested cash disbursements
 12. Tested check endorsements
 13. Reviewed Management Oversight on site – School
 14. Reviewed Management Oversight – Business Office
- C. Internal Audit examined the duties of personnel concerned with cash inflows, outflows and accounting.
- D. Interviewed WPSS and Departmental employees.
- E. Reviewed the City-Wide Cash Control Policy and Procedure.

III. Background Information

Student activity funds are fiduciary funds, which are held on behalf of the students. The purpose of student activity funds should be to promote the general welfare, education and morale of all of the students and to finance the reasonable, co-curricular and school activities of the student body. These educational experiences take a variety of forms including such areas of interest as athletics, assemblies, honor societies, clubs, lectures, field trips and student council. These activities are available to the entire student body. The funds will not be used for any purpose that represents an accommodation to an individual, a loan or credit. Funds will not be used for staff or a capital improvement to a facility.

Projects for the raising of student activity money shall contribute to the educational experience of the students and shall add to, but not be in conflict with the instructional program. Student participation is an important factor in the democratic management of the money raised by the students and expended for their benefit. Student activity money shall be expended in such a way as to benefit those pupils who have contributed to the accumulation of the money.

The funds in each of the student activity accounts are held on behalf of the students. Every effort should be made in order to expend the funds for the purpose for which they were intended, in the year the funds were raised. If a balance remains in the

student activity account for the various classes, the funds should follow the class to the next grade level.

School activity accounts as described in CGS 10-237 (**Exhibit A**) will also be maintained. These funds will be used to report gifts and donations not related to a student activity. They will also account for funds from the Board of Education budget which support school activities.

IV. WPSS Student Activity Funds Overview of Operations

1. Management of Student Activity Funds

At the time of our review there were 32 SAF Webster Bank checking accounts in use (**Exhibit B**). All bank reconciliations were prepared by a staff member in the Waterbury Public School System central business office location. Standalone manual check books were in use at all school locations, checks were prepared by the Business Manager on site at each location. Manual receipt books were being used to record the receipt of SAF funds at some locations.

2. Type of Funds collected

- a. Schools currently generally accept the following payment types:
 - i. Cash
 - ii. Check
 - iii. Money Order

3. Student Activities Fund approvals

At high school and middle schools, at least two authorizations are required for all withdrawals.

4. Software Systems used to manage Student Activity Funds

Quicken software was being used to record deposits, check disbursements and transfer activity. Microsoft Excel was being used at some locations to record transactions.

5. Student Activity Funds policies, documents and forms

The WPSS has a Student Activity Funds policy last updated 2004 (**Exhibit A**)

V. General

At the time of our review up to date bank reconciliations along with reverse positive pay used for check disbursements enhanced controls. Controls over cash receipts, cash disbursements, reporting and oversight are in need of improvement.

Controls over cash receipts were not being followed. Detail cash receipt books were not always being used and there was no central control over cash receipt books.

We found supporting documentation was not always being maintained. Request for payment forms were being approved and checks were being issued for payment without supporting documentation.

Reporting of the activity account balances to activity advisors was not being done periodically. We were informed some reporting of activity balances was being done informally as requested however the process was not documented.

Oversight procedures for cash receipt, cash disbursement and reporting functions were not fully documented and are in need of improvement.

VI. Findings and Recommendations

1. Collection and Documentation of Receipts

We conducted various tests of seven (7) schools SAF accounts the total amount of the seven SAF balances tested was more than \$335,000 or approximately 75% of the entire SAF District balance of \$447,892 at fiscal yearend 6/30/21 (**Exhibit B**). Our testing disclosed:

Detail cash receipts were not always being issued, we found only 2 of the 7 schools tested were using detail receipt books to document and record the receipt of SAF funds. WPSS Board of Education (BOE) Policy and Regulations (**Exhibit A**) section II. A. Collection and Documentation of Receipts states "All moneys collected from any source must be substantiated by pre-numbered duplicate-copy receipts". In addition to the BOE requiring the use of detail receipt books to substantiate all moneys collected, in a manual system receipt books serve as the basis for the detail point of sale (POS) system. Issuing detail customer receipts is a key control over an accounting or bookkeeping cash receipts function, where individuals independent of accounting/bookkeeping can confirm their detail transactions and track activity and or recorded amounts for their respective account.

Of the receipt books in use there was no indication on the detail receipts whether cash, check or money order had been received, the series of receipt books we

examined was incomplete as to the source of each detail item cash, check or money order. Separately accounting for cash and check receipts is a control that can be used and should be used to prevent and/or detect inappropriate activity or the misappropriation of funds.

The receipt books in use appear to be generic receipt books available from an office supplier. There was no unique marking or identifier on any of the detail receipts issued indicating City of Waterbury Student Activity Fund or other unique logo. Although one school marked each book on its cover with a number, there was no central database or other method being used to control the distribution and tracking of receipt books issued and in use or the series of detail receipts or books that have been fully used.

We found there was no documented accounting or analysis being done showing all receipt and deposit activity was accounted for, compared to bank deposits and deposits recorded in Quicken.

When safeguarding cash and checks physical controls are emphasized. Controls should include restricting access to funds (cash and checks) to as few individuals as possible. Counting cash in a non-public area, having more than one individual present, if possible. Depositing cash and checks daily, use of other physical controls such as a safe to store funds until deposited. We found that not all schools had a school safe for use in storing funds. Although the funds may have been stored in a locked office and or desk, WPSS Board of Education (BOE) Policy and Regulations state " Said moneys shall remain in the school safe only until such time as a deposit can be reasonably completed. "

There was a lack of separation of duties at school locations. The same employee that receives SAF funds, counts cash and checks, issues receipts, has custody of funds, makes deposits, prepares and issues vendor checks, accounts for cash receipts, is the sole user of the software, makes transfers and issues any related reports.

Recommendations

- We recommend that all moneys collected from any source be substantiated by pre-numbered triplicate-copy receipts. In a system using triplicate copy receipt books the top copy is given to the customer, the second copy is attached to deposit documentation and the third copy remains in the receipt book to form the detail manual POS system.
- We recommend there is an indication on the all detail receipts issued showing whether cash, check or money order was received.
- We recommend that receipt books have prenumbered receipts and all detail receipts contain unique printed language such as, City of Waterbury Student Activity Fund or other unique printed language or logo deemed appropriate.

- We recommend that all receipt books are centrally purchased, issued, tracked and controlled by WPSS Central Business Office. Also that a central database is used to control the distribution and tracking of receipt books issued and in use, the series of detail receipts involved and receipt books that were issued and are fully used.
- We recommend a documented process is developed to tie detail copies of receipts in receipt books to detail deposits per bank and detail deposits recorded in Quicken software. The individual performing this analysis and reconciliation should not have access to any SAF funds, be responsible for bookkeeping or accounting for SAF or for inputting, processing or reporting data in Quicken.
- We recommend that a review is done of physical controls over SAF funds (cash and checks).
- Due to the lack of separation of duties we recommend oversight is increased to compensate for the lack of separation of duties in the SAF function.

Management Response

We will be purchasing books and storing them in the School Business Office. They will be controlled by SBO personnel. We will be investigating the printing and cost for the books. Quicken cannot produce receipts. We will do the information gathering in the summer (July - August 2022) and start implementation in September - October 2022.

Due Date: September - October 2022

Responsible Person: Chief Financial Officer, WPSS

2. Disbursements and Processing Payment Requests

Prior to preparing and issuing check payment activity account advisors complete and sign a request for payment form (**Exhibit A**) attach supporting documentation (i.e., invoice, receipt) forward the request to the business manager. The business manager will prepare a check and forward the check, request for payment voucher, and documentation to the school principal for review and signing of the check. During our review and analysis of request for payment forms and supporting documentation we found:

1. Supporting documentation (invoices, receipts) was not always being kept to support the request for payment as is required by WPSS Board of Education Policy.
2. WPSS Board of Education Policy section II, B. states, When a check has been written, the invoice, and supporting documents, shall be marked "PAID BY CHECK NUMBER _____ and DATE OF PAYMENT _____ and shall be filed for

- auditing purposes.”. Following processing for payment we did not find any supporting documents that were being marked paid with date of payment.
3. WPSS Board of Education Policy section II, B. also states “Disbursements shall be supported by invoice or documentation bearing signatures certifying receipt of goods or services. Accuracy of prices, extensions and totals should be checked prior to payment” we found that supporting documents did not always have signatures certifying receipt of goods or services. Although there may have been a process being used to check accuracy of prices, extensions and totals prior to payment the process was not documented.
 4. Standalone manual check books were in use at all school locations, checks were prepared manually by the Business Manager on site at each location.

Recommendations

- We recommend that supporting documentation (invoices, receipts) are always provided as part of the documentation supporting the request for payment form and are kept for auditing purposes as required by BOE policy.
- We recommend when a check has been written that supporting documentation (invoices, receipts) are always marked PAID BY CHECK NUMBER ____ and DATE OF PAYMENT ____ as required by BOE policy.
- We recommend that a documented process is developed for certifying receipt of goods or services, accuracy of prices, extensions and totals prior to payment including any signatures certifying receipt of goods or services.
- We recommend that when tangible goods are received a process is in place to ensure that goods are adequately safeguarded and controlled.
- We recommend that all checks are printed from the automated software feature in Quicken and all data is stored on the network drive.
- We recommend after checks are signed they should be distributed and not returned to the bookkeeping or accounting function.
- We recommend blank check stock should be controlled and stored in a secure area by an individual who is responsible for storage and issuance of blank checks. This individual should not also be responsible for creating and issuing check payments.

Management Response

We will distribute instructions for check writing in Quicken to all middle and high school (before the end of the school year). This will be followed up by training the people who are responsible for the SAF at the Middle and High schools (to start in Sept - Oct 2022). We will reaffirm the Board of Education policy with all school SAF users.

Due Date: Sept - Oct 2022

Responsible Person: Chief Financial Officer, WPSS

3. Quicken Ledger Activity

WPSS Board of Education (BOE) Policy indicates that the graduating class bring its account balance to zero by June 30th within two years following the graduating year. The class may elect several methods in order to bring the account to a zero balance.

WPSS Board of Education (BOE) Policy and Regulations provides no guidance or forms for use in making transfers among activity accounts.

Following our review of Quicken ledger activity we found:

1. Some graduating classes had activity beyond the two years following the graduating year.
2. Transfers were being made in various activity accounts. WPSS was using an internally developed request for transfer form.
3. Some individual activities had negative balances.

Recommendations

- We recommend that accounts are reviewed periodically to determine if action needs to be taken in order to comply with BOE Policy for Class Accounts.
- We recommend that a periodic review is performed of Quicken ledger activity to determine if there are any unusual transactions or amounts such as negative individual activity balances and that for any items identified corrective action is taken as needed.
- We recommend that a review is performed of WPSS Student Activity Fund Board of Education Policy and Regulations to update policy, forms and documents as needed.

Management Response

At the end of each school year we will review class accounts and remove accounts as needed. We will review the Board of education policy and suggest changes (July - August 2022 for review Sept. 2022)

Due Date: Sept. 2022

Responsible Person: Chief Financial Officer, WPSS

4. Reporting

According to WPSS Board of Education Policy and Regulations section V. The principal or business manager shall maintain a complete set of books recording all moneys received and disbursed. All transactions shall be entered and categorized to permit appropriate analysis. Separate account balances shall be kept for each club or activity.

On a quarterly basis during the school year, the building principals will send reports on the school activity funds to the School Business Office personnel who will then forward a copy to the internal city auditor.

An annual activity report summarizing receipts and disbursements as well as a reconciled cash balance statement shall be prepared by the principal or business manager at the end of each school year. This report shall be signed and dated by the principal.

We found that no annual reporting was being done at the school level, however, this function was taken over by Waterbury Public School System central business office personnel.

We found reporting of the activity/club account balances to activity advisors was not being done periodically. We were informed some reporting of activity/club balances was being done informally as requested however the process was not documented. Reporting detail activity and balances to activity advisors is a key control over the accounting function, where activity advisors independent of accounting can confirm transactions and recorded balances for their respective club or activity.

The Internal City Auditor has not received any quarterly school activity fund reports as described above.

Recommendations

- We recommend that detail reports be prepared at least quarterly and distributed to each club/activity advisor showing detail activity and balances for their club/activity. If any differences exist policy should include a process to resolve discrepancies involving both the school business officer and the principals office.
- We recommend that quarterly reports on school activity funds are sent to School Business Office personnel who will then forward a copy to the internal city auditor.
- We recommend policy is established to monitor and report on any club/activity in the event that there is no advisor.

Management Response

Item 1 + 2 will be discussed with the staff at the Middle and High schools and may be incorporated into the changes that are recommended for Board of Education policies Sept - Oct 2022). We will recommend Item 2 be removed from the Board of Education policy.

Due Date: Sept - Oct 2022

Responsible Person: Chief Financial Officer, WPSS

5. Manual Processes and Systems

As noted throughout this report standalone manual checking, receipting and excel processes and systems were being used at school locations to capture, process, review and report SAF detail transactions. In general manual systems are prone to errors and omission, require large amounts of Staff and Management time to prepare, update, review and control. Related control issues are noted and described in detail throughout this report.

During our review of Quicken ledger activity we found in some cases large gaps in check number sequence. This would indicate detail checking activity was being posted to Quicken on an as cleared basis and not on an as written basis. Generally checks are written in sequential order the large gaps in check number sequence that we found posted in Quicken would indicate that was not always the case.

Recommendations

- We recommend that consideration should be given to automating and integrating manual processes and systems into software systems to the greatest extent possible. Automating manual processes and systems strengthens controls, enables Management to monitor transactions and activity in real time and also produce Management/Exception reports, performance indicators and other reports in real time.
- We recommend that all checks are printed from the automated software feature in Quicken and all related data is stored on the network drive.
- We recommend that a review is done to determine the capability of using Quicken software to produce detail cash receipts in order to automate and integrate the cash receipts function into Quicken.

Management Response

The SBO will make every effort to automate the SAF process. The SBO will provide training to the Middle and High school SAF manager on the use of Quicken to print checks. (Sept. 2022) Quicken cannot be used to print receipts.

Due Date: Sept. 2022

Responsible Person: Chief Financial Officer, WPSS

6. Software Systems

As previously noted Quicken software was being used to record deposits, check disbursements and transfer activity. Microsoft Excel was being used at some locations to record transactions. WPSS Board of Education Policy and Regulations states the Quick Books program will be used for the bookkeeping process. In general Quick Books has more features and capability than Quicken.

Currently the WPSS SAF system consists of standalone manual recordkeeping that is data entered into Quicken. We reviewed student activity fund reports from other school districts and found districts were using SAF software packages designed for school districts student activity funds.

Recommendations

- We recommend that Quicken software is evaluated to determine if Quicken is adequate to meet all the needs of WPSS for SAF purposes.
- We recommend that a review is done to determine if the additional features and benefits available using Quick Books rather than Quicken would better meet the needs of WPSS Student Activity Fund.
- We recommend that a review of Student Activity Fund software packages is done to determine the feasibility of replacing the system currently being used with a Student Activity Fund software package.

Management Response

Quicken provides adequate information and is cost effective. QuickBooks costs is about \$360.00 a year. A software package will be discussed with SBO management for consideration.

Due Date: August 2022

Responsible Person: Chief Financial Officer, WPSS

7. Management Oversight

As previously noted the bank balances and receipt books were not being compared and agreed to the trial balance of activities and funds.

We found there was no documented process showing receipts and deposits were being monitored for reasonableness.

As previously reported we found reporting of the activity/club account balances to activity advisors was not being done periodically. This is a key control over the accounting function, where activity advisors independent of accounting can confirm transactions and recorded balances for their respective club or activity.

Recommendations

- We recommend that documented procedures are developed for comparing the trial balance of activities to bank deposits and deposits per receipt books.
- We recommend that documented procedures are developed to be used to monitor receipts and deposits for reasonableness.
- We recommend that a review is done of BOE Policy applicable to reporting of the activity/club account balances to activity advisors.
- We recommend that consideration is given to performing periodic audits/reviews on site at school locations in order to increase compliance and gain insight into SAF operations at the schools. This process could include surprise cash counts or audits.

Management Response

The SBO will review, develop and update procedures to the SAF and recommend adjustment to the Board of Education policies.

Due Date:

Responsible Person: Chief Financial Officer, WPSS

8. Internal Control Activities

As previously noted oversight procedures for the cash receipt, cash disbursement and reporting functions were not fully documented and are in need of improvement, these factors added to the control and oversight of standalone manual recordkeeping systems currently in use that need strengthening and or improvement contribute to a weakened control environment for Student Activity Funds. As a result risk is increased that misappropriation, waste, fraud or abuse of student activity funds could occur and go undetected.

Recommendations

- We recommend that a review is done and action is taken to implement the recommendations included in this report.

Management Response

The SBO staff review all the items in the audit (July - August 2022) and if action is deemed necessary it will be addressed

Due Date: Sept - Oct 2022

Responsible Person: Chief Financial Officer, WPSS

9. Waterbury Board of Education SAF Policy and Regulations

As noted throughout this report BOE Policy was not always being followed. We also found during our review of detail activity some schools were using what appeared to be internally developed forms for transferring amounts among student activities and also for request for payment. The Board of Education Policy & Regulations, Student Activity Fund was adopted by the Board of Education on August 2, 2004.

Recommendations

- We recommend that a review is performed of Board of Education Policy & Regulations, Student Activity Fund in order to update Policy and Regulations as deemed appropriate.
- We recommend that BOE Policy & Regulations for Student Activity Funds are reinforced with all School Principals and School Business Officers. This could include conducting training or providing additional instruction to make certain school personnel are made aware of what is required in order to comply with BOE Policy & Regulations for Student Activity Funds.

Management Response

We will review the Board of Education Policy & Regulations to recommend changes

Due Date: Sept 2022

Responsible Person: Chief Financial Officer, WPSS

**BUSINESS & NON-INSTRUCTIONAL OPERATIONS****3453****POLICY**Student Activity Fund**I. General****A. Student Activity Fund Accounts and School Activity Accounts**

Student activity funds are fiduciary funds, which are held on behalf of the students. The purpose of student activity funds should be to promote the general welfare, education and morale of all of the students and to finance the reasonable, co-curricular and school activities of the student body. These educational experiences take a variety of forms including such areas of interest as athletics, assemblies, honor societies, clubs, lectures, field trips and student council. These activities are available to the entire student body. The funds will not be used for any purpose that represents an accommodation to an individual, a loan or credit. Funds will not be used for staff or a capital improvement to a facility.

Projects for the raising of student activity money shall contribute to the educational experience of the students and shall add to, but not be in conflict with the instructional program. Student participation is an important factor in the democratic management of the money raised by the students and expended for their benefit. Student activity money shall be expended in such a way as to benefit those pupils who have contributed to the accumulation of the money.

The funds in each of the student activity accounts are held on behalf of the students. Every effort should be made in order to expend the funds for the purpose for which they were intended, in the year the funds were raised. If a balance remains in the student activity account for the various classes, the funds should follow the class to the next grade level.

School activity accounts as described in CGS 10-237 (**Exhibit 14-A**) will also be maintained. These funds will be used to report gifts and donations not related to a student activity. They will also account for funds from the Board of Education budget which support school activities.

B. Management of funds

All records and financial procedures shall be subject to periodic review by internal personnel and annual audits by outside independent auditors. Audit reports and internal reviews shall be referred to the Principal and **School Business Administrator** for informational purposes and improvement of procedures. Quarterly reports shall be prepared by the principal or business manager and submitted to the School Business Office. These reports shall reflect the financial condition of the student activity fund and proof of reconciliation of the bank accounts.

POLICYStudent Activity Fund, continued

The principal of each school shall designate one person, in addition to himself or herself, who shall be authorized to receive, deposit and account for funds. This person will be designated as the Business Manager. At the high school and middle schools, at least two authorizations shall be required for all withdrawals-one is the approval of the invoice for payment and the other is the signing of the check. These rules shall apply to savings as well as to checking accounts. Supporting evidence shall be required prior to signing the check. Blank checks shall never be signed and should be kept in a locked drawer. Such action makes the signer personally liable for anything recorded over his/her signature.

C. Establishing a student or school activity account

The activity account advisor will need to obtain an application for approval form from the principal or business manager. The completed form should be signed and the application forwarded to the school principal for approval. (**Exhibit 14-B**)

Upon approval, a copy of the approved application will be returned to the advisor and a copy will be forwarded to the business manager. The business manager will provide the advisor with an account number to be used when completing deposits, requests for payments, and to obtain general account information.

D. Donations

Donations received from various organizations may be deposited into the student activity account, or school activity account, however, the donation must be reported on a quarterly basis to the **School Business Administrator (Exhibit 14-C&D)**. The **School Business Administrator** must authorize all fixed asset donations and will report all donations greater than \$1,000 to the Director of Finance. The donation report should be submitted with the quarterly activity and balance report. The intent of the donation must be considered when determining which account to deposit the funds. If the funds are for the benefit of a specific student activity they should be deposited into the student activity account. If the funds are for the benefit of the school, the funds should be deposited into the school activity account and be expended for the purpose for which they were intended.

E. Class Accounts

The graduating class shall bring its account balance to zero by June 30th within two years following the graduating year. The class may elect one of more of the following methods in order to bring the account to a zero balance. Funds may be used to a) reduce the cost of class activities b) work with the school administration to select and present a class gift c) add to the scholarship fund account.

POLICYStudent Activity Fund, continued***F. Interest Earned***

Interest earned shall be recorded in a separate account and made available for distribution to other activity accounts upon the approval of the principal. All such transfers of interest shall be authorized by the principal.

G. Annual Activity Report

An annual activity report summarizing receipts and disbursements as well as a reconciled cash balance statement shall be prepared by the principal or business manager at the end of each school year. These reports shall be generated by the QuickBooks software that will be used by all schools. This report shall be signed and dated by the principal.

All Student Activity records must be held for a minimum of seven years per the State of Connecticut retention requirements.

H. Audit

All accounts are subject to an annual audit which shall be conducted by the City's Independent Auditor as well as the city auditor. Copies of the audit report shall be maintained as a permanent record.

II. General procedures for receiving and disbursing money***A. Collection and Documentation of Receipts***

The activity advisor will be required to complete and sign a deposit voucher for all deposits (**Exhibit 14-E**). Additionally, the advisor will be required to provide the business manager with copies of documentation supporting the receipts. The receipts must total to the amount of the deposit.

Cash receipts should include supporting documentation. For example, if Teacher "A" is organizing a field trip and collecting money from students, the deposit receipt should include a class list of those students who have paid. Other examples would include the number of candy bars, tickets, gifts, etc. sold. Additionally, the receipt should include a brief summary of the reason for the deposit.

All moneys collected from any source must be substantiated by pre-numbered duplicate-copy receipts. A receipt will be issued immediately upon receipt of funds. The first copy of the receipt is to be given to the person from whom the money is received. The second

copy is to be retained by the principal or business manager as permanent record of money received. It should also be attached to the deposit voucher.

BUSINESS & NON-INSTRUCTIONAL OPERATIONS

3453.3

POLICY

Student Activity Fund, continued

Collections should be deposited daily or as soon as possible. Money should never be left in the school over weekends or holidays. All moneys collected shall be placed in the school safe for safe keeping. Said moneys shall remain in the school safe only until such time as a deposit can be reasonably completed. All checks to be deposited in the activity account shall be endorsed immediately upon receipt, showing a restrictive endorsement.

The bank deposit ticket will be completed in duplicate. The original is placed with the deposit. Once the deposit is made and the bank issues a bank deposit receipt, it should be attached to the second copy of the bank deposit slip, a copy of the pre-numbered receipt, the deposit voucher, and any supporting documentation.

B. Disbursements and Processing Payment Requests

The activity account advisor will need to obtain a request for payment form (**Exhibit 14-F**) from the principal or business manager, complete and sign the request, attach supporting documentation (i.e., invoice, receipt), and return the request.

The business manager will determine that sufficient documentation is presented and that sufficient funds are available to cover the expense upon signing the request. The business manager will not authorize a payment if sufficient funds are not available to cover the expense in the activity account. The business manager will prepare a check and forward the check, request for payment voucher, and documentation to the school principal for review and signing of the check.

All disbursements shall be made on pre-numbered checks which serve as the basis for making an entry recording the disbursement. Disbursements shall be supported by invoice or documentation bearing signatures certifying receipt of goods or services. Accuracy of prices, extensions and totals should be checked prior to payment. When a check has been written, the invoice, and supporting documents, shall be marked "PAID BY CHECK NUMBER _____" and "DATE OF PAYMENT _____" and shall be filed for auditing purposes. At the high school and middle schools, TWO authorizations shall be required. Checks should be mailed out by the business manager.

Additionally, the following restrictions apply:

- ◆ NO EXPENDITURES shall be made directly FROM CASH COLLECTED.
- ◆ No funds may be expended in excess of the balance of said fund.
- ◆ No alcoholic beverage or tobacco products may be purchased from the Student or School Activity Funds.

POLICYStudent Activity Fund, continued

- ◆ No funds will be used for capital improvement to a building.
- ◆ Student Activity Funds may not be used to cash checks.
- ◆ Blank checks shall never be signed.
- ◆ A check shall never be made payable to Cash. Such action makes the signer personally liable for anything recorded over his/her signature.
- ◆ No reimbursements shall be made directly to a personal account. (Exceptions noted below)
- ◆ A check should never be made payable to the principal/business manager and be authorized by that same individual.

III. Payments to Individuals/Employees for Services Rendered

All activity account advisors must contact the school principal for approval and instructions for processing payments to individuals or employees for personal services prior to receiving the services. The principal will be required to review the purpose for the services to be received to ensure that they are appropriate in the circumstances.

In order to process payments to employees for services rendered, the advisor will be required to complete a request for payment for the amount to be paid to the employee (**Exhibit 14-G**). The request for payment should include the employee's name and a description of the services received. The business manager will forward the request to the payroll accountant at the Board of Education. The Board of Education will issue a check to the employee (through the normal payroll process). The student activity account will reimburse the Board of Education payroll account as soon as possible after the payroll is issued.

At no time will the business manager issue a check made payable to an employee for personal services rendered.

Activity account advisors will utilize the following procedures when expecting to make expenditures to an individual, company (that is not a corporation), or a LLC, for personal services expected to exceed \$600 within a given calendar year. The activity account advisor will be expected to obtain a completed W-9 form. Additionally, the business manager and the School Business Office personnel will be completing periodic reviews of the activity account payments to identify instances where \$600 has or is expected to be paid to an individual or company that is not incorporated for personal services rendered.

POLICYStudent Activity Fund, continued

At the end of each calendar year, the business manager will be required to compile copies of the cumulative payments exceeding \$600 paid to each individual or company for personal services during the previous year. The copies will be forwarded to the Board of Education for review and issuance of 1099s.

IV. Reconciliation of Bank Statements

The balance shown by the bank statement will rarely agree with the balance reflected by the books of the fund because of outstanding checks, deposits in transit, bank charges and possible errors. Thus, the bank statement shall be reconciled with the activity fund books as soon as possible after it has been received. The end of each month shall serve as the cut-off date for reconciliation of the bank statement. The business manager shall prepare bank reconciliations on a monthly basis as soon as the bank statement arrives. All reconciliations should be retained for audit purposes. Errors identified in the reconciliation process should be corrected as soon as possible.

V. Reporting

The principal or business manager shall maintain a complete set of books recording all moneys received and disbursed. A general ledger shall serve as a control whereby the total amount of money received and expended for all funds is maintained continuously. All transactions shall be entered and categorized to permit appropriate analysis. Separate account balances shall be kept for each club or activity.

The computerized program QuickBooks will be used for the bookkeeping process.

- A. Principals: On a quarterly basis during the school year, the building principals will send reports on the school activity funds to the School Business Office personnel who will then forward a copy to the internal city auditor. The reports will include:
 - 1. A List of all deposits and disbursements that were transacted during the quarter.
 - 2. Indicate the status of each account as well as the entire fund.
 - 3. A List of the bank accounts into which the assets of the school activity funds are placed.
 - 4. A reconciliation of balances for each of the bank accounts.
- B. The School Business Office personnel will review each report and inquire when a transaction appears to be in violation of statute or Board of Education policy or regulations and/or when the balance/deficit in any of the bank accounts in which the assets of the school activity funds are placed appear problematic.

POLICY

Student Activity Fund, continued

If, as a result of an inquiry, the School Business Office personnel concludes that a violation of statute or Board policy or regulations has occurred or that there is either a deficit or a problem with the balance in a bank account in which assets of a school activity fund are placed, he/she will report that conclusion to the superintendent of schools as soon as possible.

It will then be the superintendent's responsibility to take appropriate action.

Adopted by the Board of Education on August 2, 2004

**Connecticut General Statutes Section 10-237
School Activity Funds'**

- a.) Any local or regional board of education may establish and maintain in its custody a school activity fund through which it may handle (1) the finances of that part of the cost of the school lunch program not provided by town appropriations, (2) the finances of that part of the cost of driver education courses furnished by such board of education and not provided by town appropriation and (3) such funds of schools and school organizations as such board from time to time determines to be desirable, which funds may include amounts received as gifts or donations. Whenever a board of education establishes a school activity fund, it shall designate one of its members or some other person to serve as treasurer of such fund and shall fix his or her salary, which shall be paid from the regular town appropriation for school purposes. Such treasurer shall be bonded and shall keep separate accounts for each school lunch program, for each driver education program and for each school fund and each school organization fund included in the school activity fund and shall make expenditures from such funds in the manner and upon such authorizations as the board of education regulation prescribes, provided the control of school funds and the funds of all school organizations shall remain in the name of the respective schools and organizations. The accounts of the school activity fund shall be considered town accounts and shall be audited by the town auditor in the same manner as all other town accounts.
- b.) The accounts of any public school lunch program, whether maintained directly by the board of education or through an agent, shall be kept in accordance with regulations prescribed by the board of education and may include a petty cash fund on the imprest basis and shall be subject to the regular audit of town accounts as provided in section 7-392.
- c.) Any local or regional board of education may receive and accept any donation or gift of personal property to be used for the educational benefit of students.



WATERBURY PUBLIC SCHOOLS

Application For Establishing A Student Activity Account

Date: _____

Account Number: _____

School: _____

Activity Account purpose: _____

Anticipated Types of Revenue Sources: _____

Anticipated Types of Expenditures: _____

The application is to be signed by the activity account advisor who will be responsible for ensuring that the activity account will be operated in accordance with the student activity account operating procedures as adopted by the Board of Education.

Activity Account Advisor

School Principal



Donated Fixed Asset Inventory Form

Date: _____

School: _____

RE: Equipment Donations

1. Item Description: _____

2. Model Number: _____

3. Serial Number: _____

a) School: _____

4. School Location (See attached list): _____

5. Room Number: _____

6. Donated by: _____

(group, organization, or person)

a) Purpose: _____

(school use, teacher use, student use, principal use, etc.)

b) Date of donation: _____

7. Bar Code #/(I.D.#): _____

8. Cost/Value: _____

(attach copy of invoice if available, otherwise estimated fair value)

9. Network Card # (if applicable) _____

Principal's Signature

Date



Cash Donations Form

Date: _____

RE: Cash Donations

1. Amount of Donation: _____

2. School: _____

3. Donated by: _____
(group, organization, or person)

4. Purpose: _____
(school use, teacher use, student use, principal use, etc.)

5. Date of Donation: _____

Principal's Signature Date



**Student Activity Funds
Deposit Voucher**

Date: _____

School: _____

Deposit Amount: \$ _____

Total Check Amount: _____

Total Cash Amount: _____

Deposit Date: _____

Teacher's Name: _____

Club, Class or Activity: _____

Explanation: _____

Business Manager Signature

Teacher's Signature



**Student Activity Funds
Request for Payment**

Date: _____

School: _____

Amount: \$ _____

Teacher's Name: _____

Make check payable to: _____

Address: _____

From (Club, Class or Activity): _____

Explanation: _____

Date: _____

Teacher's Signature

Approved by:

Signature-School Principal

or

Signature- Business Manager

Check #: _____



WATERBURY PUBLIC SCHOOLS

Employee's Payment Form for Services Performed for Student Activities

Employee Name:	_____
Address:	_____ _____ _____ _____
Social Security Number:	_____
Date Services Performed:	_____
Type of Work Performed:	_____ _____

Amount of Payment:	_____
Advisor Approval:	_____
Approved by:	_____
Date	_____

FOR ACCOUNTING PURPOSES ONLY

Account Code to Charge:	_____
Payroll Period Ending:	_____

Waterbury Public Schools
 Student Activity Accounts
 June, 30 2019

03/31/22

School/Account Name	Bank Name	Account Type	Status	BOOK BALANCE			LETTER TO 6 SCHOOLS Adjust	BOOK BALANCE		Add O/C	Less DIT	Bank Bal.		
				QUICKEN July 1, 2020	Receipts	Disbursements		QUICKEN June 30, 2021	QUICKEN June 30, 2021			June 30, 2021	June 30, 2021	
1 Bucks Hill School SAF	Webster	Checking	Open	3,707.56	716.22	(2,542.43)		1,881.35				1,881.35	1,881.35	0.00
2 Preschool Learning Center	Webster	Checking	Open	6,997.65	302.31	(6,485.39)		814.57				814.57	814.57	0.00
3 Bunker Hill School SAF	Webster	Checking	Open	11,317.32	24,082.27	(26,374.16)		9,025.43				9,025.43	9,025.43	0.00
4 Carrington School SAF	Webster	Checking	Open	6,193.12	756.49	(3,407.44)	(1.00)	3,541.17				3,541.17	3,541.17	0.00
5 Chase School SAF	Webster	Checking	Open	9,849.51	2,107.21	(2,286.11)		9,670.61				9,670.61	9,670.61	0.00
6 Crosby HS Activity Fund	Webster	Checking	Open	78,148.33	60,752.07	(80,567.40)	116.13	58,449.13	3,580.40			62,029.53	62,029.53	0.00
7 Driggs School SAF	Webster	Checking	Open	5,837.14	1,791.28	(2,415.28)		5,213.14				5,213.14	5,213.14	0.00
8 Duggan School SAF	Webster	Checking	Open	2,238.69	1,094.61	(1,546.91)		1,786.39				1,786.39	1,786.39	0.00
9 Enlightenment School SAF (2)	Webster	Checking	Open	3,205.35	110.41	(1,034.32)		2,281.44				2,281.44	2,281.44	0.00
10 Generali School SAF	Webster	Checking	Open	9,142.63		(3,022.37)	633.80	6,754.06				6,754.06	6,754.06	0.00
11 Gilmartin School SAF	Webster	Checking	Open	4,332.22	235.50	(2,720.10)	343.00	2,190.62				2,190.62	2,190.62	0.00
12 Hopeville School SAF	Webster	Checking	Open	2,424.72	474.42	(216.79)		2,682.35				2,682.35	2,682.35	0.00
13 JFK HS Activity Fund	Webster	Checking	Open	105,164.53	49,620.52	(85,953.10)	3,943.72	72,775.67	3,459.00			76,234.67	76,234.67	0.00
14 F.J. Kingsbury School SAF	Webster	Checking	Open	10,314.86	421.98	(1,842.99)		8,893.85				8,893.85	8,893.85	0.00
15 Maloney Activity Account	Webster	Checking	Open	8,992.40	1,263.65	(1,320.25)		8,935.80				8,935.80	8,935.80	0.00
16 Rotella Interdistrict Magnet School	Webster	Checking	Open	6,654.77	1,835.43	(4,741.32)		3,748.88				3,748.88	3,748.88	0.00
17 North End Activity Fund	Webster	Checking	Open	31,321.61	5,356.97	(13,216.08)	370.00	23,832.50	175.00			24,007.50	24,007.50	0.00
18 Jonathan Reed SAF	Webster	Checking	Open	10,501.92	2,344.22	(5,229.73)		7,616.41				7,616.41	7,616.41	0.00
19 Regan School SAF	Webster	Checking	Open	1,529.85	747.28	(1,454.28)		822.85				822.85	822.85	0.00
20 Sprague School SAF	Webster	Checking	Open	4,431.31	262.65	(304.28)		4,389.68				4,389.68	4,389.68	0.00
21 State Street Activity Account (2)	Webster	Checking	Open	1,052.29	162.78	(158.45)		1,056.62				1,056.62	1,056.62	0.00
22 Tinker School SAF	Webster	Checking	Open	16,688.11	2,058.60	(4,021.79)		14,724.92				14,724.92	14,724.92	0.00
23 W. Cross School SAF	Webster	Checking	Open	2,172.31	892.20	(370.49)		2,694.02				2,694.02	2,694.02	0.00
24 Wallace Middle Activity Fund	Webster	Checking	Open	15,913.10	2,790.08	(7,610.77)		11,092.41	497.41			11,589.82	11,589.82	0.00
25 Walsh Magnet School SAF	Webster	Checking	Open	949.38	1,201.38	(1,847.91)		302.85				302.85	302.85	0.00
26 Washington School SAF	Webster	Checking	Open	2,052.29	574.29	(1,041.69)		1,584.89				1,584.89	1,584.89	0.00
27 WAMS Activity Fund	Webster	Checking	Open	87,279.54	15,539.94	(16,001.92)	663.21	87,480.77	746.71			88,227.48	88,227.48	0.00
28 Waterbury Career Academy Fund	Webster	Checking	Open	45,867.81	7,539.95	(27,977.85)		25,429.91				25,429.91	25,429.91	0.00
29 West Side Activities	Webster	Checking	Open	21,692.07	5,009.01	(13,301.45)		13,399.63				13,399.63	13,399.63	0.00
30 Wilby HS Activities Fund Checking	Webster	Checking	Open	43,304.32	19,070.18	(29,386.29)	550.00	33,538.21	2,250.00			35,788.21	35,788.21	0.00
31 Wilson School SAF	Webster	Checking	Open	5,239.56	655.00	(1,028.76)		4,865.80				4,865.80	4,865.80	0.00
32 Adult Education	Webster	Checking	Open	16,609.63	2,615.84	(2,809.12)		16,416.35				16,416.35	16,416.35	0.00
Total				581,125.90	212,384.74	(352,237.22)	6,618.86	447,892.28	10,708.52			458,600.80	458,600.80	
Prior Year					1,177,416.35	(1,156,455.98)				Net Change:		458,600.80		
% Change					-82%	-70%								

(2) Does not do fundraising.
 is not a regular school.

CITY OF WATERBURY, CONNECTICUT
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2021
 (In Thousands)

	Special Revenue									Permanent Trust Funds	Total Nonmajor Governmental Funds	
	Public Safety Grants and Programs	Health Grants and Programs	Recreational Programs	Miscellaneous Grants and Programs	Special Projects	Food Service	Silas Bronson Library	Expendable Trust Funds	Student Activities			Total
ASSETS												
Cash and cash equivalents	\$ 1,372	\$ 122	\$ 359	\$ 1,112	\$ 256	\$ -	\$ 192	\$ 1,247	\$ 447	\$ 5,107	\$ 133	\$ 5,240
Investments							2,743			2,743		2,743
Intergovernmental receivables	163	636		1,457		945				3,201		3,201
Accounts receivable, net	482									482		482
Other assets		50								50		50
Inventory						261				261		261
Total Assets	\$ 2,017	\$ 808	\$ 359	\$ 2,569	\$ 256	\$ 1,206	\$ 2,935	\$ 1,247	\$ 447	\$ 11,844	\$ 133	\$ 11,977
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES												
Liabilities:												
Accounts payable and accrued liabilities	\$ 5	\$ 336	\$ 58	\$ 37	\$ 25	\$ 66	\$ 4	\$ 2	\$ -	\$ 533	\$ -	\$ 533
Due to other funds						1,212				1,212		1,212
Unearned revenue		422								422		422
Total liabilities	\$ 5	\$ 758	\$ 58	\$ 37	\$ 25	\$ 1,278	\$ 4	\$ 2	\$ -	\$ 2,167	\$ -	\$ 2,167
Deferred Inflows of Resources:												
Unavailable revenue - other receivables	482			1,381						1,863		1,863
Total deferred inflows of resources	482	-	-	1,381	-	-	-	-	-	1,863	-	1,863
Fund Balances:												
Nonspendable						261	400			661	133	794
Restricted							2,531	1,245	447	4,223		4,223
Committed	1,530	50	301	1,151	231	(333)				2,930		2,930
Total fund balances	1,530	50	301	1,151	231	(72)	2,931	1,245	447	7,814	133	7,947
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,017	\$ 808	\$ 359	\$ 2,569	\$ 256	\$ 1,206	\$ 2,935	\$ 1,247	\$ 447	\$ 11,844	\$ 133	\$ 11,977

Exhibit B



The City of Waterbury
Internal Audit Department
235 Grand Street, Waterbury, CT 06702

December 4, 2024

Finance and Audit Review Commission:

From the City of Waterbury Department of Audit Manual, Procedure B-7 page 5 of 6 and page 6 (following) see the last paragraph on page 5 and first paragraph on page 6 for IAD policy regarding Management responses to the final report.

receives copies of all external audit management letters which are used for annual audit plan risk analysis input and as a preliminary survey reference item.

From time to time, members of the audit staff may be assigned to work under the direction of the public accountants if such assignment is deemed to be in the best interest of the City (e.g., noteworthy savings in audit fees, beneficial staff training, etc.). During such assignment, the auditor will report to the public accountants for direction concerning work assignments. In other administrative matters, the auditor will continue to look to the Director of Audit for direction.

SPECIAL ASSIGNMENTS

From time to time, members of the audit staff may, upon request, be assigned to work directly for other City departments on special projects which are in no way connected with Auditing's program. During such assignments, the auditor will report to the requesting organization concerning work assignment; however, in other administrative matters, the auditor will look to the Director of Audit for direction.

REVIEW, ACKNOWLEDGMENT AND RESPONSE TO INTERNAL AUDIT REPORTS

It is the policy of the Department of Audit to reach agreement with affected personnel concerning the correctness of the facts surrounding the audit findings prior to distribution of the final report. Where appropriate, corrective action to be taken should be ascertained and included in the report. On occasion the internal audit staff may work with auditees to seek the best solution to deficiencies noted during the audit.

To assure that agreement is reached as to statements of facts, the audit results to be included in the report are reviewed with the Department Head, Comptroller, or their designee who are later furnished a draft copy of the audit report for review prior to distribution.

After the Director of Audit is satisfied that the audit report is appropriate in the circumstances, final distribution of the report is made. Copies of the report are issued to the appropriate auditee personnel. When appropriate, excerpts from audit reports are forwarded to the Department Head.

If responses (action taken or planned and the estimated date of implementation) to recommendations have not been included in the final report, the Director will work with the Department Head to

[obtain mutually agreeable responses to audit points. These action plans will be forwarded to original report recipients.]

The Director of Audit is ultimately responsible for evaluating auditee responses. The Department of Audit will work with auditee Administration as appropriate to resolve any inadequate response.

Audit reports are have limited distribution but are open to public inspection. However, they shall not be reproduced or transmitted to others without the express permission of the Director of Audit.