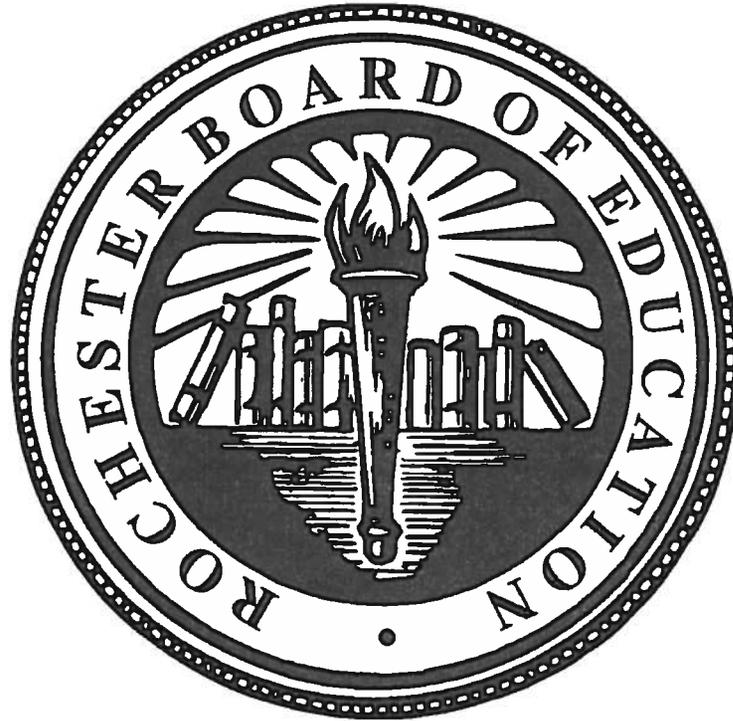


# OFFICE OF AUDITOR GENERAL



Joseph C. Wilson Foundation Academy  
Cash Audit

March 2016



**Office of Auditor General  
Joseph C. Wilson Foundation Academy  
Cash Audit**

**OBJECTIVE**

To assess the operating effectiveness of cash handling controls at the school.

**BACKGROUND**

School buildings periodically encounter activities that require cash to be collected at the school building. Due to the risk of diversion, misappropriation or theft, adequate controls must be in place to prevent unintended uses of cash. These control activities include segregation of duties, proper authorization, adequate documents and records, and physical controls. The District has developed cash handling procedures which provide protocols for receipting, disbursing and safeguarding cash. Schools are required to comply with these protocols and procedures.

A significant source of cash at school buildings are for fundraising activities for unbudgeted school-based initiatives. District protocol requires that fundraising activities are performed through the school's Student Activity Funds/Elementary Activity Account, or if the school opted not to have one, then through the school's Parent Teacher Organization/Parent Teacher Association (PTO/PTA).

**SCOPE**

We conducted a cash audit at Joseph C. Wilson Foundation Academy for July 1, 2015 through January 20, 2016. The audit included inquiries of school personnel regarding cash activities within the school and a review of controls over these cash activities.

**CONCLUSION**

Wilson Foundation had various cash activities at the school including bakes sales, holiday sale, Scholastic Book Sale and musical instrument rental. Adequate safeguarding of cash does not exist at the school to minimize the risk of misappropriation. The school does not have an active PTO/PTA; therefore a bank account to deposit fundraising money does not exist. Cash is not locked in the school safe nightly, but instead locked in desk drawers or taken home by teachers. Money is held for extended periods of time by teachers and not turned into the house clerk timely. Documentation to support sales and purchases are not adequately maintained and profits made on the sales cannot always be substantiated.

**MANAGEMENT ACTION PLAN**

Management understands the controls required to properly secure cash activities throughout the building. Activities will commence to establish an Elementary Activity Account at the school to secure fundraising and other building support activities. We will develop monitoring procedures to ensure compliance with required protocols. We will also improve our cash and recordkeeping practices.



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<b>Rec #</b>	<b>Recommendations</b>
1	<i>Develop a formal PTO/PTA in compliance with the National Standards for the school ensuring all required standards and best practices are utilized.</i>
2	<i>Ensure the PTO/PTA opens a checking account, so cash can be deposited on behalf of the PTO for various fundraising events and other cash collections sponsored by the PTO.</i>
3	<i>Maintain transaction ledgers and all documentation supporting sales and expenditures.</i>
4	<i>Discontinue the practice of taking cash from the proceeds of the bake sale home.</i>
5	<i>Submit cash receipts to the School Secretary for deposit into the safe after each sale. Ensure the amount is counted and signed by the SWPBS member remitting the funds and the School Secretary prior to locking in the safe.</i>
6	<i>Establish an A Fund account for PBS and deposit the PBS bake sale money into the A Fund.</i>
7	<i>Establish a P-Card account for PBS by designating one person to hold the card and make expenditures.</i>
8	<i>Ensure receipts are retained for all purchases made with bake sale proceeds and adhere to P-Card protocols.</i>
9	<i>Maintain all documentation, including transaction ledgers to support sales and purchases for fundraising activities.</i>
10	<i>Establish a PTO checking account and ensure all deposits and related disbursements are made utilizing the established PTO checking account.</i>
11	<i>Discontinue cash payments.</i>
12	<i>Store cash in the school safe during fundraising events, until a deposit can be made with the bank. Deposits to the bank should be made weekly, or if cash accumulates to \$500 or more.</i>
13	<i>Return the uncashed checks to the parents with a letter stating why they are being returned.</i>



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<b>Rec #</b>	<b>Recommendations</b>
14	<i>Discontinue the practice of taking money home and writing personal checks.</i>
15	<i>Store cash receipts in the school safe.</i>
16	<i>Utilize either a school based account or a PTO checking account to remit proceeds from sales and make payments. A receipt should be provided to the librarian to substantiate the amount submitted.</i>
17	<i>Discontinue storing musical instrument rental money in the music teacher's desk.</i>
18	<i>Store musical instrument rental money in the school safe nightly.</i>
19	<i>Ensure deposits are placed in the safe at a minimum weekly, or if cash exceeds \$100.</i>
20	<i>Ensure lease agreement forms are completely filled out for all students leasing musical instruments. Ensure the agreement is signed by the parent and student and include the replacement value of the instrument if not returned.</i>