

# OFFICE OF AUDITOR GENERAL



Joseph C. Wilson Magnet High School  
Student Activity Funds

March 2016



**Office of Auditor General  
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Student Activity Funds**

**OBJECTIVE**

To identify compliance and control deficiencies for Student Activity Funds at Wilson High School.

**BACKGROUND**

Student Activity Funds are mandated by the Commissioner of Education as funds raised by students for the benefit of students. Monies are usually collected voluntarily by pupils and are spent by them, as they see fit, in compliance with established regulations. The District has established a Reference Guide for Student Activity Funds to facilitate compliance. In addition, Finance Pamphlet 2 was created by NYSED to facilitate expectations for managing these funds. Schools should be familiar with these manuals and procedures within.

The Office of Auditor General reviewed Student Activity Funds for the 2014-15 school year after concerns surrounding cash handling occurred at Joseph C. Wilson Magnet High School. As a result, we noted various Student Activity Fund compliance and control issues. This report reflects a limited review of Student Activity Funds audit. The Office of Auditor General intends to perform a complete Student Activity Fund audit at the end of the 2015-16 school year to ensure Wilson High School is in full compliance with Student Activity Fund protocols and procedures, and cash management controls.

**SCOPE**

We obtained all Student Activity Fund documentation that could be located in the school office and gathered Club records. The Student Activity Fund documentation was reviewed and evaluated for adequate controls and compliance. We reviewed Student Activity Fund cash transactions for the 2014-15 school year for existence, completeness, accuracy, and timing.

**CONCLUSION**

Student Activity Funds are intended to provide schools with the opportunity to teach students good business procedures through participation in handling funds and operating a successful business. Overall, a lack of compliance with the District's Reference Guide for Student Activity Funds and Finance Pamphlet 2 was noted. Compliance issues were identified in the establishment and renewal processes, bookkeeping and cash management. Adequate controls did not exist over cash receipts and cash disbursements. Bank reconciliation review and approval was not completed timely.

**MANAGEMENT ACTION PLAN**

Management has met with the Office of Auditor General and understands the various observations included in this report. The School Treasurer, with Principal support will actively work to improve the controls for Student Activity Funds. We will develop monitoring procedures to ensure compliance with required protocols for establishing clubs, meeting minutes, sales tax, and general cash management practices. We will also improve our recordkeeping and ensure two sets of books are maintained.



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Rec #	Recommendations
1	<i>Ensure proper dissemination of the Reference Guide for Student Activity Funds and Finance Pamphlet 2. Enforce compliance with these procedures manuals. Utilize the standard forms for all Student Activity Funds.</i>
2	<i>Enforce compliance with the Reference Guide for Student Activity Funds for the establishment and renewal of Student Activity Funds. Ensure all new and existing Student Activity Funds meet the requirements as defined by Regulations of the Commissioner of Education. Update the Club Information and Authorization Form for any changes to student officer or club advisor assignments.</i>
3	<i>Enforce compliance with the Reference Guide for Student Activity Funds and Finance Pamphlet 2 for meeting requirements of Student Activity Funds. Develop a monitoring process to ensure monthly meetings are occurring. Ensure meeting minutes are submitted to the School Treasurer monthly.</i>
4	<i>Ensure compliance with New York State sales tax regulations for Student Activity Fund purchases and sales. Report sales tax collected and due in SchoolCash.NET for inclusion in consolidated District filings. Retain supporting documents to evidence sales taxes paid.</i>
5	<i>Monitor to ensure that cash is submitted timely to the School Treasurer and ensure bank deposits are timely.</i>
6	<i>Implement cash receipt procedures that ensure all funds collected are deposited, adequately supported, and receipts are appropriately provided and retained.</i>
7	<i>Deposit all cash receipts into the Student Activity Fund bank account. Ensure all expenditures are paid by check and discontinue the use of cash payments. Ensure all transactions are reported into the accounting system.</i>
8	<i>Enforce the cash disbursement controls as defined in Reference Guide for Student Activity Funds and Elementary Activity Accounts. Ensure adequate documentation exists for all Elementary Activity Accounts expenditures to support payment. Verify available funds prior to making purchases and ensure all vendor account balances are current.</i>
9	<i>Ensure the combination to the safe is changed when turnover in staff with access to the safe occurs, and ensure that it is changed at a minimum of every two years.</i>



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<b>Rec #</b>	<b>Recommendations</b>
10	<i>Reconcile the student account ledgers with the School Treasurer's bookkeeping records from SchoolCash.NET. Ensure all club financial transactions are reported by both the club and the School Treasurer. Document and correct reconciling differences identified.</i>
11	<i>Ensure the timely review and approval of bank reconciliations by the Principal.</i>
12	<i>Develop a year end closing procedure to ensure all Student Activity Fund records are submitted to the School Treasurer at the end of the school year.</i>