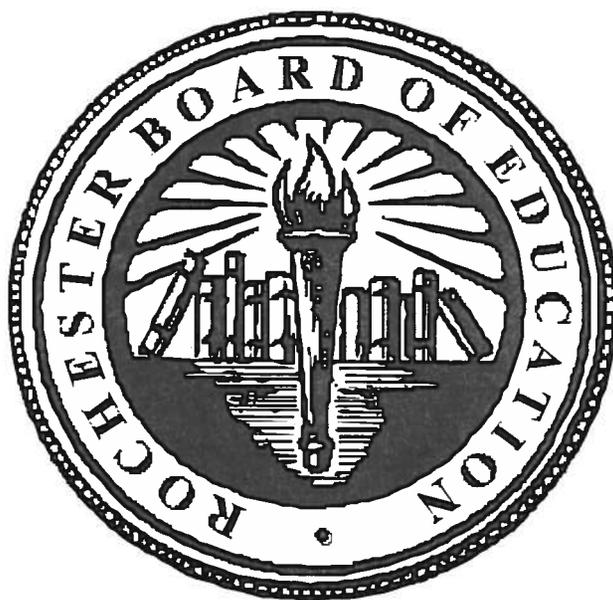


# OFFICE OF AUDITOR GENERAL



Edison Career and Technology High School  
Student Activity Fund Audit

March 2016



## **Office of Auditor General Edison Career and Technology High School Student Activity Fund Audit**

### **OBJECTIVE**

To determine whether Edison High School is complying with the Procedures Manual for Student Activity Funds and Finance Pamphlet 2 and to determine if the proper controls are in place to manage Student Activity Funds

### **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.

In the 2015-16 school year, Robert Brown High School and STEM High School were combined into Edison Career and Technology (Edison) High School. We previously reviewed the Student Activity Fund controls at the former Robert Brown High School and this report focused on the controls at the former STEM High School. These recommendations remain relevant, as many staff members remained at the Edison Campus. The Principal for the 2014- 15 school year, the period under audit, is no longer at the Edison campus. These recommendations will assist the new Principal in complying with District requirements.

### **SCOPE**

We obtained an understanding of the processes and controls in place for Student Activity Funds. We evaluated the school's compliance with the established guidance. Alignment with the intended purpose of Student Activity Funds, inventory, cash management and bookkeeping processes were also evaluated to ensure existence of adequate internal controls.

### **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, fundraising, bookkeeping and cash management. Adequate controls did not exist over inventory, 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 improve our monitoring procedures to ensure compliance with required protocols for establishing clubs, meeting minutes, fundraising activities, sales tax, inventory and general cash management practices. We will ensure all activities conducted for student benefit are authorized through Student Activity Funds. We will also work to improve our recordkeeping.



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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 standard forms for all Student Activity Funds.</i>
2	<i>Monitor student clubs and activities for compliance with Student Activity Fund requirements.</i>
3	<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>
4	<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.</i>
5	<i>Enforce compliance with fundraising requirements for Student Activity Funds. Obtain Principal approval of fundraising activities in advance of holding the event. Ensure budgets and profit and loss statements are prepared to account for each fundraising activity.</i>
6	<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. Utilize the New York State Resale Certificate form ST-120 for items purchased for resale.</i>
7	<i>Store inventory in a secure location and limit access to inventory held. Develop a standardized process for the tracking of inventory for all Student Activity Funds. Perform physical counts on a regular basis. Reconcile inventory counts and investigate discrepancies.</i>
8	<i>Implement cash receipt procedures that ensure all funds raised are deposited, adequately supported, and receipts are appropriately provided and retained.</i>
9	<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>



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Rec #	Recommendations
10	<i>Ensure all club financial transactions are reported by both the club and the School Treasurer. Reconcile the student account ledgers with the School Treasurer's bookkeeping records from SchoolCash.NET. Document and correct reconciling differences identified.</i>
11	<i>Ensure the timely review and approval of bank reconciliations by the Principal.</i>
12	<i>Ensure that all sales and activities performed by the school for student benefit are conducted through authorized Student Activity Funds.</i>
13	<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>