

OFFICE OF AUDITOR GENERAL



Charles Carroll School No. 46
Elementary Activity Accounts

March 2016



**Office of Auditor General
Charles Carroll School No. 46
Elementary Activity Accounts**

OBJECTIVE

To determine whether the school is complying with the Reference Guide for Student Activity Funds and Elementary Activity Accounts and Finance Pamphlet 2, and the proper controls are in place to manage Elementary Activity Accounts.

BACKGROUND

New York State Regulations of the Commissioner of Education established guidelines for Student Activity funds raised by students for the benefit of students. The District has also established a reference guide to facilitate proper handling of student activity funds and accounts. RCSD has created Elementary Activity Accounts (EAA) to account for funds within an elementary building, when the age of the students makes it not feasible for all student requirements of the Student Activity Fund to occur. In this case, officers, student-based decision making and the administrative responsibilities are fulfilled by an activity advisor. Charles Carroll School No. 46, maintains only Elementary Activity Accounts.

SCOPE

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

CONCLUSION

School 46 lacked compliance with the District's Reference Guide for Student Activity Funds and Elementary Activity Accounts and Finance Pamphlet 2. Compliance issues were noted in the creation and renewal process, fundraising, cash management and sales taxes. Current standardized forms were not utilized as intended. Adequate controls did not exist over inventory, cash receipts and cash disbursements. Two complete sets of books are not maintained for the Elementary Activity Account. Bank reconciliation review and approval could not be evaluated for timeliness due to incorrect dating by the Principal.

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, fundraising, sales tax, inventory, and general cash management practices. We will also work to improve our recordkeeping.



**Office of Auditor General
Charles Carroll School No. 46
Elementary Activity Accounts**

Rec #	Recommendations
1	<i>Ensure proper dissemination of the Reference Guide for Student Activity Funds and Elementary Activity Accounts and Finance Pamphlet 2. Enforce compliance with these procedures manuals. Ensure the Club Information and Authorization Form is completed by all appropriate parties for all Elementary Activity Accounts. Utilize standard forms for all Elementary Activity Accounts.</i>
2	<i>Ensure compliance with fundraising requirements for Elementary Activity Accounts. Obtain formal Principal approval for fundraising activities in advance of holding the event. Utilize the current approved fundraising request forms for all fundraising events. Consider sales tax implications for all Elementary Activity Account fundraisers.</i>
3	<i>Ensure compliance with New York State sales tax regulations for Elementary Activity Account purchases and applicable sales. Report sales taxes collected and due in SchoolCash.NET for inclusion in consolidated District filings. Retain supporting documents to evidence sales taxes paid.</i>
4	<i>Develop a standardized process for the tracking of inventory for all Elementary Activity Accounts. Perform physical counts on a regular basis. Reconcile inventory counts and investigate discrepancies.</i>
5	<i>Implement cash receipt procedures that ensure deposits are adequately supported and receipts are appropriately provided and retained.</i>
6	<i>Monitor to ensure that cash is submitted to the School Treasurer timely and ensure bank deposits are timely.</i>
7	<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 and that all checks have dual signatures.</i>
8	<i>Destroy the existing Principal signature stamp. Ensure the Principal is signing all required documents.</i>
9	<i>Require the Elementary Activity Advisor to maintain a complete and accurate set of financial records in addition to the School Treasurer. Reconcile Elementary Activity Advisor's records to the School Treasurer's books. Identify and remediate any discrepancies.</i>
10	<i>Ensure the timely review and approval of bank reconciliations by the Principal. Discontinue the practice of backdating approvals and ensure the actual date of review and approval is properly noted.</i>