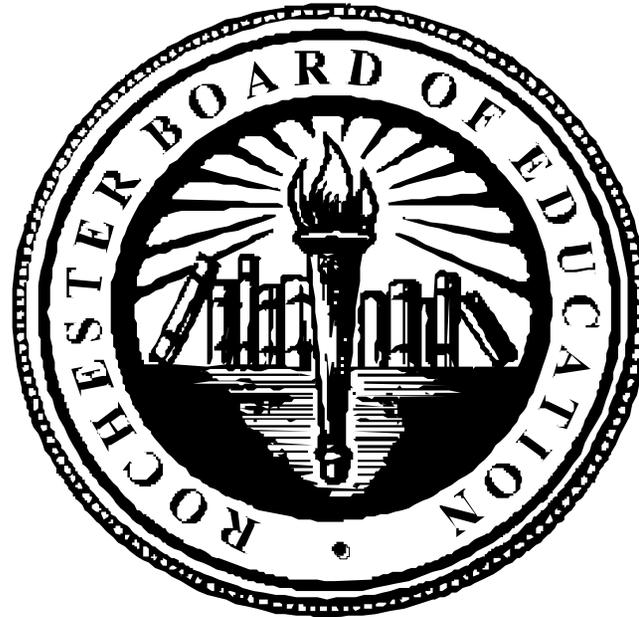


# OFFICE OF AUDITOR GENERAL



## Charlotte High School Student Activity Funds Audit

March 2015



# Office of Auditor General

## Charlotte High School

### 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.

Charlotte High School had a change in their School Treasurer. The School Treasurer for the 2013-14 school year, the period under audit, is no longer staffed at Charlotte High School.

#### **OBJECTIVE**

To determine whether Charlotte 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.

#### **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, and cash management. Adequate controls did not exist over inventory, cash receipts and cash disbursements. Two sets of books are not maintained for the Student Activity Funds and bank reconciliation review and approval is 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 compliance with monitoring procedures, required protocols for establishing clubs and comply with the guidance regarding meeting minutes, fundraising, sales tax, inventory and general cash management practices. We will also work to improve our recordkeeping practices and discontinue the use of Principal signature stamps.



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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. Require new clubs to petition the Principal. Ensure that all new and existing student clubs receive the protocols and procedures for Student Activity Funds and that each club prepares an information and authorization form that is submitted to Accounting. Retain a copy of the Club Information and Authorization forms at the school.</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. Develop a process to determine whether Student Activity Funds have adequate student participation and evaluate whether the funds should be changed to an inactive status.</i>
5	<i>Enforce compliance with fundraising requirements for Student Activity Funds. Obtain Principal approval of fundraising activities in advance of holding the event. Utilize the current and approved fundraising request forms for all fundraising events.</i>
6	<i>Ensure compliance with New York State sales tax regulations for Student Activity Fund purchases and 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>
7	<i>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 deposits are adequately supported, and receipts are appropriately provided and retained.</i>
9	<i>Ensure the frequent and timely deposit of Student Activity Funds to the Bank. Discontinue accumulating cash in the safe for extended periods of time before depositing. Deposit all funds which remain in the safe.</i>



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Rec #	Recommendations
10	<i>Enforce the cash disbursement controls as defined in the Reference Guide for Student Activity Funds and Finance Pamphlet 2. Ensure adequate documentation exists for all expenditures for Student Activity Funds and that all checks have dual signatures.</i>
11	<i>Discontinue utilizing a signature stamp for the Principal and properly destroy the stamp to eliminate further use. Ensure the Principal reviews and physically signs all required approvals and checks.</i>
12	<i>Change the combination to the safe and ensure that it is changed every two years, or when the school experiences turnover in staff that had access to the safe.</i>
13	<i>Enforce compliance with the established transfer process defined in the Reference Guide for Student Activity Funds. Discontinue processing transfers in lieu of journal entry adjustments.</i>
14	<i>Develop a standardized process for maintaining student account ledgers for all Student Activity Funds. Reconcile the student account ledgers with the School Treasurer's bookkeeping records from SchoolCash.Net.</i>
15	<i>Maintain all bank reconciliations and statements at the school in alignment with the District's retention policy. Ensure the timely review and approval of bank reconciliations by the Principal.</i>
16	<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>
17	<i>Enforce compliance with District grant procedures. Obtain the required authorizations for all grants prior to application or acceptance of the funds. Retain supporting documentation evidencing compliance with District requirements.</i>