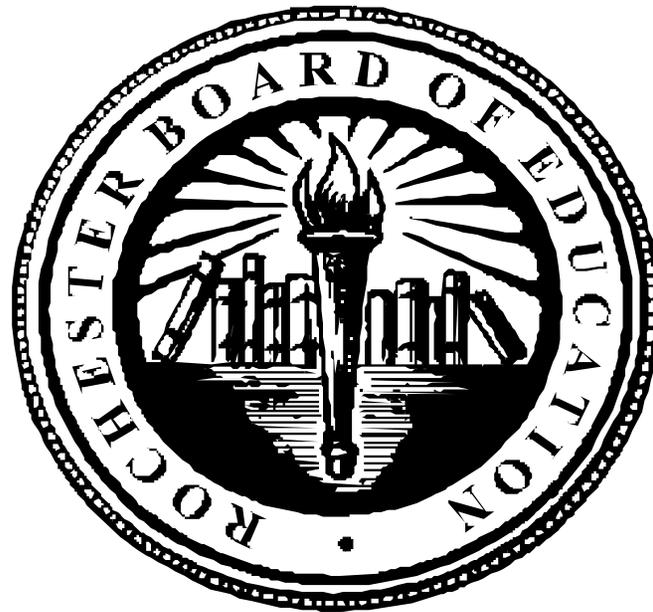


# OFFICE OF AUDITOR GENERAL



## School of the Arts Student Activity Funds Audit

July 2013



# School of the Arts

## Student Activity Funds Audit

### Office of Auditor General

#### **OBJECTIVE:**

To determine whether School of the Arts is complying with the Reference Guide 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 the procedures within.

#### **SCOPE:**

We collaborated with management and staff to obtain an understanding of the processes and controls in place for Student Activity Funds. We evaluated the school's compliance with the Reference Guide for Student Activity Funds and Finance Pamphlet 2. Funds were assessed to ensure alignment with the intended purpose of Student Activity Funds as defined by the Regulations of the Commissioner of Education. Inventory, cash management and bookkeeping processes were 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. School of the Arts Student Activity Funds are highly active and have raised over \$160,000 as of March 18, 2013. Overall, management of these funds is commendable; however monitoring of club controls is needed to ensure compliance with the District's Reference Guide for Student Activity Funds and Finance Pamphlet 2. Compliance issues were noted in club documentation of meetings and fundraising activities. Standardized forms were not utilized as intended. Adequate controls did not exist over inventory, cash receipts and cash disbursements. Two sets of books are not consistently maintained and reconciled to ensure accountability and accurate reporting for Student Activity Funds.

#### **MANAGEMENT ACKNOWLEDGEMENT:**

Management has met with OAG and understands the various observations and recommendations in this report. The school will work towards improving controls for Student Activity Funds and comply with established District procedures.