



Internal Audit Department

Damonte Ranch High School

**Student Activity Funds Review
Cash Receipts**

September 2024

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Executive Summary

The Internal Audit Department received notification from Business Office staff of concerns of potential misappropriation of ticketed event sales proceeds at Damonte Ranch High School (school). After further discussion with Business Office staff, Internal Audit initiated a review of the recording and reporting of cash receipts transactions at the school.

The scope of our review was limited to the school's student activity fund (SAF) cash receipt activity for FY23 and FY24 through April 2024.

Damonte Ranch High School recorded approximately \$1.1 million in receipts (e.g., income to the school) through student activity funds in FY23. School student activity funds are inherently vulnerable to misappropriation as they are typically cash transactions. To reduce the risk of misappropriation of funds and the reputation risk of the schools, the district requires schools to follow the requirements of its Student Activity Fund Procedures Manual.

Based upon discussions with staff and a review of pertinent documentation we found multiple internal control deficiencies at the school surrounding cash receipt verification, receipt adjustments, untimely bank deposits, and an overall lack of supporting documentation for cash receipts and change funds for ticketed events. Additionally, we found receipts with the amounts reversed and re-input at a reduced amount. Although it appears there was an intention to reconcile actual ticketed event proceeds from the initial cash drawer, the lack of supporting documentation makes this speculative on our part. As proper record-keeping procedures for cash receipt activity were generally not followed, we cannot provide assurance the collection, reporting, and depositing of monies received for FY23 and FY24 through April 2024 is complete and accurate.

We recommend the school principal require appropriate staff to attend accounting training offered annually by the Business Office. The training has been previously offered but was not attended by staff. The school should also work with the Business Office to enhance its record-keeping activities to conform with the Student Activity Fund Procedures Manual as soon as possible. Specifically, the school should fortify oversight over ticketed event proceeds with an increased emphasis on supporting documentation as evidence of cash receipts.

Background

Student Activity Funds are comprised of monies received at each individual school (e.g., through fees, fundraisers, etc.). These monies also include ticket sales for certain school sporting events such as

football and basketball games (ticketed events). These funds are held by the schools in a trust capacity and are intended for the benefit of the students. Damonte Ranch High School processed approximately \$1.1 million in receipts through SAF in FY23.

Objective

The objective of our review was to determine whether procedures in place are properly functioning to ensure cash receipts were properly recorded, safeguarded, deposited, and reported in accordance with the procedures outlined in the district's Student Activity Funds Procedures Manual.

Scope and Methodology

The scope of our review was limited to the school's student activity fund cash receipt activities for FY23 and FY24 through April 2024.

To achieve our objective, we performed the following:

- Performed an unannounced physical cash count and change fund verification.
- Interviewed the school principal and bookkeeper.
- Interviewed Business Office staff.
- Analyzed student activity fund transactions for the scope period.
- Tested supporting documentation for a sample of transactions.
- Assessed internal controls against student activity fund policies and procedures.

We conducted this review in accordance with the *International Standards for the Professional Practice of Internal Auditing* (IIA Standards), sans Standard 1310 through 1321. Those standards require we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our objective.

Conclusion

Based upon a review of the results of the procedures performed, the school did not follow proper record-keeping procedures for cash receipts as required by the district's Student Activity Fund Procedures Manual. Specifically, cash receipts often did not include supporting documentation for funds collected (source documentation such as cash count slips were also missing in some instances), cash count slips often only indicated a single individual's verification of funds receipted, deposits were held on site over multiple weekends, the school safe can be accessed by a single individual alone, and monthly bank statement reconciliations were generally not completed timely. As such, taken as a whole, we are unable to provide assurance the collection, depositing, and reporting of monies received for FY23 and FY24 through April 2024 are complete and accurate.

We met with the school's principal and the associate chief and provided a draft copy of this report for their review. The school's written response stated it will remediate all the concerns raised in the report and would also require appropriate staff to attend the recommended training while also offering the supports needed so issues do not repeat.

The Internal Audit Department, within six months after the Audit Committee accepts the final audit report, plans to evaluate the steps the school has taken to correct the reported deficiencies.

The Internal Audit Department would like to acknowledge the time, cooperation, and assistance received from the school's management and staff during this review. We would also like to acknowledge the work of the Student Activity Fund Office whose work in seeking to resolve bank statement reconciliation activity and other accounting issues at the school was performed in a professionally coordinated manner.

Findings

Findings are inconsistencies, exceptions, or deviations by the school in its student activity fund transaction recording and reporting practices from the district's Student Activities Fund Procedures Manual.

Finding Topics	Number of Findings
Insufficient Supporting Documentation (pages 5 - 9)	5
Altered Supporting Documentation (page 10)	1
Event Tickets Sales (pages 11 - 12)	1
Security – Unverified Funds and Access to the Safe (pages 12 - 13)	2
Change Funds (pages 14 - 16)	3
Untimely Reporting (pages 17 - 19)	3
General Ledger (pages 20 - 21)	<u>2</u>
Total Findings	<u><u>17</u></u>

On the following pages, a detailed description of the above findings is presented:

Insufficient Supporting Documentation

CASH RECEIPTS - Source Documents Missing

ISSUE:

Source documents were missing for receipt entries.

BACKGROUND:

A fully completed Cash Count Slip (AF 3504), signed and dated by the person turning in the funds, must accompany all funds turned in to the office. High schools will receipt all funds in the District-approved point-of-sale register system. Care should be taken to accurately reflect the method of payment (cash/checks/credit card) to aid in reconciliation and deposit preparation.

FINDING:

An examination of receipts and deposits indicated five of ten deposits tested included receipts (fifteen entries) without source documents maintained, such as Cash Count Slips, receipts, or supporting documentation. Notably, discussion with the bookkeeper indicates student aides sometimes help with filing, which may contribute to missing or misplaced records.

RECOMMENDED ACTION:

- Require supporting documentation from depositors including Cash Count Slips and related supporting documentation.
- Maintain documentation.

Reference: SAFPM v2, Page 17 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 7.
CASH RECEIPTS, B-i, iv.

Reference: Administrative Form 3504 - Cash Count Slip.

RISKS:

- Misappropriation of funds.
- Inadequate audit trail.

CASH RECEIPTS - Supporting Documentation

ISSUE:

Cash Count Slips were not accompanied by supporting documentation.

BACKGROUND:

All funds turned in to the school office will be accompanied by a fully completed Cash Count Slip (AF 3504) and Individual Receipt Log (AF 3512) (if applicable) and must be verified by the school bookkeeper and entered into the point-of-sale system or recorded in the receipt book prior to deposits being taken to the bank.

The total amount recorded on the Cash Count Slip must equal the total amount of checks, currency, and coin that are turned in, and the total amount on the supporting documentation.

[For concessions,] the inventory will be performed by two individuals; both will sign the Inventory and Profit Analysis (AF 3513) form. All Inventory and Profit Analysis forms are turned into the school bookkeeper and maintained with other student activity funds financial records. The bookkeeper and principal will review and sign the Inventory and Profit Analysis.

[For ticket sales,] all tickets sold for any type of game or school event must be controlled and reconciled. To accomplish this, all tickets will be preprinted with sequential ticket numbers and each ticket number will be unique. Multiple ticket rolls may be utilized for the same or different events, as long as the ticket numbers for each roll are unique. A Ticket Sales Report (AF 3523) must be prepared for the event comparing the total number of tickets sold to the cash collected. The original Ticket Sales Report must be turned in to the school bookkeeper with all unsold tickets and sale proceeds.

FINDING:

Detail testing of cash receipts and deposits indicated 91 of 135 Cash Count Slips tested (67%) did not include supporting documentation for funds collected. Exceptions were as follows:

- 18 receipts did not include support for fees collected.
- 40 receipts did not include support for student store or concession proceeds.
- 16 receipts did not include support for fundraiser proceeds.
- 13 receipts did not include support for event ticket sales.
- 4 receipts did not include support for donation proceeds.

RECOMMENDED ACTION:

- Require and maintain supporting documentation from depositors.
- Reconcile funds received to the supporting documentation and cash count slips.

Reference: SAFPM, Page 9 - IV. REGULATIONS AND PROCEDURES, Section 4. BANK DEPOSITS A – ii.

Reference: SAFPM, Page 16 - IV. REGULATIONS AND PROCEDURES, Section 7. CASH RECEIPTS, A – v, vi(4)(b).

Reference: SAFPM, Page 56 - IV. REGULATIONS AND PROCEDURES, Section 39. STUDENT STORE, SNACK BAR, CONCESSIONS, C - iv(2), vi, vii.

Reference: Administrative Form 3504 - Cash Count Slip.

Reference: Administrative Form 3512 - Individual Receipt Log.

Reference: Administrative Form 3513 - Inventory and Profit Analysis.

Reference: Administrative Form 3523 - Ticket Sales Report.

THIS IS A RECURRING ISSUE NOTED IN A PRIOR REVIEW PERFORMED IN 2016.

RISK:

- Misappropriation of funds.

CASH RECEIPTS - Reversal and Admin Approval

ISSUE:

Negative receipts do not include evidence of administrator approval or supporting documentation.

BACKGROUND:

High schools that record negative receipts in the point-of-sale system for corrections or refunds must have supporting documentation and administrator approval for all transactions.

FINDING:

Detail testing of deposits tested indicated six entries which reflect a negative receipt entry for corrections, all of which did not include evidence of administrative approval. Notably, all six entries indicated inconclusive activity because information did not clearly trace to supporting documentation (e.g., athletic gates proceeds appear adjusted to correct for change fund reconciliation, but support was ambiguous); and for one a corrected receipt entry was not found.

Exceptions were as follows:

Date	Description	Initial Amount	Adjusted Amount	Difference
February 28, 2023	Basketball 2-9-23	\$ 1,022.26	\$ 972.26	\$ (50.00)
September 13, 2023	Football vs Douglas	1,905.00	1,895.00	(10.00)
October 11, 2023	Volleyball 9-26-23	695.00	645.00	(50.00)
October 19, 2023	Volleyball 10-10-23	764.00	710.00	(54.00)
October 19, 2023	DMI Platinum Franco Bread	400.00	0.00	(400.00)
November 29, 2023	Banquet Tickets	946.00	746.00	(200.00)

Additionally, 11 of 12 deposits tested included activity which reflected negative receipts attributed to student collections (e.g., receipts and subsequent reversal entries). Review of Customer History Reports indicated net-zero or net-negative activity for particular fee items in 8 of 10 reports tested. Follow-up indicates this activity represents waived fees. Discussions with the bookkeeper

indicates administrative approval is not received and students are not always present during this process, so receipts are not always received. While waived fees are permitted, the activity pattern presented in the test sample indicates an internal control vulnerability.

RECOMMENDED ACTION:

- Ensure negative receipts for corrections or refunds include supporting documentation and administrator approval for all transactions.
- Consider working with the Business Office to develop a procedure for waived fees which includes administrative approval and documentation.

Reference: SAFPM v2, Page 18 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 7. CASH RECEIPTS, B-v.

RISKS:

- Misappropriation of funds.
- Insufficient audit trail.

CASH RECEIPTS - Incomplete Cash Count Slips

ISSUE:

Cash Count Slips were not completed in their entirety.

BACKGROUND:

All funds turned in to the school office will be accompanied by a fully completed Cash Count Slip (AF 3504) and Individual Receipt Log (AF 3512) and must be verified by the school bookkeeper and entered into the point-of-sale system or recorded in the receipt book prior to deposits being taken to the bank.

FINDING:

Detail testing of cash receipts indicated 135 of 135 Cash Count Slips (100%) tested were missing one or more of the following:

- Receipt number
- Description of funds
- Intended account
- Date of submission
- Date of verification
- Secondary verification

RECOMMENDED ACTION:

- Complete Cash Count Slips in their entirety.
- Inform teachers, activity advisors, and administrative staff as to their responsibility for preparing Cash Count Slips in their entirety (including signatures and dates).

Reference: SAFPM v2, Page 9 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 4. BANK DEPOSITS, A - ii.

Reference: Administrative Form 3504 - Cash Count Slip.

Reference: Administrative Form 3512 - Individual Receipt Log.

RISKS:

- Misappropriation of funds.
- Insufficient audit trail.

CASH RECEIPTS - Individual Verification of Funds

ISSUE:

Funds are not always verified with a second person.

BACKGROUND:

The office staff member receiving the funds should count the funds in the presence of the depositor and verify that the funds equal what has been recorded on the Cash Count Slip (AF 3504). The office staff member will then sign and date the Cash Count Slip evidencing that s/he has performed this verification. If the depositor is not available at the time the funds are counted/verified the office staff member counting the funds should have a second person present to verify the count.

FINDING:

Detail testing of receipts indicates ten of twelve deposits reviewed included Cash Count Slips which indicate individual verification. Nineteen Cash Count Slips reflected corrections which appear made by the bookkeeper – none of these corrections include secondary verification on the adjusted amount – one of which also reflects only individual verification by the bookkeeper.

RECOMMENDED ACTION:

- Verify and receipt funds in the presence of the advisor/teacher when received.
- If the advisor/teacher or bookkeeper is not immediately available, ensure funds are counted in the presence of another individual, evidenced by two signatures on Cash Count Slips.

Reference: SAFPM v2, Page 17 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 7. CASH RECEIPTS, B - ii.

Reference: Administrative Form 3504 - Cash Count Slip.

RISK:

- Misappropriation of funds.

Altered Supporting Documentation

CASH RECEIPTS - Altered Source Documents

ISSUE:

Cash Count Slips were altered.

BACKGROUND:

Receipts and Cash Count Slips are source documents used to provide detailed support for the purpose and amount of funds received and deposited by the school. Altered source documents are not acceptable forms of supporting documentation.

FINDING:

Detail testing of deposits and receipts tested indicated Cash Count Slips were altered after submission and verification. Four Cash Count Slips reflected ambiguous corrections which reduced currency amounts. These decreasing adjustments may be related to replenishing change funds to imprest balance, as all four entries correspond to events with change fund activity; however, review indicates an inconclusive audit trail.

RECOMMENDED ACTION:

- Do not alter source documents.
- Verify that funds turned in for deposit match what has been recorded on the Cash Count Slip.
- Immediately investigate and reconcile any variances prior to issuing receipts.
- Require a separate Cash Count Slip for change fund deposits.

Reference: SAFPPM, Page 22 - Cash Receipts Procedures.

RISKS:

- Misappropriate of funds.
- Inadequate audit trail.

Event Ticket Sales

EVENT TICKETS RECONCILIATION - Ticket Sales Reports & Cash Count Slips

ISSUE:

The minimum requirements established for reconciling event tickets were not implemented.

BACKGROUND:

The Gatekeeper Quick Reference Guide in Section VII of this manual will be provided to each gatekeeper when ticket rolls are signed out.

Pre-numbered tickets will be used at all events that charge an entry fee.

All ticket numbers must be accounted for using the Ticket Sales Report (AF 3523).

Unused ticket rolls and logs are secured in the bookkeeper's office or school safe. When more than 1 ticket roll is used by a site the ticket rolls must contain unique ticket numbers. The school bookkeeper will keep a separate Event Tickets Log (AF 3510) for each ticket roll to ensure that no ticket numbers are missing or unaccounted for.

Ticket rolls are checked out for individual events by the school administrator, or designee (example: the athletic director for sports events), with responsibility for the event. The bookkeeper will record the beginning ticket number on both the Event Tickets Log and the Ticket Sales Report. The administrator signs the Event Tickets Log at the time of check out.

At the close of ticket sales cash on hand is counted and verified by two people, recorded on the Ticket Sales Report, and evidenced by their signatures. The remainder of the Ticket Sales Report is completed by the ticket takers, to include the first unused ticket number(s), the number of passes given out for the event, and the cash received. The value of tickets sold is calculated and compared to the actual amount received from ticket sales. Any discrepancies between the amounts which should have been collected (based on ticket sales) and the amount that was collected are noted, researched and documented.

After each event, the unsold tickets, Ticket Sales Report, Cash Count Slip (AF 3504), and money collected are given to the bookkeeper or deposited in the safe drop box if the bookkeeper is not available. The bookkeeper reconciles the number of tickets sold per the Ticket Sales Report, the tickets used per the Event Tickets Log, and cash received per the Cash Count Slip; and compares the first unused ticket number as stated on the Ticket Sales Report to the first ticket number on the unused ticket roll. Any discrepancies are noted, researched and documented.

FINDING:

Review of ticket sales reports reviewed indicated that 13 of 13 were not completed properly – exceptions were as follows:

- The Ticket Sales Report used is an outdated version which does not include details related to the initial change fund (13 of 13).
- Ticket Sales Reports do not trace to corresponding Cash Count Slips (5 of 13).
- Ticket Sales Reports indicate only individual verification (3 of 13).
- Ticket Sales Reports reflect alterations to the beginning ticket number (1 of 13).

Additionally, discussion with the bookkeeper on December 7, 2023, indicated Cash Count Slips are not always completed properly or in their entirety for ticket sales proceeds – e.g., procedures are not consistent and documentation varies based on gate workers (and may not be provided at all).

RECOMMENDED ACTION:

- Ensure the Gatekeeper Quick Reference Guide is provided to each gatekeeper when change funds are signed out.
- Implement all minimum requirements for event tickets reconciliation.

Reference: SAFPM v2, Page 28 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 17.
EVENT TICKETS, A-G.

Reference: Administrative Form 3523 - Ticket Sales Report.

Reference: Administrative Form 3510 - Event Tickets Log.

Reference: Administrative Form 3504 - Cash Count Slip.

RISK:

- Misappropriation of funds.

Security – Unverified Funds and Access to the Safe

SECURITY - Access to the Safe**ISSUE:**

The Bookkeeper can access funds alone.

BACKGROUND:

Proper safeguarding of assets requires funds to be kept secure until deposited. Acceptable means of protecting monies on hand from potential loss or theft, beginning with the most secured and preferred means are:

- 1) Dual access drop safe, secured to the building.
- 2) Dual access safe, secured to the building.
- 3) Dual access drop box, secured to the building.
- 4) File cabinet with metal bar securing the drawers and locked with a padlock.

Access to the safe should be limited and require two individuals to open it. Dual access may be by two keys, a combination and a key, or a combination or a key and securing the vault/room where the safe is located. Ensure proper access by giving the combination to two individuals (e.g., secretary and clinical aide) and giving the key to two separate individuals (e.g., principal and dean of students).

A school without a dual access safe must maintain a Safe/Vault Access Log (AF 3522) to record authorized personnel who access the safe. This is a temporary control until the school is able to purchase and install an appropriate safe.

FINDING:

Observation and discussions with the Bookkeeper during an unannounced cash count indicated the bookkeeper can access funds alone.

RECOMMENDED ACTION:

- Consider purchasing a dual access safe with a drop box to securely store student activity funds until deposited. Maintain the safe in a secure area.
- Ensure funds are appropriately safeguarded by requiring involvement of two individuals when accessing funds from the safe by:
 - giving the combination to two individuals (e.g., secretary and clinical aide) and
 - giving the key to two separate individuals (e.g., principal and dean of students).

OR

- 2) Use and maintain a Safe/Vault Access Log to record authorized personnel who access the safe until the school is able to purchase and install an appropriate safe.

Reference: SAFPM v2, Page 45 - IV. STUDENT ACTIVITY FUND PROCEDURES Section 33.
SAFEGUARDING OF ASSETS, A – D.

Reference: Administrative Form 3522 - Safe/Vault Access Log.

RISK:

- Misappropriation of funds.

CASH RECEIPTS - Unverified Funds

ISSUE:

Unverified funds were not submitted timely for safeguarding in the office.

BACKGROUND:

Money will not be left in the school over weekends or holidays. Money left in the school must be properly safeguarded in the central office.

Every teacher, coach or activity advisor maintaining an account within a school's student activity funds is responsible to properly safeguard student activity funds in their possession and to turn in money collected to the school bookkeeper daily.

FINDING:

Detail testing of a sample of receipts indicated three Cash Count Slips reflecting funds were not submitted timely for safeguarding in the office.

Additional testing of receipts indicated fourteen Cash Count Slips where funds were neither verified timely nor evidence submission & verification details – it is indeterminable whether unverified funds were held by the advisor or in the office.

RECOMMENDED ACTION:

- Inform teachers and staff about cash collection requirements outlined in the Student Activity Funds Procedures Manual.
- Turn in all funds collected to the office daily, with money never left in a classroom overnight.

Reference: SAFPM v2, Page 17 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 7. CASH RECEIPTS, A - vi-4(d).

Reference: SAFPM v2, Page 62 - V. TEACHER'S / STUDENT ACTIVITY ADVISOR'S QUICK REFERENCE GUIDE, Section 1. GENERAL, B – v.

THIS IS A RECURRING ISSUE NOTED IN THE PRIOR AUDIT PERFORMED FOR THE PERIOD ENDED MARCH 31, 2016.

RISK:

- Misappropriation of funds.

Change Funds

TICKET SALES - Change Fund CCS

ISSUE:

Change funds were not supported by documentation separate from revenues received.

BACKGROUND:

Following an event, funds in an amount equal to the amount of the original change fund are counted and deposited in full, separate from revenues received from the event, using a Cash Count Slip.

FINDING:

Detail testing of deposits and receipts indicated ten of twelve deposits reviewed included receipts related to events which utilized change funds – testing indicated 33 Cash Count Slips which reflected varying 'starting bank' amounts but did not include change fund documentation on a separate Cash Count Slip.

RECOMMENDED ACTION:

- Following events which utilize change funds, ensure funds in an amount equal to the amount of the original change fund are counted and deposited in full, separate from revenues received from the event, using a Cash Count Slip.

Reference: SAFPM v2, Page 19 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 8. CHANGE FUNDS, G.

Reference: Administrative Form 3504 - Cash Count Slip.

RISKS:

- Misappropriation of funds.
- Inadequate audit trail.

CASH ON HAND - Change Fund Thresholds**ISSUE:**

Change funds exceed suggested limits.

BACKGROUND:

The amount of money in a change fund should be sufficient to meet the needs of the school and activity without exposing funds to undue risk. The following limits should be sufficient to accomplish this but may be augmented during peak times if needed:

- \$100 per cash drawer for the office.
- \$250 per cash drawer for events at middle schools or options schools.
- \$500 per cash drawer for events at high schools.

FINDING:

Detail testing of receipts revealed 9 of 33 Cash Count Slips reviewed related to change fund activities indicated change fund amounts exceeded the suggested \$500 limit for events at high schools. Exceptions were as follows:

Date	Description	Amount
September 1, 2023	Football Concessions	\$ 900
September 1, 2023	Football Athletic Gates	1,500
September 5, 2023	Football Athletic Gates	600
September 8, 2023	Football Concessions	1,000
September 8, 2023	Football Athletic Gates	1,500

September 8, 2023	Football Athletic Gates	1,500
September 22, 2023	Football Athletic Gates	1,500
October 6, 2023	Football Concessions	800
October 6, 2023	Football Athletic Gates	800

RECOMMENDED ACTION:

- Consider cash exposure risk when determining sufficient change fund amounts for events.

Reference: SAFPM v2, Page 19 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 8.
CHANGE FUNDS H.

RISKS:

- Misappropriation of funds.
- Exposure of funds to undue risk.

CASH ON HAND - Change Funds Not Closed

ISSUE:

Change funds were not closed at end of the school year.

BACKGROUND:

All change funds must be closed at the end of the school year and funds deposited in the bank.

FINDING:

Review of account activity indicates change funds were not closed at the end of FY22 or FY23.

RECOMMENDED ACTION:

- Close change funds at the end of each school year.

Reference: SAFPM v2, Page 19 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 8.
CHANGE FUNDS K.

RISK:

- Misappropriation of funds.

Untimely Reporting

CASH RECEIPTS - Receipts Not Issued Timely

ISSUE:

Funds turned into the office for deposit were not receipted timely.

BACKGROUND:

High schools will receipt all funds in the District-approved point-of-sale register system. Care should be taken to accurately reflect the method of payment (cash/checks/credit card) to aid in reconciliation and deposit preparation.

A written receipt (or cash register receipt) will be provided by school office staff immediately after the funds are verified. For funds placed in a locked box, the receipt should be received within 1-2 days.

FINDING:

Detail testing of deposits and receipts indicated twelve of twelve deposits reviewed included receipts which were not issued within 1-2 days.

RECOMMENDED ACTION:

- Issue receipts immediately after funds are verified.

Reference: SAFPM v2, Page 18 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 7.
CASH RECEIPTS, B – iv.

Reference: SAFPM v2, Page 63 - V. TEACHER'S / STUDENT ACTIVITY ADVISOR'S QUICK
REFERENCE GUIDE, Section 2. CASH RECEIPTS, E.

RISKS:

- Misappropriation of funds.
- Insufficient audit trail.

CASH RECEIPTS - Untimely Bank Deposits

ISSUE:

Bank deposits were not made in accordance with the timeframes established in the SAFPM.

BACKGROUND:

Bank deposits must be made no less than once per week, or whenever receipts equal or exceed amounts as follows:

High schools: \$2,500
Middle schools: \$1,500
Elementary schools: \$1,000

Regular deposits are encouraged on the last working day of the week to ensure funds are not left in the school over the weekend.

FINDING:

Detail testing of cash receipts and deposits revealed six of twelve deposits (50%) examined were not made each week when funds were received, four of which also exceeded the amount for high schools. Exceptions were as follows:

Date	Amount	Description
April 7, 2023	\$ 15,307.48	Receipted funds held over the weekend and amount exceeds limit.
May 10, 2023	\$ 13,891.79	Receipted funds held over the weekend and amount exceeds limit.
May 16, 2023	\$ 6,923.95	Receipted funds held over the weekend.
June 12, 2023	\$ 27,951.38	Receipted funds held over the weekend and amount exceeds limit.
October 11, 2023	\$ 13,099.15	Receipted funds held over the weekend and amount exceeds limit.
October 19, 2023	\$ 24,438.04	Receipted funds held over the weekend.

Additionally, the remaining six deposits tested indicated funds were held over the weekend(s); however, due to lack of submission & verification information, it was indeterminable whether funds were held by the advisor or in the office – notably, these six deposits reflect funds were deposited timely once receipted.

RECOMMENDED ACTION:

- Make bank deposits at least once per week or when receipts equal or exceed \$2,500.
- Never leave funds at the school over a weekend.

Reference: SAFPM v2, Page 10 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 4.
BANK DEPOSITS, A - v-vi.

THIS IS A RECURRING ISSUE NOTED IN THE PRIOR AUDIT PERFORMED FOR THE PERIOD ENDED MARCH 31, 2016.

RISK:

- Misappropriation of funds.

REPORTING - Untimely Monthly Reporting

ISSUE:

Bank reconciliations were not completed within the deadlines established in the SAFPM.

BACKGROUND:

Bank reconciliations are to be performed monthly and completed by the 15th of the month following the report period. By the end of each month, for the immediately preceding month, every school must submit electronically the following reports to the Office of Business & Financial Services [including]:

Copy of signed and dated bank reconciliation report for ALL bank accounts including District held investment and scholarship accounts, and adjustment journal.

FINDING:

Detail testing of bank statements and monthly reports revealed bank reconciliations were not completed by the 15th of the month following the report period for seven of seven months tested:

- February 2023
- April 2023
- May 2023
- June 2023
- September 2023
- October 2023
- December 2023

Additionally, six of the seven months in exception (all except December 2023) were also not submitted to the Office of Business & Financial Services within the end of the month following the report period.

RECOMMENDED ACTION:

- Complete bank reconciliations by the 15th of the month following the report period.
- Prepare and forward monthly reports to the Office of Business & Financial Services by the end of the month following the reporting month.

Reference: SAFPM v2, Page 11 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 5. BANK STATEMENTS, C.

Reference: SAFPM v2, Page 25 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 15. END OF MONTH PROCESSING, A - iii (2).

RISKS:

- Manipulation of accounting records.
- Misappropriation of funds.

General Ledger

ACTIVITY ACCOUNT - Incorrect General Ledger Posting

ISSUE:

A correcting adjustment was posted with an incorrect description.

BACKGROUND:

Each individual school shall initiate and employ efficient and accurate accounting procedures that have the approval of the Superintendent and the Office of Business & Financial Services.

FINDING:

Detail testing of a sample of receipts indicates a receipt error was corrected with an adjustment described as 'extra change in machine,' while follow-up indicates the discrepancy was related to an entry error.

RECOMMENDED ACTION:

- Ensure descriptions are accurate.

Reference: SAFPM v2, Page 5 - II. DEFINITION AND PURPOSE OF FUNDS, Section 2.
ACCOUNTING FOR STUDENT ACTIVITY FUNDS, B.

RISKS:

- Misappropriation of funds.
- Inaccurate financial records.

GENERAL LEDGER - Standardized Athletic Accounts Not Used Correctly

ISSUE:

The Athletic Gates account was not used correctly.

BACKGROUND:

The Athletic Gates account is used for tracking deposits of monies received from gates activities. The Athletic Gates account should include only the following transactions:

- i. Gate receipt deposits
- ii. Checks issued for starting change funds
- iii. Transfers of funds to the Athletics account

Expenditures for purchases related to athletic activities will be from the Athletics account. Any funds remaining in the Athletic Gates account at year-end should be transferred to the Athletics account.

FINDING:

Activity account review of the Athletic Gates account 40-20-1010 revealed expenditures directly out of the Athletic Gates account, including gate worker pay and multiple entries for food, totaling over \$37,500 for FY23 and FY24 through April 2024.

Athletic Gates funds were also transferred directly to various activity accounts instead of the Athletics account for related expenses totaling approximately \$10,500. Although these are appropriate uses of gate receipt money, all gate receipt proceeds should be transferred to the Athletics account and expenditures/transfers recorded from there.

Additionally, funds remaining in the Athletic Gates account at FY23 year-end were not transferred to the Athletics account, amount totaling approximately \$5,300.

RECOMMENDED ACTION:

- Process only the following through the Athletic Gates account:
 - i. Gate receipt deposits
 - ii. Checks issued for starting change funds
 - iii. Transfers of funds to the Athletics account.
- Ensure any funds remaining in the Athletic Gates account at year-end are transferred to the Athletics account.

Reference: SAFPM v2, Page 9 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 3.
ATHLETIC GATES.

RISK:

- Inability to efficiently produce informational reports on athletic gate activity at the school or district levels.