



Audit Report

Glenn Duncan Elementary School Student Activity Funds

April 5, 2024

Internal Audit Department

Kirk Starkey, CPA, Chief Auditor
Matt McMahon, CIA, Internal Auditor

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OVERVIEW

The Washoe County School District (WCSD) Internal Audit Department conducted an audit of Duncan Elementary School's student activity funds for the six months ended May 31, 2023, with an analysis of a judgmental sample of individual student activity fund accounts for Fiscal Year 2023. The objectives of the audit are to provide reasonable assurance that Duncan Elementary School's:

- Student activity fund financial records are correctly stated and support the corresponding financial statement prepared for the district as a whole for the most recent fiscal year end.
- Financial statement reporting requirements are met.
- Student activity fund internal controls are adequate.
- Employees understand and comply with district policies and procedures relative to student activity funds.
- Cash receipts are deposited promptly and are supported by valid documentation.
- Cash disbursements are properly authorized and supported by valid documentation.
- Cash receipts and cash disbursements are accurately recorded in the accounting records.
- Operations are efficient and effective to achieve a productive work environment.

To accomplish the audit objectives, we:

- Performed a surprise cash count.
- Interviewed management and staff at the school.
- Completed testing and analysis of receipts and disbursements.
- Performed reconciliations.
- Assessed controls against student activity fund policies and procedures and WCSD regulations.

The internal control system developed for WCSD, in the form of the Student Activity Funds Procedures Manual (SAFPM), consists of policies and procedures designed to provide WCSD management with reasonable assurance that organizational goals and objectives with regards to student activity funds will be achieved. Please note that, although WCSD Business Office administration is responsible for establishing an effective system of internal control over student activity funds, it is the school principal's responsibility to ensure such system is maintained and operating at his/her respective school. Internal Audit is one of the monitoring tools available to assess the effectiveness of these internal controls.

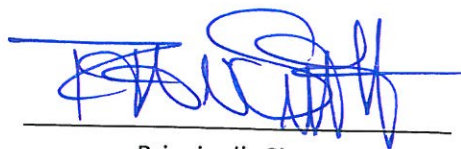
We conducted this audit in accordance with the *International Standards for the Professional Practice of Internal Auditing* (IIA Standards), sans Standards 1310 through 1321. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable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

Based on the results of audit procedures performed, it is our opinion that school staff has materially complied with WCSD policies and procedures relative to student activity funds and that internal controls in place over Duncan Elementary School's student activity funds appear to be operating effectively and efficiently.

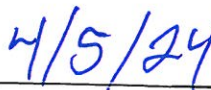
On the following pages are issues of non-compliance with certain laws and regulations relative to student activity funds that were noted during our audit. The courtesies and cooperation extended by employees of Duncan Elementary School during the audit are sincerely appreciated.

Matt McMahon, CIA
Internal Auditor

Kirk Starkey, CPA
Chief Auditor



Principal's Signature



Date Received

ISSUES AND ACTION ITEMS

ACCOUNT ACTIVITY - Unspent Funds

ISSUE:

Activity account funds were not spent in the same year they were collected.

BACKGROUND:

Fees may not be used to generate a profit and should be fully expended on behalf of the students paying the fee. Examples include school uniforms, planners, ID badges, class trips, athletic spirit packs, etc.

FINDING:

Detail analysis of activity accounts indicates fees were not always spent the same year they were collected. Exceptions were as follows:

Account	Fees Collected	Fees Expended	Margin
40-10-0090 Kinder (All) Field Trips	\$ 504.00	\$ 325.00	\$ 179.00 (36%)
40-10-0190 1st Grade (All) Field Trips	145.00	0.00	145.00 (100%)

SUGGESTED ACTION ITEMS:

- Evaluate all fees charged to students to determine purpose and need.
- Reduce or eliminate fees which cause high end-of-year balances.
- Make every effort to spend funds within the same year that the funds are raised.

Reference: SAFPM v2, Page 29 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 19. FEES, STUDENT, B

THIS IS A RECURRING ISSUE NOTED IN THE PRIOR AUDIT PERFORMED FOR THE PERIOD ENDED JUNE 30, 2015.

RISK:

- Profiting off students projects a negative image to taxpayers and the general public.

MANAGEMENT RESPONSE: We no longer collect fees for field trips. We have utilized the ISEE grant from Ed Alliance or asked the destination to donate the experience to fund field trips. We will utilize the remaining balances this school year to provide an extra-curricular experience for Kinder and 1st grade.

EXPECTED COMPLETION DATE: June 6, 2024

ADJUSTMENTS - Adjustments Not Documented / Approved

ISSUE:

Bank adjustments were not referenced directly on the bank statement and adjustment journals were not completed.

BACKGROUND:

Record all monthly adjustments from all bank statements such as interest earnings, NSF checks, NSF fees, miscellaneous bank charges, scrip rebates and correcting entries. Note the adjustment numbers next to the transactions on the bank statement. Sign and date the adjustment journal.

FINDING:

Detail testing of student activity fund transactions indicated three of three applicable bank adjustments tested (100%) were not referenced directly on the bank statement with the corresponding journal entry number.

Additionally, adjustment journals were not signed or dated in their entirety for all seven adjustments tested (100%).

SUGGESTED ACTION ITEMS:

- Note the adjustment numbers next to the transactions on the bank statement.
- Sign and date adjustment journals.

Reference: SAFPM v2, Page 27 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 15. END OF MONTH PROCESSING, B - x.

RISKS:

- Misappropriation of funds.
- Insufficient audit trail.

MANAGEMENT RESPONSE: We will add this procedure to monthly practice.

EXPECTED COMPLETION DATE: Immediately

CASH RECEIPTS - No Deposit Reconciliation

ISSUE:

The total of all funds for deposit are not reconciled to the total of all Cash Count Slips.

BACKGROUND:

When it is time to prepare the bank deposit, all funds for deposit shall be summarized on a Bank Deposit Summary form (AF 3508). The total of all funds for deposit are then reconciled to the total of all Cash Count Slips (AF 3504). Any variances should be immediately investigated and reconciled. Attach the Bank Deposit Summary form or money bag receipt to the corresponding Cash Count Slips and file this deposit packet in chronological order with other student activity funds accounting records.

FINDING:

Examination of bank deposits indicated one of four (25%) deposits did not evidence that the total of all funds for deposit were reconciled to the total of all Cash Count Slips.

SUGGESTED ACTION ITEM:

- Reconcile the total of all funds for deposit to the total of all Cash Count Slips by using the Bank Deposit Summary form prior to taking funds to the bank.

Reference: SAFPM v2, Page 10 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 4. BANK DEPOSITS, B - ii.

Reference: Administrative Form 3508 - Bank Deposit Summary

Reference: Administrative Form 3504 - Cash Count Slip

RISKS:

- Insufficient audit trail.
- Misappropriation of funds.

MANAGEMENT RESPONSE: The principal and secretary have come up with a system to streamline cash receipts.

EXPECTED COMPLETION DATE: Immediately

CASH RECEIPTS – Non-Use of Cash Count Slips

ISSUE:

Cash Count Slips were not prepared for all cash and checks received.

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. 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. 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 deposits indicates seven of eighteen receipts tested (39%) were not supported by a Cash Count Slip.

SUGGESTED ACTION ITEMS:

- Prepare a Cash Count Slip for all funds turned into the office.
- 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 17 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 7. CASH RECEIPTS, B - i-ii.

Reference: Administrative Form 3504 - Cash Count Slip

RISK:

- Misappropriation of funds.

MANAGEMENT RESPONSE: The principal and secretary have come up with a system to streamline cash receipts.

EXPECTED COMPLETION DATE: Immediately

CASH RECEIPTS - Supporting Documentation

ISSUE:

Funds turned in to the school office 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.

FINDING:

Detail testing of cash receipts and deposits indicated eleven of eighteen receipts (61%) did not include supporting documentation for field trip fees collected.

SUGGESTED ACTION ITEMS:

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

Reference: SAFPM, Page 7 - IV. REGULATIONS AND PROCEDURES, Section 3. BANK DEPOSITS, A - 2

Reference: SAFPM, Page 10 - IV. REGULATIONS AND PROCEDURES, Section 6. CASH RECEIPTS, A- 6
(d) (ii)

Reference: Administrative Form 3504 - Cash Count Slip

Reference: Administrative Form 3512 - Individual Receipt Log

THIS IS A RECURRING ISSUE NOTED IN THE PRIOR AUDIT PERFORMED FOR THE PERIOD ENDED JUNE 30, 2015.

RISK:

- Misappropriation of funds.

MANAGEMENT RESPONSE: The principal and secretary have come up with a system to streamline cash receipts.

EXPECTED COMPLETION DATE: Immediately

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 three of four deposits (75%) were not made each week when funds were received. Exceptions were as follows:

Date	Amount	Description
December 6, 2022	\$ 1,545.00	Receipted funds held over the weekend
March 31, 2023	304.00	Receipted funds held over the weekend
May 22, 2023	345.00	Receipted funds held over the weekend

SUGGESTED ACTION ITEMS:

- Make bank deposits at least once per week or when receipts equal or exceed \$1,000.
- 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 JUNE 30, 2015.

RISK:

- Misappropriation of funds.

MANAGEMENT RESPONSE: The principal and secretary have come up with a system to make bank deposits at least once per week when there is cash.

EXPECTED COMPLETION DATE: Immediately

CASH RECEIPTS - Unverified Funds

ISSUE:

Funds collected in the classroom were not turned in to the office or were not receipted timely.

BACKGROUND:

When class fees are collected in the classroom, the teacher or activity advisor will utilize the Individual Receipt Log (AF 3512) to record the source and amount of collected funds. The teacher or advisor will complete the Cash Count Slip (AF 3504), attach a copy of the log, and turn all collected funds in to the school office daily. Money should never be left in a classroom overnight or removed from the school premises.

FINDING:

Examination of receipts and cash count slips indicates one of eleven fee-related receipts tested (9%) reflected unverified funds were left in the classroom overnight.

Additionally, for ten of eleven fee-related receipts tested (91%), it was indeterminable whether collections were submitted to the office the same day they were received due to lack of supporting documentation (comprised of field trip fees).

SUGGESTED ACTION ITEM:

- Inform staff about turning in collected funds daily when received, including a completed Cash Count Slip and appropriate supporting documentation.

Reference: SAFPM v2, Page 15 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 7. CASH RECEIPTS, A - ii (2)

Reference: Administrative Form 3512 - Individual Receipt Log

Reference: Administrative Form 3504 - Cash Count Slip

THIS IS A RECURRING ISSUE NOTED IN THE PRIOR AUDITS PERFORMED FOR THE PERIODS ENDED JUNE 30, 2009, AND JUNE 30, 2015.

RISK:

- Misappropriation of funds.

MANAGEMENT RESPONSE: Staff should no longer be collecting cash for any reason unless approved by the principal. Our field trips are at zero cost to families.

EXPECTED COMPLETION DATE: Immediately / on going

DISBURSEMENTS - Duplicate Reimbursement

ISSUE:

A reimbursement check was issued in duplicate.

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 cash disbursements indicates one reimbursement check was issued in duplicate resulting in an overpayment of \$218.14. The exception was as follows:

- Check 1437 for \$218.14 was issued in December 2022 for classroom supplies and staff donuts – there was no support provided.
- Check 1440 for \$218.14 was issued in January 2023 for classroom supplies and staff donuts with receipts pre-dating check 1437.

Follow-up review indicates the duplicate payment was reimbursed to the school on April 28, 2023.

SUGGESTED ACTION ITEMS:

- Ensure an original receipt or invoice is included with every Check Authorization form.
- Verify supporting documentation and amounts before issuing checks.

Reference: SAFPM v2, Page 6 - II. DEFINITION AND PURPOSE OF FUNDS, Section 2. Accounting for Student Activity Funds, B

RISK:

- Unnecessary waste of student activity funds.

MANAGEMENT RESPONSE: This was an error by our previous secretary. We now have a system where staff must get approval from the principal in advance before ever expecting reimbursement on any purchase.

EXPECTED COMPLETION DATE: Immediately / on going

DISBURSEMENTS - Incomplete Check Authorization Form

ISSUE:

Check Authorization forms were not completed in their entirety.

BACKGROUND:

All disbursements must be authorized by a properly completed and approved Check Authorization (AF 3506), Pcard Request (AF 3516), or School Purchase Order (AF 3520).

FINDING:

Detail testing of cash disbursements revealed two of eight (25%) Check Authorization forms did not evidence proper approval signatures.

SUGGESTED ACTION ITEMS:

- Ensure Check Authorization forms are completed in their entirety.
- Inform teachers and/or activity advisors about their responsibility for preparing all Check Authorization forms in their entirety (including signature).

Reference: SAFPM v2, Page 23 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 13.
DISBURSEMENTS, A - vi-vii.

Reference: Administrative Form 3506 - Check Authorization

Reference: Administrative Form 3516 - Pcard Request

Reference: Administrative Form 3520 - School Purchase Order

THIS IS A RECURRING ISSUE NOTED IN THE PRIOR AUDITS PERFORMED FOR THE PERIODS ENDED JUNE 30, 2009, AND JUNE 30, 2015.

RISK:

- Misappropriation of funds.

MANAGEMENT RESPONSE: The principal and secretary have created a system and procedures to address any sort of authorizations for expenditures.

EXPECTED COMPLETION DATE: Immediately / on going

DISBURSEMENTS - Lack of Adequate Documentation

ISSUE:

Disbursements were not supported by adequate documentation.

BACKGROUND:

All disbursements must be authorized by a properly completed and approved Check Authorization (AF 3506), Pcard Request (AF 3516), or School Purchase Order (AF3520). Pre-signing of these forms is not allowed and forms must contain original signatures.

An original itemized receipt, invoice, or packing slip that includes the item, quantity, unit cost and extended cost for each item received must be attached to the Check Authorization Form, Pcard Request, or School Purchase Order to provide detailed support as to the purpose and legitimacy of the disbursement. A credit card receipt (with total cost only) or vendor statement does not provide the detail required to support a purchase.

FINDING:

Detail testing of cash disbursements indicated four of eight (50%) cash disbursements did not have adequate documentation to support disbursements made. Exceptions were as follows:

Date	Check #	Amount	Description
December 1, 2022	1435	\$ 47.00	Typed letter in place of original receipts.
December 6, 2022	1436	3,199.80	Email thread and a partially paid invoice in place of original invoice.
December 15, 2022	1437	218.14	No supporting documentation included.
January 13, 2023	1440	218.14	Credit card receipt and order summary in place of original receipts.

Detail testing of PCard transactions indicated one of six (33%) transactions tested did not have adequate documentation to support disbursements made. Exception was as follows:

Date	Ref #	Amount	Description
April 14, 2023	PC00397	\$ 500.00	Invoice amount – no itemization included.

SUGGESTED ACTION ITEMS:

- Provide support for all disbursements with original invoices or receipts that detail the purpose, exact cost, and legitimacy of the disbursement.
- Maintain supporting documents with Check Authorization Forms and Pcard Requests.
- Inform teachers and staff about their responsibility for providing this documentation.

Reference: SAFPM v2, Page 23 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 13.
DISBURSEMENTS, A - vi, vii

Reference: Administrative Form 3506 - Check Authorization

Reference: Administrative Form 3516 - Pcard Request

Reference: Administrative Form 3520 - School Purchase Order

THIS IS A RECURRING ISSUE NOTED IN THE PRIOR AUDITS PERFORMED FOR THE PERIODS ENDED JUNE 30, 2009, AND JUNE 30, 2015.

RISKS:

- Inappropriate expenditures.
- Misappropriation of funds.

MANAGEMENT RESPONSE: We have already fixed this issue. The majority of these transactions were from previous administration. By seeking authorization and approval in advance, we know exactly what type of documentation to submit.

EXPECTED COMPLETION DATE: Immediately / on going

DISBURSEMENTS - Payment for Services – Non-Employee

ISSUE:

Payments made directly from student activity funds to non-school district individuals (Independent Contractors) for services rendered.

BACKGROUND:

Payment to an individual or business for services rendered may not be made directly from student activity funds. Payments to non-District persons or businesses must be paid in accordance with procedures established by the Office of Business & Financial Services. Sufficient time should be allowed to ensure approval of the Independent Contractor Agreement through the Purchasing Department prior to the start of services.

FINDING:

Detail review of account activity indicated one payment to an individual for services rendered totaling nearly \$3,200.

Detail review of prior year activity (FY22) indicated two additional payments to non-school district individuals for services rendered totaling \$2,980.

SUGGESTED ACTION ITEMS:

- Follow WCSD's accounts payable procedures for compensating non-district individuals or businesses for services rendered.
- Complete the WCSD Independent Contractor Agreement.

Reference: SAFPM v2, Page 24 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 13.
DISBURSEMENTS, B

RISK:

- Exposure to IRS fines and penalties.

MANAGEMENT RESPONSE: We did not know the procedure at the time this transaction took place. Going forward, we will deal with the Business Office for these types of transactions.

EXPECTED COMPLETION DATE: As needed

DONATIONS - Donation \$10k or Greater Processed Through SAF

ISSUE:

Donations of \$10,000 or more were processed directly through student activity funds.

BACKGROUND:

Donations of \$10,000 or more must be forwarded to the WCSD Grants Department using a WCSD Deposit Transmittal Form (available from the Office of Business & Financial Services) for deposit into a gifts and donations account at the District level. A copy of the donation letter will be forwarded with the check.

FINDING:

Detail analysis of account activity indicated one donation of \$10,000 received by the school which was processed directly through student activity funds. Exception was as follows:

Date	Account	Amount
February 3, 2023	40-30-3585 Washoe County Commissioners	\$ 10,000.00

SUGGESTED ACTION ITEMS:

- Forward any grant or donation funds received in the amount of \$10,000 or more to the WCSD Grants Department.
- Maintain donation letters for supporting documentation as appropriate.

Reference: SAFPM v2, Page 25 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 14.
DONATIONS, B

RISK:

- Misappropriation of funds.

MANAGEMENT RESPONSE: We were unaware of this procedure. We now know what to do in case we ever have donations of this large amount.

EXPECTED COMPLETION DATE: As needed

LACK OF CROSS-TRAINING - Bookkeeper's Absence

ISSUE:

No trained backup in case the administrative secretary is unavailable.

BACKGROUND:

Another staff member should be cross-trained in the bookkeeper/secretary's duties and responsibilities in the event of emergency or extended absence.

The school principal is fully accountable to the Superintendent for management and oversight of all school funds. This includes, but is not limited to, ensuring that staff is properly trained, a backup for the bookkeeper has been designated and properly trained, all procedures are followed, and an annual financial report (year-end closing reports) is submitted to the appropriate District office.

FINDING:

Discussions with the administrative secretary during the surprise cash count on October 10, 2023, indicated there is no one trained to provide backup in case the administrative secretary is unavailable to perform her job functions.

SUGGESTED ACTION ITEM:

- Ensure a backup for the administrative secretary has been designated and properly trained in the event of emergency or extended absence.

Reference: SAFPM v2, Page 7 - III. SCHOOL LEVEL RESPONSIBILITIES FOR ADMINISTERING FUNDS, Section 1. SCHOOL PRINCIPAL B.

RISK:

- Job duties could not be performed if the administrative secretary were unavailable.

MANAGEMENT RESPONSE: We will try our best to cross train someone at the school. With the small amount of staff members, this request is extremely challenging. In the past we have asked for help from an EA in Central Office.

EXPECTED COMPLETION DATE: June 6, 2024

PURCHASING CARD - Incomplete Pcard Requests

ISSUE:

Pcard Requests were not completed in their entirety.

BACKGROUND:

All disbursements must be authorized by a properly completed and approved Check Authorization (AF 3506), Pcard Request (AF 3516), or School Purchase Order (AF 3520).

For Pcard transactions, schools must use the Pcard Request (AF 3516) that provides approval for a pcard purchase and tracking of pcards.

FINDING:

Detail testing of Pcard transactions indicated six of six Pcard Requests (100%) were not completed in their entirety. Exceptions were as follows:

- Six Pcard transactions were missing reference numbers and Pcard & bank statement information.
- One of which also was missing details such as the vendor name, amount, and activity account number.
- One of which did not include a corresponding Pcard request (but an email which was missing a reference and Pcard & bank statement information).

SUGGESTED ACTION ITEM:

- Inform teachers and/or activity advisors about their responsibility for preparing all PCard Requests in their entirety (including signature and dates).

Reference: SAFPM v2, Page 23 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 13.
DISBURSEMENTS, A - vi

Reference: SAFPM v2, Page 43 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 29.
PURCHASING CARDS, A - vii

Reference: Administrative Form 3506 - Check Authorization

Reference: Administrative Form 3516 - Pcard Request

Reference: Administrative Form 3520 - School Purchase Order

RISK:

- Inappropriate disbursements without knowledge and approval of responsible parties.

MANAGEMENT RESPONSE: The principal and secretary now have a system to record Pcard transactions.

EXPECTED COMPLETION DATE: On going

REPORTING - Late Submission of Monthly Reports

ISSUE:

Bank reconciliations were not completed or submitted to the Office of Business & Financial Services 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 deadline established for seven of nine months tested:

- March 2021
- April 2021
- May 2021
- February 2022
- April 2022
- April 2023
- May 2023

Additionally, due to untimely completion of bank reconciliations, copies of the signed and dated bank reconciliation reports were not submitted to the Office of Business & Financial Services within the deadline established for four of nine months tested:

- April 2021
- February 2022
- April 2023
- May 2023

SUGGESTED ACTION ITEMS:

- 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)

THIS IS A RECURRING ISSUE NOTED IN THE PRIOR AUDIT PERFORMED FOR THE PERIOD ENDED JUNE 30, 2015.

RISKS:

- Manipulation of accounting records.
- Misappropriation of funds.

MANAGEMENT RESPONSE: Most of these errors were from previous administrations. Currently, the secretary provides the principal with the most current monthly report each month.

EXPECTED COMPLETION DATE: On going

REPORTING - Monthly Checklist Inaccuracies

ISSUE:

Questions are answered incorrectly and incompletely on the Principal's Monthly Checklist.

BACKGROUND:

Within 30 days following each month-end, and prior to submission to the Office of Business & Financial Services, a monthly Account Analysis Report - Detail, the Bank Reconciliation Report, and the bank statement, are to be provided to the school principal for review. This review is documented on the Principal's Monthly Checklist (AF 3519). The school principal will maintain a file of the Principal's Monthly Checklists for a consecutive two-year period.

Perform each item on the Principal's Monthly Checklist and check "Yes" or "No" for each. Add notes to the checklist when an explanation is needed.

FINDING:

Detail testing of the Principal's Monthly Checklist indicated the following exceptions:

- April 2021 - Questions #15 and 16 were answered incorrectly.
- May 2021 - Question #15 was answered incorrectly.
- February 2022 - Questions #16 and 18 were answered incorrectly.
- March 2022 - Questions #13, 15, and 18 were answered incorrectly.
- April 2022 - Question #15 was answered incorrectly.
- March 2023 - Questions #5, 13, & 14 were unanswered and question #18 was answered incorrectly.
- April 2023 - All questions were unanswered.
- May 2023 - All questions were unanswered.

SUGGESTED ACTION ITEM:

- Accurately complete the Principal's Monthly Checklist.

Reference: SAFPM v2, Page 25 - IV. STUDENT ACTIVITY FUNDS PROCEDURES, Section 15. END OF MONTH PROCESSING, A - ii

Reference: Administrative Form 3519 - Principal's Monthly Checklist

THIS IS A RECURRING ISSUE NOTED IN THE PRIOR AUDIT PERFORMED FOR THE PERIOD ENDED JUNE 30, 2015.

RISKS:

- Undetected errors or omissions.
- Misappropriation of funds.

MANAGEMENT RESPONSE: Most of these errors were from previous administrations. Currently, the secretary provides the principal with the most current monthly report each month.

EXPECTED COMPLETION DATE: On going

REPORTING - Negative Balances

ISSUE:

Certain activity accounts reflected negative balances.

BACKGROUND:

Deficit spending is not an approved accounting procedure at any time. Student activity funds account advisors must request a transfer of funds from a discretionary account (e.g., the principal's fund) prior to expending any funds that would result in a deficit balance. Funds may not be transferred to another school account without the approval of the principal or his/her designee as evidenced on the Transfer Authorization Form (AF 3524).

FINDING:

Analysis of activity accounts revealed negative balances in the following activity accounts:

Month	Amount	Account
December 2022	\$ (0.21)	40-40-3860 Assist. League
January 2023	(44.21)	40-10-9150 Staff Incentives
January 2023	(61.05)	40-10-3380 Positive Behavior (PBS)
March 2023	(87.43)	40-10-0090 Kinder (All) Field Trips

SUGGESTED ACTION ITEM:

- Request a transfer of funds from a discretionary account (e.g., the principal's fund) prior to expending any funds that would result in a deficit.

Reference: SAFPM v2, Page 21 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 11. DEFICIT SPENDING

Reference: Administrative Form 3524 - Transfer Authorization

THIS IS A RECURRING ISSUE NOTED IN THE PRIOR AUDIT PERFORMED FOR THE PERIOD ENDED JUNE 30, 2015.

RISK:

- Expenditures exceeding available funds.

MANAGEMENT RESPONSE: We will make sure that we do not spend any funds from accounts that do not have enough available funds. With our systems and procedures, the principal and secretary have put in place, this should no longer be an issue moving forward.

EXPECTED COMPLETION DATE: Immediately / on going

SECURITY - Access to the Safe

ISSUE:

The Administrative Secretary 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 discussion with the administrative secretary during the surprise cash count on October 10, 2023, indicated the administrative secretary can access funds alone.

SUGGESTED ACTION ITEMS:

- 1) Consider purchasing a dual access safe with a drop box to securely store student activity funds until deposited. Maintain 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

THIS IS A RECURRING ISSUE NOTED IN THE PRIOR AUDIT PERFORMED FOR THE PERIOD ENDED JUNE 30, 2015.

RISK:

- Misappropriation of funds.

MANAGEMENT RESPONSE: We purchased a safe April 2024 that is now located in the front office.

EXPECTED COMPLETION DATE: Complete

**Washoe County School District
Duncan Elementary School
Student Activity Funds -- Account Summary FY23**

School Year 2022-2023					
Functions	Beginning Balance July 1, 2022	Income	Expenses	Transfers	Ending Balance June 30, 2023
Class Accounts	3,854.25	649.00	920.42	(633.17)	2,949.66
Administration	4,099.91	243.53	850.12	745.11	4,238.43
Fundraisers	1,058.05	1,233.23	515.14	(112.15)	1,663.99
Donations	3,794.38	37,641.75	10,713.58	0.21	30,722.76
Totals	12,806.59	39,767.51	12,999.26	0.00	39,574.84