Washoe County School District

Internal Audit Department

Sparks High School
Student Activity Funds Audit

January 13, 2025

Kirk Starkey, CPA, Chief Auditor
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Washoe County School District
Internal Audit Department

Sparks HS SAF Audit

Executive Summary

Introduction

At the request of the Principal and in accordance with the Audit Plan, the Internal Audit Department has completed its audit of Sparks High School's Student Activity Funds (SAF) for Fiscal Year 2023 in relation to WCSD policies and procedures.

Commendations

- Results indicate material compliance in processing over $355k in expenses and $349k in receipts for Student Activity Funds from FY23.
- Records were well organized and accessible.

Takeaways

22 Reportable findings
7 recurring from prior audit

Cash Receipt Risk *(Pages 13-17, & 28)*
Incomplete cash receipt documentation make Student Activity Funds more susceptible to inherent fraud risks.

Safeguarding of Assets *(Pages 7, 11-12, & 24-27)*
Weaknesses in security controls potentiate the risk of misappropriation and reduce oversight capabilities.

Disbursement Oversight *(Pages 5, 18-20, & 22-23)*
Bypass of disbursement controls and insufficient supporting documentation escalate the school's vulnerability for misappropriation.

Quick Facts from Disbursement Testing

Staff-type purchases from restricted funds Sourced from income such as fundraiser proceeds and donations	Approx. $9,300
Cash disbursements with incomplete support Insufficient details -- lack of itemization or partial support	Approx. $21,250
PCard payments with incomplete support Insufficient details -- lack of itemization or partial support	Approx. $2,250

Conclusion Overview

To reduce risk exposure, we recommend:

- More robust processing of cash collections, including increased emphasis on supporting documentation.
- Fortified oversight over disbursement activity.
- Training related to SAF procedures, including booster group requirements.

OVERVIEW

The Washoe County School District (WCSD) Internal Audit Department conducted an audit of Sparks High 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 through June 30, 2023. The objectives of the audit are to provide reasonable assurance that Sparks High 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.
- Distributed confirmation letters to activity fund advisors.
- 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 Standard 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 Sparks High School's student activity funds appear to be operating effectively and efficiently.

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

Matt McMahon, CIA
Internal Auditor

Principal's Signature

Kirk Starkey, CPA
Chief Auditor

1/13/2025
Date Received

ISSUES AND ACTION ITEMS

ACCOUNT ACTIVITY - Restricted Funds & Staff Expenses

ISSUE:
Restricted funds were spent on staff incentives.

BACKGROUND:
"Restricted" funds are raised for a specific purpose and/or for a specific group. Examples include textbook deposits or sales, lab or activity fees, fundraisers for class or extracurricular activities, or donations for scholarships or other designated purposes.

Information to parents regarding fundraising activities should include what the proceeds will be used for. All or a portion of the proceeds may be used for staff gifts and incentives only if this intended use, and the amount (dollars or percentage of proceeds) is specified in the information conveyed to the students and families at the outset of the fundraiser.

A donation letter should accompany any donation received and include the donor's expectations for the use of the funds. The donation letter is attached to each transaction associated with the funds (deposit, transfer, purchase, etc.) as supporting documentation for the transaction. Donations received for the benefit of staff must state such in the accompanying donation letter.

FINDING:
Detail analysis of FY23 account activity indicated various expenses for staff appreciation food totaling nearly $9,300 were expended from funding sources such as fundraiser proceeds and donations which were not restricted for staff expenses.

RECOMMENDED ACTIONS:

- Use restricted funds for their intended purpose.
- Ensure the purchase of meals for administrators or other school employees are paid for with funds restricted for that purpose.
- Ensure fundraising activities intended to support staff incentives are conveyed to students and families at the outset of the fundraiser.
- Ensure any staff expenses purchased with student activity funds are processed through the "Staff Gifts and Incentives" account.

Reference: SAFPM v2, Page 6 - II. DEFINITION AND PURPOSE OF FUNDS, Section 3. TYPES OF FUNDS, A
Reference: SAFPM v2, Page 24 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 14. DONATIONS, A
Reference: SAFPM v2, Page 35 - IV. STUDENT ACTIVIY FUND PROCEDURES, Section 21. FUNDRAISING ACTIVITIES, M

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

RISKS:

- Poor public image.
- Misappropriation of funds.

MANAGEMENT RESPONSE: We will ensure staff expenses are sourced from funds which are restricted specifically for staff appreciation. As per our conversation, staff expenses are primarily funded by one of our partners in ed, The Row, specifically for the purpose of giving incentives to our faculty. This year, we also had an anonymous donor add monies to this fund. We will ensure documentation which supports the intention of these donations is maintained.

EXPECTED COMPLETION DATE: Immediate.

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
40-10-2000 Art Department	$ 2,440.00	$ 1,454.90	$ 985.10 (40%)
40-10-2010 Ceramics	2,040.00	1,719.66	320.34 (16%)
40-10-2015 Photography	1,248.00	437.44	10.56 (65%)
40-10-2315 Construction Tech	977.00	-	977.00 (100%)
40-10-2320 Manuf Tech	2,114.00	1,472.23	641.77 (30%)
40-10-2560 Guitar	225.00	125.00	100.00 (44%)
40-10-2701 Chemistry	1,498.00	267.89	1,230.11 (82%)
40-10-2705 Environmental Science	135.00	-	135.00 (100%)
40-10-2706 Anatomy	595.00	142.10	452.90 (76%)
40-10-2707 Earth Science	260.00	-	260.00 (100%)

RECOMMENDED ACTIONS:
- 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

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

MANAGEMENT RESPONSE: We will meet with staff who oversee these SAF accounts to be sure they evaluation the necessity of all fees and that they spend the fees they do collect in a timely.

EXPECTED COMPLETION DATE:
We will meet with the staff at the beginning of the 4th quarter.

BANK ACCOUNTS - Two District Employees are Authorized Signers on an Outside Account

ISSUE:
The school's Registrar/Varsity Baseball Coach and another District employee are authorized signers for the Sparks High School Boosters checking account.

BACKGROUND:
Individuals who actively coach or direct an activity should serve in an advisory capacity to the booster group and should not have control or signature authority over booster club funds, including petty cash or miscellaneous discretionary funds.

No District employee will be an authorized signer on a separately maintained checking or savings account for a booster group or parent-faculty group unless that individual is an elected officer of said group.

FINDING:
Discussions with the school's Registrar/Varsity Baseball Coach indicated he oversees the Sparks High School Booster group and is an authorized signer for the booster group's checking account. Additionally, a prior administrator who remains a current District employee is also an authorized signer.

RECOMMENDED ACTIONS:

- Remove the Registrar/Varsity Baseball Coach and the prior administrator as authorized signers from the Sparks High School Booster group's checking account.
- Ensure individuals who actively coach or direct an activity do not have control or signature authority over booster funds.
- Ensure that District employees who are authorized signers for booster group checking accounts are elected officers of that booster group.

Reference: SAFPM, Page 8 - IV. REGULATIONS AND PROCEDURES, Section 4. BOOSTER GROUPS, PARENT-FACULTY GROUPS, D
Reference: SAFPM v2, Page 15 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 6. Booster Groups, C - iv, F

RISK:
Misappropriation of funds.

MANAGEMENT RESPONSE: We will work with the Boosters to remove the current signers and place two signers on the account who are not District employees.

EXPECTED COMPLETION DATE: We will have this in place by the end of SY 24/25.

BANK RECONCILIATION - Stale-Dated Checks

ISSUE:
Outstanding checks reflected on the bank reconciliation are in excess of six months old.

BACKGROUND:
Outstanding checks older than six months are considered stale dated and should be voided monthly. The school may elect to follow up on checks meeting pre-determined criteria (i.e., dollar amount, payee, or purpose) before voiding them.

FINDING:
Review of voided checks indicated the following checks were outstanding for more than six months:

Check #	Check Date	Date Voided	Amount
24426	March 2, 2022	March 31, 2023	$ 277.07
24459	March 31, 2022	March 31, 2023	5,300.00
24507	May 20, 2022	March 31, 2023	16.67
24540	July 19, 2022	March 31, 2023	51.28
24543	July 19, 2022	March 31, 2023	20.00
24545	July 19, 2022	March 31, 2023	700.00
24548	August 11, 2022	March 31, 2023	100.00

RECOMMENDED ACTIONS:
- Void checks not cashed within six months of issue.
- If necessary, perform follow-up to determine if a replacement check is required.

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

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

RISK:
Misappropriation of funds.

MANAGEMENT RESPONSE: Bookkeeper will rectify this immediately.

EXPECTED COMPLETION DATE: Immediate.

BANK STATEMENTS - Examination of Cancelled Checks

ISSUE:
The principal does not examine the back of cancelled checks as part of monthly review of the bank statement.

BACKGROUND:
The person charged with opening/downloading the bank statement should review the bank statement for unusual items and examine all cancelled checks, whether hard copy or electronic, before turning the bank statement over to the bookkeeper for reconciliation.

FINDING:
Discussion with the principal during our surprise cash count on October 18, 2023, indicated the back of cancelled check images are not examined as part of monthly review of the bank statement.

RECOMMENDED ACTION:
Examine all cancelled checks as part of monthly review of the bank statement.

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

RISK:
Misappropriation of funds.

MANAGEMENT RESPONSE: We will work with United Federal Credit Union to request images of the back of checks with our statement.

EXPECTED COMPLETION DATE: By the end of January

BOOSTER CLUB - 501(c)(3) Status

ISSUE:
The school booster group is not a 501(c)(3) organization.

BACKGROUND:
A booster group or parent-faculty group must provide documented proof of non-profit status (IRS Tax Code 501(c)(3)) when maintaining a separate checking account.

Bank accounts must be established using the group's federal taxpayer identification number (TIN). Except for student activity funds checking or savings accounts, the Washoe County School District's TIN is never to be used to establish a bank account for any school or school group.

FINDING:
Discussion with the bookkeeper indicated the school has one supporting booster group. An IRS Determination letter, proof of non-profit status, and listed check signers were requested from the school and booster group.

The group's federal taxpayer identification number was provided; however, no other supporting documentation was provided. Follow-up research was inconclusive for the school's booster group, so it is indeterminable whether the group operates as a separate entity.

RECOMMENDED ACTIONS:
- Ensure all booster groups choosing to maintain their own checking account are established as a 501(c)(3) organization.
- Obtain and keep with school records the IRS Employment Identification Number determination letter, IRS proof of 501(c)(3) status letter, and list of all authorized check signers to evidence all requirements for the booster group are met.

Reference: SAFPM, Page 8 - IV. REGULATIONS AND PROCEDURES, Section 5. BOOSTER GROUPS, PARENT-FACULTY GROUPS, B – C

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

RISK:
Misappropriation of funds.

MANAGEMENT RESPONSE:
We will inform the Boosters that they need to reapply for the 501(c)(3) designation.

EXPECTED COMPLETION DATE:
We will advise them to have this in place by the end of SY 24/25.

CASH ON HAND - Change Fund

ISSUE:
The school had a cash change fund that was not accounted for in their general ledger.

BACKGROUND:
Change funds are used to make change when a purchaser presents more than the exact amount of cash needed for a purchase. They are different from petty cash in that they may not be used for purchases or reimbursements and the dollar amount of a change fund does not fluctuate. Change funds may be short term (i.e., drama ticket or prom ticket sales) or long-term (i.e., office, student store, clothing/uniforms, or athletics).

Change funds are an asset to the school and are recorded in the school's general ledger. Schools having multiple change funds at one time may account for them in the general ledger by:

1) Establishing a separate general ledger change fund account for each activity, or
2) Recording all change fund transactions in a single change fund account and maintaining a subsidiary ledger independent of the accounting program with the detailed composition of the account.

Long-term change funds should be counted by two individuals at the start and completion of each event and at least monthly when not in regular use. The count of the change fund should be documented on a Cash Count Slip and notated on the Principal's Monthly Checklist, and the Cash Count Slip filed with the change fund.

FINDING:
Observation of the cash count on October 18, 2023, indicated the school has a change fund for athletic gates. The change fund is not recorded in the general ledger and is not reconciled.

RECOMMENDED ACTION:
Contact the Business Office for assistance in establishing and maintaining a change fund as an asset account in the school's general ledger.

Reference: SAFPM v2, Page 18 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 8. CHANGE FUNDS, A, B, & I

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

RISKS:

- Misappropriation of funds.
- Misstatement of financial records.

MANAGEMENT RESPONSE: Bookkeeper will work with the business office to record athletics change fund in a general ledger.

EXPECTED COMPLETION DATE: By the end of January 2025.

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:
Discussions with the bookkeeper during the surprise cash count on October 18, 2023, indicated the school's athletic gates change fund was opened during 2018 and has not been closed since that time.

RECOMMENDED ACTIONS:

- Close change funds at the end of the school year and deposit into the bank.
- Contact the Business Office for additional training if necessary.

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

RISK:
Misappropriation of funds.

MANAGEMENT RESPONSE: Bookkeeper will work with the business office to properly deposit funds back to the bank at the end of the school year.

EXPECTED COMPLETION DATE: By June 30, 2025.

CASH RECEIPTS - Source Documents Missing

ISSUE:
Source documents were missing for some 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 two of six deposits tested included receipts (two entries) without source documents maintained, such as Cash Count Slips, receipts, or supporting documentation.

RECOMMENDED ACTIONS:

- 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.

MANAGEMENT RESPONSE: We will alert staff that Cash Count Slips and related supporting documentation must accompany all funds received in the office.

EXPECTED COMPLETION DATE: We have already begun addressing this.

CASH RECEIPTS - Supporting Documentation

ISSUE:
Cash Count Slips were not accompanied by supporting documentation.

BACKGROUND:
All funds turned into 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 45 of 49 receipts tested (92%) did not include sufficient supporting documentation for funds collected. Exceptions were as follows:

- 15 receipts did not include support for donation proceeds.
- 14 receipts did not include support for fundraiser proceeds.
- 8 receipts did not include support for event ticket sales.
- 7 receipts did not include support for fees collected.
- 1 receipt did not include support for student store or concession proceeds.

RECOMMENDED ACTIONS:

- 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
Reference: SAFPM, Page 17 - IV. REGULATIONS AND PROCEDURES, Section 7. CASH RECEIPTS, A - 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.

MANAGEMENT RESPONSE: We will alert staff that they must complete supporting documentation for all funds deposited and turn this in to the bookkeeper.

EXPECTED COMPLETION DATE:
Begin now and have all staff trained by the beginning of SY 25/26.

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 six deposits (50%) examined exceeded the high school amount of $2,500, one of which was also held over the weekend.

RECOMMENDED ACTIONS:
- 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 or school break.

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

THIS IS A RECURRING ISSUE NOTED IN PRIOR REVIEWS PERFORMED IN 2016 & 2013.

RISK:
Misappropriation of funds.

MANAGEMENT RESPONSE: We now have a courier who picks up funds every Friday so this is no longer an issue.

EXPECTED COMPLETION DATE: Done.

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 indicated for 31 of 31 submission-type receipts tested (100%), it was indeterminable whether collections were submitted to the office the same day they were received due to lack of supporting documentation (comprised of fundraiser and event proceeds.)

Additionally, five of thirteen confirmation responses received from activity advisors (38.5%) indicated funds were not always submitted to the office the same day as received.

RECOMMENDED ACTION:
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

RISK:
Misappropriation of funds.

MANAGEMENT RESPONSE: All who are collecting fees will give receipts and turn funds in to the bookkeeper daily. No funds will be left in the classroom or taken off campus.

EXPECTED COMPLETION DATE: This is already an expectation and we will review with all staff who collect funds.

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 8 of 16 (50%) cash disbursements examined did not have adequate documentation to support disbursements made. Exceptions were as follows:

Date	Check#	Amount	Description
February 9, 2023	24685	$ 6,908.11	Partial itemization included, however purchase details are indeterminable.
February 9, 2023	24688	7,846.00	Statement rather than invoice maintained -- no itemization included, purchase details are indeterminable.
February 15, 2023	24695	328.07	Statement rather than invoice maintained -- no itemization included, purchase details are indeterminable.
February 21, 2023	24700	2,400.00	No itemization included, purchase details are indeterminable.
March 9, 2023	24705	289.50	Incomplete support -- event agenda and location details were not included.
March 9, 2023	24710	400.00	Incomplete support -- reimbursement amount does not align with receipt included; event agenda and location details were not included.
May 3, 2023	24745	2,760.00	No itemization included, purchase details are indeterminable.
May 5, 2023	24747	349.36	No itemization included, purchase details are indeterminable.

Detail testing of PCard transactions indicated 5 of 23 (22%) transactions examined did not have adequate documentation to support disbursements made. Exceptions were as follows:

Date	Ref#	Amount	Description
December 23, 2022	PC0268	$ 125.00	No Cash-Gift Card Signature Form was included as support for recipients of restaurant gift cards.
January 27, 2023	PC0292	435.00	No supporting documentation was included with the PCard Request form.
February 17, 2023	PC0332	506.05	No itemization included, purchase details are indeterminable.
May 12, 2023	PC0440	695.48	No itemization included, purchase details are indeterminable.
May 12, 2023	PC0443	520.00	No itemization included, purchase details are indeterminable.

RECOMMENDED ACTIONS:

- Provide support of 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

RISKS:

- Inappropriate expenditures.
- Misappropriation of funds.

MANAGEMENT RESPONSE: We will expect all receipts to be itemized.

EXPECTED COMPLETION DATE: Starting 1-15-2025.

DISBURSEMENTS - Payment for Services

ISSUE:
Payments made directly from student activity funds to businesses for services rendered.

BACKGROUND:
Non-District persons brought on to District property for the purpose of performing a service must be properly screened and qualified in accordance with procedures established by the WCSD Office of Business & Financial Services (Independent Contractors) or the WCSD Volunteer Services Office.

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 five payments directly from student activity funds to businesses for services rendered totaling $5,135.

RECOMMENDED ACTIONS:
- 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

RISKS:
- Liability risk.
- Exposure to IRS fines and penalties.

MANAGEMENT RESPONSE:
We will be certain there is an ICA in place before services are rendered.

EXPECTED COMPLETION DATE:
Starting 1-15-2025

LACK OF CROSS-TRAINING - Bookkeeper's Absence

ISSUE:
No trained backup in case the bookkeeper is unavailable.

BACKGROUND:
Another staff member should be cross-trained in the bookkeeper'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 18, 2023, indicated there is no one trained to provide backup in case the bookkeeper is unavailable to perform his job functions.

RECOMMENDED ACTION:
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 cross-train our counseling secretary to take over in our bookkeeper’s absence.

EXPECTED COMPLETION DATE: Beginning April 2025. To be complete by end of SY 24/25.

PURCHASE ORDERS - Forms Lack Required Information

ISSUE:
Purchase Order Forms lack required information.

BACKGROUND:
All purchase orders must be fully complete, approved and signed by the principal BEFORE being taken to the vendor.

FINDING:
Detail testing of purchase orders revealed the school's Purchase Order Forms do not include fields for the request date, the amount not to be exceeded, and administrator approval & date.

RECOMMENDED ACTION:

- Use the standard Administrative Form 3520 for school purchase orders.

  OR

- Update the currently used purchase order form to align with the current SAFPM School Purchase Order, including fields designated for the request date, the amount not to be exceeded, and administrator approval & date.

Reference: SAFPM v2, Page 42 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 28. PURCHASE ORDERS, SCHOOL, E - iii
Reference: Administrative Form 3520 - School Purchase Order

RISK:
Misappropriation of funds.

MANAGEMENT RESPONSE: Bookkeeper has updated to the new P.O. form and will be sure to have principal approve prior to writing P.O.s to vendors.

EXPECTED COMPLETION DATE: Begin 1-15-2025

PURCHASING CARD - Lack of Prior Approvals

ISSUE:
Pcard Requests do not reflect administrator approval prior to purchase completion.

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 revealed all 23 transactions (100%) examined did not reflect administrator approval prior to purchase.

RECOMMENDED ACTION:
Ensure Pcard transactions are approved prior to purchase completion.

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

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

RISK:
Inappropriate disbursements without knowledge and approval of responsible parties.

MANAGEMENT RESPONSE: Bookkeeper will be sure to have principal or principal designee approve Pcard transactions prior to purchase.

EXPECTED COMPLETION DATE: 1-15-2025

SECURITY - Access to the Safe

ISSUE:
Multiple individuals 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 (i.e. secretary and clinical aide) and giving the key to two separate individuals (i.e. 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 during the surprise cash count on October 18, 2023, indicated the school's vault is dual access but is left open throughout the day – combination access is separate from key access, but multiple individuals can effectively access the vault alone.

RECOMMENDED ACTIONS:

- Consider purchasing a combination/key 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 (i.e. secretary and clinical aide) and
    - giving the key to two separate individuals (i.e. principal and dean of students).

  OR

- 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.

  OR

- Consider locking the vault while not in use.

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.

MANAGEMENT RESPONSE: Inner door to our vault/safe will be locked throughout the day to limit access.

EXPECTED COMPLETION DATE: 1-15-2025

SECURITY - Change Fund Not Kept in Secure Location

ISSUE:
The school's athletic gates change fund was not properly safeguarded when not in use.

BACKGROUND:
Change funds must be properly safeguarded when in use and turned in to the bookkeeper for safeguarding when not in use.

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

FINDING:
Observation during the surprise cash count on October 18, 2023, indicated the school's athletic gates change fund was kept unsecured in an Administrator's office.

RECOMMENDED ACTION:
Properly safeguard any change funds when not in use.

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

RISK:
Misappropriation of funds.

MANAGEMENT RESPONSE: Change fund will be kept in our locked vault/safe.

EXPECTED COMPLETION DATE: 1-15-2025

SECURITY - Checkbook Not Kept in Secure Location

ISSUE:
The checkbook and unused check stock are not properly safeguarded.

BACKGROUND:
Checks, including spoiled, voided, and unused checks, must be properly accounted for, controlled, and safeguarded.

FINDING:
Discussions with the bookkeeper during our surprise cash count on October 18, 2023, indicated the checkbook and unused check stock is maintained in the vault, which is left unlocked throughout the day.

RECOMMENDED ACTION:
Secure the checkbook and all unused check stock in a safe or locked area accessible only to authorized individuals.

Reference: SAFPM v2, Page 20 - IV. STUDENT ACTIVITY FUND PROCEDURES Section 9. CHECKING, SAVING, and INVESTMENT ACCOUNTS, E

RISK:
Misappropriation of funds.

MANAGEMENT RESPONSE: Checkbook will be kept in our locked vault/safe**.**

EXPECTED COMPLETION DATE: 1-15-2025

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 three of six deposits examined included receipts related to events which utilized change funds -- testing indicated seven of seven applicable receipts, which reflected event activity associated with change funds, did not include support for change fund documentation.

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.

MANAGEMENT RESPONSE: As applicable after events utilizing change funds, change funds will be counted and deposited in full separate from revenues received from the event using a Cash Count Slip.

EXPECTED COMPLETION DATE: 1-15-2025

WCSD SCHOLARSHIP INVESTMENT - Asset Account

ISSUE:
The total of Cash-Scholarship asset account funds is exceeded by the total of individual scholarship activity account funds, and scholarship funds are co-mingled with checking accounts funds.

BACKGROUND:
The total sum of scholarship funds for the school should be deposited in one investment vehicle (i.e., the WCSD Private Purpose Scholarship Trust Fund, a money market account, CDs, or a savings account) and must be accounted for as a separate "fund" within the District-approved accounting program. If the total sum of scholarship funds exceeds the FDIC, FSLIC, or NCUSIF insured limits the funds must be deposited in another vehicle that will accommodate the full amount of the funds. This is to ensure monies are properly safeguarded, not co-mingled with checking account funds, and have the appropriate interest earnings credited to each scholarship account.

Interest earned on the scholarship funds is posted to a Scholarship Interest account and allocated pro-rata to the individual scholarships.

At all times the total dollar amount in the Cash-Scholarship and Scholarship Interest accounts must equal the total dollar amount of all the individual scholarship accounts and the total amount on the statement from the institution/organization holding the scholarship funds for your school.

Funds received as donations for scholarships are recorded:
By the school endorsing and sending the check(s) directly to the WCSD Office of Business & Financial Services for deposit into the WCSD Private Purpose Scholarship Trust Fund. The school processes this deposit as an adjustment in the accounting software being sure to change the Bank Code to the scholarship bank account so that the transaction debits Cash-Scholarship Account and credits the individual scholarship activity account(s), OR

By recording the monies in the point-of-sale system as a deposit and crediting the individual scholarship activity account(s). After completion of the closeout post a cash transfer in the accounting software (either computer or manual check mode) to reduce the Cash-Checking Account balance and increase the Cash-Scholarship Account balance. Send the check to the WCSD Office of Business & Financial Services for deposit into the WCSD Private Purpose Scholarship Trust Fund, or deposit into an alternate investment vehicle.

FINDING:
Detail testing of the Cash-Scholarship account revealed that the total of the Cash account equals the total on the Statement of Scholarship Funds received from the WCSD Business Office; however, scholarship funds are co-mingled with checking account funds. The total of the Cash account is exceeded by the total of funds in individual scholarship activity accounts as follows:

FY23 Statement of Scholarship Funds from WCSD Business Office:	$ 76,493.32
FY23 Cash - WCSD Scholarship Investment Account 10-00-0060:	$ 76,493.32
FY23 Individual scholarship accounts:	$ 118,998.10

The discrepancy's origin was indeterminable.

Detail testing of the Cash-Scholarship account also revealed that, although interest earned on scholarship funds is posted to the correct account, funds are not allocated proportionately to any of the individual scholarships (over $3,000 during FY23).

RECOMMENDED ACTIONS:

- Contact the Business Office about posting the appropriate correcting adjustments and/or transfers in order to:
    - Transfer the amount of scholarship funds co-mingled with the checking account to the Cash-Scholarship account.
    - Allocate interest earned on scholarship funds to the individual scholarships.

- Process scholarship funds in partnership with the Business Office.

Reference: SAFPM v2, Page 48 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 36.
SCHOLARSHIP DONATIONS AND PAYMENTS, B - i (1, 3, 4) & ii

RISK:
Misstatement of financial information.

MANAGEMENT RESPONSE:
Bookkeeper will work closely with the business office to rectify this procedure.

EXPECTED COMPLETION DATE:
By end of February 2025.

Washoe County School District
Sparks High 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	245,926.20	200,390.13	273,083.67	59,263.25	232,495.91
Administration	14,966.64	29,336.44	13,025.33	800.00	32,077.75
Fundraisers	27,643.23	50,596.35	17,676.13	(60,063.25)	500.20
Donations	103,397.66	69,315.00	52,063.37	-	120,649.29
Totals	391,933.73	349,637.92	355,848.50	-	385,723.15