Washoe County School District

Internal Audit Department

Desert Skies Middle School
Student Activity Funds Audit

May 1, 2026

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

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Washoe County School District
Internal Audit Department

Desert Skies MS SAF Audit | Executive Summary

Chief Auditor - Kirk Starkey, CPA

Introduction

At request of the school principal and in accordance with the Audit Plan, the Internal Audit Department has completed its audit of Desert Skies Middle School's Student Activity Funds (SAF) for the eighteen month period ended December 31, 2024 pertaining to WCSD policies & procedures.

Takeaways

31 Reportable findings

Qualified Opinion *(Pages 5-7)*

Review and analysis were inconclusive for receipts and deposits for August 2023 through November 2023, as well as September 2024, due to insufficient source documents and arbitrary adjustments to reconcile accounting records to bank activity.

Cash Receipt Risk *(Pages 8-16)*

Significant deficiencies with receipt & deposit controls and insufficient supporting documentation escalate the school's vulnerability for misappropriation, including:

- Missing source documents.
- Reversed receipts and zero-value receipts without supporting documentation or admin approval.
- Individual verification.

Disbursement Oversight *(Pages 18-25 & 39)*

Bypass of disbursement controls and insufficient supporting documentation make Student Activity Funds more susceptible to inherent fraud risk, including:

- Staff expenses sourced from funds which were not restricted for staff expenses.
- Incomplete approval documentation.
- Payments made directly from SAF to vendors for services rendered.

Monthly Reporting Accountability *(Pages 26-29, 32-38, & 40)*

Insufficient training and incomplete monthly reporting potentiate oversight & fraud risk, including:

- Untimely bank reconciliations and monthly reporting.
- Lack of cross-training.

Conclusion Overview

To reduce risk exposure, we recommend:

- More robust processing of cash collections and receipt & deposit controls, with an increased emphasis on supporting documentation.
- Strengthened disbursement controls, including payments to vendors rendering services on-site.
- Fortified oversight of monthly reporting.
- Targeted training related to SAF, internal controls, and monthly reporting.

OVERVIEW

The Washoe County School District (WCSD) Internal Audit Department conducted an audit of Desert Skies Middle School's student activity funds for the eighteen months ended December 31, 2024, with an analysis of a judgmental sample of individual student activity fund accounts for fiscal years 2024 and 2025 through June 30, 2025. The objectives of the audit are to provide reasonable assurance that Desert Skies Middle School's:

- 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.

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.

Basis for Qualified Opinion

Review and analysis were inconclusive for receipts and deposits for August 2023 through November 2023, as well as September 2024, due to insufficient source documents and arbitrary adjustments to reconcile accounting records to bank activity.

Qualified Opinion

Based on the results of audit procedures performed, it is our opinion that, except for the possible effects of the matters described in the *Basis for Qualified Opinion,* school staff has materially complied with WCSD policies and procedures relative to student activity funds and that internal controls in place over Desert Skies Middle 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 Desert Skies Middle School during the audit are sincerely appreciated.

Matt McMahon, CIA
Internal Auditor

Teresa Quintana
Principal's Signature

Kirk Starkey, CPA
Chief Auditor

5/1/26
Date Received

ISSUES AND ACTION ITEMS

CASH RECEIPTS - SCOPE LIMITATION

ISSUE:
Review and analysis were inconclusive for receipts and deposits for August 2023 through November 2023, as well as September 2024, due to insufficient source documents and activity which reflect arbitrary adjustments to reconcile accounting records to bank activity.

BACKGROUND:
[Bookkeepers] are given the tasks to ensure that all forms and documentation for student activity transactions are complete and accurate, that they conform to all District procedures as outlined in [the SAFPM], and that tasks are completed in a timely manner.

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) 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. At [secondary schools,] a receipt must be provided to anyone paying for student activity funds items. Cash Count Slips are not required for individual sales [e.g., direct payments from a student to the bookkeeper].

Middle and 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.

A single bank deposit may include multiple closeouts from the accounting point-of-sale system.

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

A copy of the bank deposit receipt containing the date, teller, and amount, should be obtained for the school's records. When this is returned from the bank, the total amount on the bank deposit slip should be compared to the total amount on the school's copy of the deposit slip and/or Closeout Summary Report and money bag receipt (MS, HS). Any variances should be investigated and documented.

FINDING:
Detail testing of receipts and deposits indicated multiple inconsistencies between accounting records and bank activity, as well as contradictions between documentation and procedures outlined in the SAFPM.
Exceptions were as follows (ordered by process):

- Funds turned into the school office were not accompanied by Cash Count Slips and did not include documentation supporting the source of funds.
- Source documents were not generated, lost, or otherwise missing for records reflecting receipt and verification of funds – many entries were not supported by documentation which reflected submission, verification, and receipt information (i.e., source & timeframe of collections, purpose of funds, intended account, and timeframe of submission & verification). Without source information pertaining to the purpose or intended account for funds submitted, it was indeterminable whether receipts were posted to the correct GL account for various deposits.
- Deposit accounting records reflect various negative receipts and zero-value receipts without any documentation reflecting administrator approval or a description.
- Closeouts reflected multiple deposits (as opposed to deposits comprising multiple closeouts) – this suggests accounting entries were backposted after bank deposits were prepared.

- Multiple deposit accounting records did not clearly trace to bank activity. (Some discrepancies were tied to credit card payment issues and are omitted from this conclusion.)
- When accounting records did not clearly trace to bank activity, arbitrary adjustments & deposit entries were utilized to reconcile discrepancies. Without sufficient source documents to trace cash receipts, analysis of discrepancies was inconclusive – this affected our sample for the months of August through November 2023, as well as September 2024 (notably, the beginning of each respective school year).
- These correcting adjustment entries were posted to two accounts: 40-10-3050 Bank Fees and Adjustments and 40-10-3300 Principal's Fund, and reflect an overage spanning the audit period, which indicates other SAF sub-accounts are understated (e.g., field trip fees, fundraiser proceeds).
- Receipts were dated after funds were deposited to the bank – this also indicates accounting entries were backposted after bank deposits were prepared.
- Considering insufficient documentation and discrepancies between accounting records and bank activity, review and analysis of deposits for August through November 2023, well as September 2024, was inconclusive.

Detailed review of account activity for FY24 and FY25 suggests these variances are contained primarily to the timeframe in exception (i.e., August through November 2023, as well as September 2024); however, these inconsistencies undermined test procedures which pertain to tracing *SchoolBooks* receipts to *Tracks* receipts over the school year – the source, degree, and extent of variances were inconclusive.

Additionally, a deposit from April 2024 reflects that negative receipt entries were used to balance discrepancies between the closeout and accounting records (instead of correcting the closeout to reflect the actual amount of funds). This negative activity was then entered in an overage in the following deposit balancing amounts.

RECOMMENDED ACTIONS:

- Inform teachers and staff about cash collection requirements outlined in the Student Activity Funds Procedures Manual.
- Ensure sufficient supporting documentation is generated and maintained for the intake and processing of cash receipts.
- Ensure negative receipts for corrections or refunds include supporting documentation and administrator approval for all transactions.
- Process receipts and book deposits prior to making bank deposits.
- Ensure correcting adjustments are properly documented and approved.
- Consider working with the Business Office to rectify the overstatement of funds accrued in account 40-10-3050 Bank Fees and Adjustments as a result of correcting adjustments.

Reference: SAFPM v2, Page 7 - III. SCHOOL LEVEL RESPONSIBILITIES FOR ADMINISTERING FUNDS, Section 2. School Bookkeeper, B.
Reference: SAFPM v2, Page 9 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 4. Bank Deposits, A-ii; B-ii, iii.
Reference: SAFPM v2, Page 17 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 7. CASH RECEIPTS, A-iv, vi(2); B-v
Reference: Administrative Form 3504 - Cash Count Slip
Reference: Administrative Form 3512 - Individual Receipt Log

RISKS:

- Misappropriation of funds.
- Inadequate audit trail.

MANAGEMENT RESPONSE:
Elective fees are collected at the beginning of school during Scorpion Day, semester fees are collected in the office with the secretary, individually from the student or online.

EXPECTED COMPLETION DATE:
Aug. 12, 2025

CASH RECEIPTS - Source Documents Missing

ISSUE:
Source documents were missing for receipt and deposit 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. Care should be taken to accurately reflect the method of payment (cash/checks/credit card) to aid in reconciliation and deposit preparation.

A copy of the bank deposit receipt containing the date, teller, and amount, should be obtained for the school's records. When this is returned from the bank, the total amount on the bank deposit slip should be compared to the total amount on the school's copy of the deposit slip and/or Closeout Summary Report and money bag receipt. Any variances should be investigated and documented.

FINDING:
An examination of receipts and deposits indicated 12 of 16 deposits tested were missing source documents such as Cash Count Slips (CCSs), 5 of which were missing bank deposit documentation (i.e., records did not trace to bank activity). Exceptions were as follows:

Date	Deposit #	Amount	Description
8/31/23	436	$ 17,496.00	Inconclusive, missing source documents for deposit.
9/14/23	439	2,314.85	Inconclusive, missing source documents for deposits and CCSs.
9/30/23	446	4,189.95	Inconclusive, missing source documents for deposits and CCSs.
11/2/23	455	2,030.30	Inconclusive, missing source documents for deposit.
12/22/23	467	1,686.65	CCSs reflect a summary of receipts rather than a record of receipt & verification.
3/14/24	491	667.80	[Part of deposit 492 -- adjusting deposit without any attribution]
	492	1,708.60	CCSs reflect a summary of receipts rather than a record of receipt & verification.
4/29/24	559	6,401.15	CCSs reflect a summary of receipts rather than a record of receipt & verification.
5/2/24	561	2,023.95	CCSs reflect a summary of receipts rather than a record of receipt & verification.
6/5/24	565	1,466.80	CCSs reflect a summary of receipts rather than a record of receipt & verification.
9/6/24	580	27,083.74	Inconclusive, missing source documents for deposits and CCSs.
	581	984.55	[Part of deposit 580 -- adjusting deposit without any attribution]
10/16/24	591	4,419.00	Activity traces, missing source documents for CCSs.
12/18/24	597	2,167.00	Activity traces, missing source documents for CCSs.

RECOMMENDED ACTIONS:
- Inform teachers/advisors about the need to submit fully completed Cash Count Slips with any funds turned in to the office.
- Require supporting documentation from depositors including Cash Count Slips and related supporting documentation.
- Ensure deposit slips and money bag receipts are completed for each bank deposit.
- Investigate and document any variances between accounting records and bank deposit activity.
- Maintain documentation.

Reference: SAFPM v2, Page 17 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 7. CASH RECEIPTS, B-i, iv.
Reference: SAFPM v2, Page 10 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 4. BANK DEPOSITS, B-iii.
Reference: Administrative Form 3504 - Cash Count Slip

RISKS:

- Misappropriation of funds.
- Inadequate audit trail.

MANAGEMENT RESPONSE:

Students bring fees to the office and not to teachers, therefore teachers do not handle money.

EXPECTED COMPLETION DATE:

August 12, 2025

CASH RECEIPTS - Receipt Reversal

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

BACKGROUND:
Middle 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 receipts and deposits indicated ten of fifteen deposits tested included activity which reflected negative receipts attributed to student collections (i.e., receipts and subsequent reversal entries). Follow-up review indicates no supporting documentation or administrator approval for negative receipts.

Additionally, three deposits included 23 receipts reflected at $0.00, as well as one missing receipt which was not found among other receipt sequences. Follow-up review did not indicate any explanation for this activity (e.g., waived fees), and no evidence of administrator approval or supporting documentation was found.

RECOMMENDED ACTIONS:
- 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 negative receipt entries, such as waived fees or corrections, 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.

MANAGEMENT RESPONSE:
New secretary has been trained and aware of the procedure.

EXPECTED COMPLETION DATE:
Ongoing

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 various deposits included Cash Count Slips which were missing one or more of the following:

- Receipt information
- Submission information
- Verification information
- Intended account information

RECOMMENDED ACTIONS:

- 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.

MANAGEMENT RESPONSE:
Secretary is aware and trained on procedure.

EXPECTED COMPLETION DATE:
Ongoing

CASH RECEIPTS - Supporting Documentation

ISSUE:
Funds turned into the school office 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.

FINDING:
Detail testing of cash receipts and deposits indicated various receipts did not include supporting documentation for funds collected. Exceptions were as follows:

- 41 receipts did not include support for Sunshine Fund contributions
- 24 receipts did not include support for fundraiser proceeds
- 3 receipts did not include support for fees for lost or broken items
- 1 receipt did not include support for yearbook fees
- 1 receipt did not include support for donation 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 17 - IV. REGULATIONS AND PROCEDURES, Section 7. CASH RECEIPTS, A - vi(4)(b)
Reference: Administrative Form 3504 - Cash Count Slip
Reference: Administrative Form 3512 - Individual Receipt Log

RISK:

- Misappropriation of funds.

MANAGEMENT RESPONSE:
Staff and secretary have been trained on the use of cash count slips.

EXPECTED COMPLETION DATE:
Aug. 2025

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 receipts indicated various Cash Count Slips which reflect funds were not submitted timely for safeguarding in the office or were not verified timely once received in the office; and without support for funds collected, the submission and verification timeframe was indeterminable for 70 receipts.

Additionally, one confirmation response received from activity advisors indicated funds were not always submitted to the office the same day as received.

RECOMMENDED ACTIONS:
- 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

RISK:
- Misappropriation of funds.

MANAGEMENT RESPONSE:
Teachers are aware that money needs to be turned in daily.

EXPECTED COMPLETION DATE:
6/9/26

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 indicated ten of fifteen deposits reviewed reflected individual verification.

RECOMMENDED ACTIONS:
- 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.

MANAGEMENT RESPONSE:
Office staff has been educated about the process.

EXPECTED COMPLETION DATE:
6/9/26

CASH RECEIPTS - Receipts Not Issued Timely

ISSUE:
Funds turned in to the office for deposit were not receipted timely.

BACKGROUND:
Middle schools that collect funds in the office 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 to you by school office staff immediately after the funds are verified. For funds placed in the locked box, the receipt should be received within 1-2 days.

FINDING:
Detail testing of deposits and receipts indicated various deposits included receipts which were not issued within 1-2 days, two of which deposits reflected receipts that were not issued.

Additionally, one confirmation response received from activity account advisors indicated receipts were not always received; and one advisor responded with uncertainty.

RECOMMENDED ACTIONS:

- Issue receipts immediately after funds are verified when possible.

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.

MANAGEMENT RESPONSE:
Secretary is aware of appropriate procedure.

EXPECTED COMPLETION DATE:
6/9/26

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 six of fifteen deposits tested (40%) were not made each week when funds were received, two of which also exceeded the amount for middle schools. Exceptions were as follows:

Date	Amount	Description
9/14/23	$ 1,440.85	Receipted funds held over the weekend.
12/22/23	1,686.65	Receipted funds held over the weekend.
6/5/24	1,466.80	Receipted funds held over the weekend
9/6/24	28,103.29	Receipted funds held over the weekend and amount exceeded limit.
10/16/24	4,419.00	Receipted funds held over the weekend and amount exceeded limit.
11/15/24	1,218.35	Receipted funds held over the weekend.

RECOMMENDED ACTIONS:

- Make bank deposits at least once per week or when receipts equal or exceed $1,500.
- 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.

RISK:

- Misappropriation of funds.

MANAGEMENT RESPONSE:
Secretary is aware of correct procedure.

EXPECTED COMPLETION DATE:
6/9/26

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:

- Dual access drop safe, secured to the building
- Dual access safe, secured to the building
- Dual access drop box, secured to the building
- 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 and discussion during the surprise cash count on June 17, 2025, indicated multiple individuals can access the school's safe 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.

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:
Explained the process of how funds are accessed.

EXPECTED COMPLETION DATE:
6/9/26

ACCOUNT ACTIVITY - Restricted Funds & Staff Expenses

ISSUE:
Funds which were not restricted for staff expenses were used for staff expenses.

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.

Purchase of flowers, gifts, or meals for administrators or other school employees, are not approved uses of student activity funds unless paid for with funds restricted for that purpose.

Gifts/incentives, prizes or awards for employees that are purchased with student activity funds monies may be purchased only from the "Staff Gifts and Incentives" account.

FINDING:
Detail analysis of account activity indicated staff-type purchases including meals, refreshments, and gifts. Review indicates funding was attributed to sources such as fundraiser proceeds and donations which were not restricted for staff expenses. Exceptions were as follows:

Activity Year	Account	Amount	Notes
FY24	40-10-9000 PFO/PTA/PTO	$ 480.64	Expenses included breakfast and cups. Funded from fundraiser proceeds and donations; no indication funds were restricted for staff expenses from Fall Festival and Color Run proceeds or booster donations.
FY24	40-20-4120 CLOTHING/SPIRIT WEAR (Non Req)*	394.65	Expense included jackets. Sourced from funds attributed to Athletic Gear/PE Uniforms fees from FY20.
FY24	40-20-4140 COLOR RUN FUNDRAISER	793.53	Expenses included shirts and totes. Funded by fundraiser proceeds; no indication funds were restricted for staff expenses from Color Run proceeds.
FY24	40-20-4140 COLOR RUN FUNDRAISER	800.52	Amount transferred from fundraiser proceeds to the Staff Incentives account which included staff expenses; no indication funds were restricted for staff expenses from Color Run proceeds.
FY25	40-10-9000 PFO/PTA/PTO	547.54	Expenses included baby shower and staff appreciation. Funded from fundraiser proceeds and donations; no indication funds were restricted for staff expenses from Fall Festival proceeds or booster donations.

Review indicated the cookie dough fundraiser announcement referenced proceeds were to be partially used for staff appreciation; however, the amount/percentage was not specified -- analysis indicates $639 (40% of FY24 proceeds) distributed to the Staff Incentives account.

*Follow-up review indicated additional staff-type purchases sourced from Athletic Gear / PE Uniforms fees from FY20. Exceptions were as follows:

Activity Year	Account	Amount	Notes
FY20	40-20-4120 CLOTHING/SPIRIT WEAR (Non Req)	$ 4,009.00	Staff jackets.
FY21	40-20-4120 CLOTHING/SPIRIT WEAR (Non Req)	780.50	Staff shirts.

RECOMMENDED ACTIONS:

- Ensure the purchase of meals and gifts for administrators or other school employees are paid for with funds restricted for that purpose.
- Ensure donations intended for the benefit of staff are accompanied with documentation supporting the use of funds as such.
- Ensure fundraising activities intended to support staff incentives are conveyed to students and families at the outset of the fundraiser, including the amount or percentage of proceeds.
- 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
Reference: SAFPM v2, Page 35 - IV. STUDENT ACTIVIY FUND PROCEDURES, Section 22. GIFTS/INCENTIVES, PRIZES AND AWARDS, A-ii
Reference: SAFPM v2, Page 40 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 27. PROHIBITED EXPENDITURES, A-ii

RISKS:

- Misappropriation of funds.
- Poor public image.

MANAGEMENT RESPONSE:

Staff has been trained on appropriate procedure. Secretary trained on which accounts can be used.

EXPECTED COMPLETION DATE:

6/9/26

DISBURSEMENTS - Insufficient Documentation

ISSUE:
Disbursements were not supported by sufficient 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 2 of 21 (9%) checks tested were supported by insufficient documentation. Exceptions were as follows:

Date	Check #	Amount	Description
9/13/23	1363	$ 4,950.00	No itemization included, purchase details are indeterminable.
3/28/24	1410	212.60	Refund issued without support for initial payment received.

Detail testing of PCard transactions indicated 1 of 35 (3%) transactions tested was supported by insufficient documentation. Exception was as follows:

Date	Ref #	Amount	Description
6/7/24	PC00379	$ 560.00	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:
Admin and new secretary re-trained on appropriate procedures.

EXPECTED COMPLETION DATE:
6/9/26

DISBURSEMENTS - Absence of Third Approval

ISSUE:
Disbursements did not reflect the involvement of three individuals.

BACKGROUND:
A minimum of three different individuals are to be involved in every disbursement.

FINDING:
Detail testing of cash disbursements indicated 8 of 21 checks (38%) reviewed reflected only the involvement of the principal and bookkeeper on Check Authorization forms and checks. Exceptions were as follows:

Date	Ref #	Amount	Purpose
11/20/23	1396	$ 110.00	SAM'S CLUB MEMBERSHIP
3/28/24	1410	212.60	Refund 8TH GRADE FIELDTRIP/S
5/17/24	1418	149.90	REIMBURSE FOR STAFF APPRECIATION
5/17/24	1421	299.80	REIMBURSE FOR TEACHER APPRECIATION
5/17/24	1425	149.90	REIMBURSE FOR STAFF APPRECIATION
5/31/24	1429	9,145.36	8TH GRADE TRIP
7/20/24	1437	4,395.12	BSN Attire
7/20/24	1438	107.50	OUTSTANDING ACHIEVEMENT RIBBON

Detail testing of Pcard transactions revealed 12 of 35 transactions (34%) reflected only the involvement of the principal and bookkeeper on Pcard Requests and bank reconciliations. Exceptions were as follows:

Date	Ref #	Amount	Purpose
11/3/23	PC00270	$ 139.00	AMAZON PRIME MEMBERSHIP
12/29/23	PC00288	216.34	STUDENT STORE
4/19/24	PC00351	162.29	STAFF APPRECIATION
4/16/24	PC00352	162.29	STAFF APPRECIATION
4/19/24	PC00353	162.29	STAFF APPRECIATION
4/19/24	PC00355	149.90	STAFF APPRECIATION
6/14/24	PC00386	172.17	ADDITIONAL STUDENT TICKETS
8/23/24	PC00409	45.40	POTTING MIX
10/8/24	PC00441	39.98	*IReady* teacher awards
10/22/24	PC00444	566.75	Fall Fundraiser/Nov 5th Supplies
10/22/24	PC00446	75.31	Fall Fundraiser/Nov 5th Supplies
11/22/24	PC00455	133.21	Kindness week

RECOMMENDED ACTION:
- Involve at least three individuals in every disbursement transaction.

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

RISKS:
- Misappropriation of funds.
- Poor public image.

MANAGEMENT RESPONSE:
New secretary will not sign checks, she prints them, and two admin sign.

EXPECTED COMPLETION DATE:
6/9/26

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 indicated 14 of 21 checks were supported by Check Authorization forms which were missing one of more of the following:

- Administrator approval and date
- Advisor approval and date
- Check information
- Activity account information

RECOMMENDED ACTIONS:

- 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

RISK:

- Misappropriation of funds.

MANAGEMENT RESPONSE:
New secretary trained on procedure.

EXPECTED COMPLETION DATE:
6/9/26

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 17 of 35 Pcard Requests (49%) tested were not completed in their entirety. Exceptions were as follows:

- Admin approval and date
- Advisor approval and date
- Estimated amount
- Person requesting card

RECOMMENDED ACTIONS:

- 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 3516 - Pcard Request

RISK:

- Misappropriation of funds.

MANAGEMENT RESPONSE:
Secretary and admin re-trained on procedures.

EXPECTED COMPLETION DATE:
6/26/26

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 nine payments directly from student activity funds to businesses for services rendered totaling $1,399.50 Exceptions were as follows:

Date	Reference #	Vendor	Amount
10/13/23	1368	LEGENDS SPORTS PHOTOGRAPHY	$ 168.00
11/3/23	1389	R&M MAINTENANCE*	200.00
12/7/23	1400	LEGENDS SPORTS PHOTOGRAPHY	96.00
5/30/25	PC00574	BUBBLY WAFFLE HUB	65.50
5/30/25	PC00575	Dipdee Stix	75.00
5/30/25	PC00576	ANTOJITOS EL NACHITO	230.00
6/13/25	PC00598	BUBBLY WAFFLE HUB	105.00
6/13/25	PC00599	ANTOJITOS EL NACHITO	255.00
6/13/25	PC00597	Dipdee Stix	205.00

*R&M Maintenance is associated with an individual who was employed by the school at the time.

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:
Admin & secretary trained on new procedure for contracted services.

EXPECTED COMPLETION DATE:
6/9/26

ADMIN REGULATION 7120 - Community Use of School Facilities

ISSUE:
Non-compliance with Administrative Regulation 7120 Community Use of School Facilities when outside entities have been allowed to use school facilities.

BACKGROUND:
The District will make available, upon proper and timely application, school district-developed facilities and/or jointly developed facilities at such times when the use of these facilities are not in conflict with school district sponsored programs and activities.

All requests for the use of facilities by any outside organization wishing to use the building(s) and/or athletic field(s) after school hours are subject to School Board Policies, Administrative Regulations, city and county ordinances including those regarding licensure, and rental fee schedules adopted by the WCSD Board of Trustees.

FINDING:
Analysis of account activity indicated one receipt entry reflecting income for facility use which was processed directly through student activity funds. Exception was as follows:

Date	Description	Amount
4/29/24	Highland Ranch HOA Meet	$ 441.00

RECOMMENDED ACTIONS:
- Complete a WCSD Application and Permission for Use of School Facilities as outlined in Administrative Regulation 7120.
- Maintain a copy of each application in a central file at the school and make available at the request of auditors.
- Submit all applicable rental fees to the WCSD Business Office.

Reference: WCSD Administrative Regulation 7120 - Community Use of School Facilities

RISKS:
- Subjects the District to liability issues.
- Deprives the District of funds needed to cover the costs associated with the use of the facility by outside groups.

MANAGEMENT RESPONSE:
We don't take payment through mail, all payments go through on-line portal.

EXPECTED COMPLETION DATE:
6/9/26

OTHER FIXED ASSETS - Not Documented or Tracked

ISSUE:
Other fixed assets that do not meet the requirements for a District asset ID tag but which have a high potential for loss or theft because of its attractiveness are not documented or inventoried.

BACKGROUND:
Other fixed assets that do not meet the requirements for a District asset ID tag but which have a high potential for loss or theft because of its attractiveness should be documented on an Asset Inventory sheet (AF3503) and inventoried at least annually. Items in this category include, but are not limited to, TVs, VCRs, iPods, Kindles, etc. Invoices for the purchase of these assets should be maintained with the Asset Inventory sheet as long as the assets listed on the invoice are in use.

FINDING:
Review of account activity indicated various gym/weights equipment purchased through SAF totaling $2,739. All assets selected for physical inventory verification were identified onsite during a surprise inspection on January 7, 2026; however, discussion with the bookkeeper indicated these assets are not tracked or inventoried.

RECOMMENDED ACTIONS:
- Consider tracking fixed assets that do not meet the requirements for a District asset ID tag but which have a high potential for loss or theft, and record the assets on an Asset Inventory Sheet.
- Perform an annual inventory of other fixed assets using the Asset Inventory Sheet to reconcile physical assets to items recorded.

Reference: SAFPM v2, Page 32 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 20. FIXED ASSETS (SCHOOL/DISTRICT PROPERTY), D
Reference: Administrative Form 3503 - Asset Inventory Sheet

RISK:
- Misappropriation of assets.

MANAGEMENT RESPONSE:
Secretary trained on process of using an Asset Inventory Sheet.

EXPECTED COMPLETION DATE:
6/9/26

ACCOUNT ACTIVITY - Unspent Funds

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

BACKGROUND:
A fee is a monetary charge assessed to students for mandatory school or classroom activities or supplies. The fee must not exceed the actual cost of the activity, supplies used, or product received (rounded up to the nearest dollar).

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:

Activity Year	Account	Fees Collected	Fees Expended	Margin
FY24	40-10-1630 Track & Field	$ 145.00	$ -	$ 145.00 (100%)
FY24	40-10-2530 Orchestra/Strings	3,380.00	2,704.43	675.57 (20%)
FY24	40-10-2705 Science Fees	2,860.00	1,758.69	1,101.31 (39%)
FY24	40-10-3010 Teacher Collab Supplies/PBIS	581.00	125.01	455.99 (78%)
FY24	40-10-4510 Duplicate ID's/Lanyard	3,249.00	524.94	2,724.06 (84%)
FY25	40-10-1950 HOUSE	17,865.50	14,141.37	3,724.13 (21%)
FY25	40-10-4510 Duplicate ID's/Lanyard	3,239.00	1,593.19	1,645.81 (51%)

Analysis of activity accounts also indicated lanyard fees were assessed above cost -- FY25 invoice records reflect lanyards at a unit cost of $0.98, while FY25 lanyard fees were assessed at $5.00 per student.

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.
- Ensure fees do not exceed the actual cost of activities, supplies, or products.

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

RISKS:
- Profiting off students projects a negative image to taxpayers and the general public.
- Misappropriation of funds.

MANAGEMENT RESPONSE:
All activity advisors & secretary are aware that accounts collected by students must be used that year collected.

EXPECTED COMPLETION DATE:
6/9/26

ACCOUNT ACTIVITY - Incorrect General Ledger Posting

ISSUE:
Transactions are posted with incorrect descriptions and to incorrect GL accounts.

BACKGROUND:
All funds raised by the involvement of students and faculty are considered student activity funds and must be deposited in the school bank account. Accounting for such funds will be conducted using District-approved accounting software to provide the necessary controls and reports for both internal and external audit purposes, and to provide for consistency in reporting student activity funds balances in the District's Comprehensive Annual Financial Report. Schools shall utilize the standard system of accounts developed by the Office of Business & Financial Services as required in Administrative Regulations 3210.1, School Activity Funds, and 3410, System of Accounts.

FINDING:
Detail analysis of account activity indicated supplies purchases were posted to the schools grant account 40-30-3525 Greater Hearts of WCSD-GNCU in FY25 with the incorrect description of 'weights.' Exception was as follows:

Date	Description	Items Purchased	Amount
12/20/24	Weights	500 tea lights, 4 packs of rendered duck fat	$ 98.07

Additionally, review of account activity indicated fees were posted to incorrect accounts in FY24 and FY25. Exceptions were as follows:

Activity Year	Description	Account	Amount
FY24	Yearbook Fees	40-10-3300 Principal's Fund	$ 91.00
FY25	CBE Testing Fees	40-10-1950 HOUSE	415.00

RECOMMENDED ACTION:
- Ensure funds are recorded with accurate descriptions and to appropriate accounts.

Reference: SAFPM v2, Page 5 - II. DEFINITION AND PURPOSE OF FUNDS, Section 2. ACCOUNTING FOR STUDENT ACTIVITY FUNDS, A
Reference: Administrative Regulation 3210.1 - School Activity Funds
Reference: Administrative Regulation 3410 - System of Accounts

RISKS:
- Misappropriation of funds.
- Insufficient audit trail.

MANAGEMENT RESPONSE:
New secretary is trained on correct usage of accounts.

EXPECTED COMPLETION DATE:
6/9/26

TRANSFERS - Transfer Form Not Used

ISSUE:
Transfers between activity accounts were not documented on Transfer Authorization Forms.

BACKGROUND:
Restricted funds cannot be transferred between activity accounts without the approval of the activity group advisor for the account whose funds are being decreased and the principal or his/her designee. A Transfer Authorization Form (AF 3524) is required for all transfers between activity accounts and must provide supporting documentation as to the need and purpose of the transfer.

Two different people must sign the Transfer Authorization as the approvers. The bookkeeper may not sign as the activity advisor or the principal's designee.

FINDING:
Detail testing of student activity fund transactions indicated 11 of 17 transfers (65%) reviewed from one activity account to another were not documented on a Transfer Authorization Form.

RECOMMENDED ACTION:
- Evidence all transfers of funds from one activity account to another on fully completed Transfer Authorization Forms.

Reference: SAFPM v2, Page 59 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 44. TRANSFER BETWEEN ACTIVITY ACCOUNTS, A - B
Reference: Administrative Form 3524 - Transfer Authorization Form

RISK:
- Inappropriate funds transfers from an activity account without the knowledge and approval of responsible parties.

MANAGEMENT RESPONSE:
New secretary trained on appropriate transfer forms.

EXPECTED COMPLETION DATE:
6/9/26

TRANSFERS - No Support

ISSUE:
Transfers between activity accounts were not supported by documentation.

BACKGROUND:
Restricted funds cannot be transferred between activity accounts without the approval of the activity group advisor for the account whose funds are being decreased and the principal or his/her designee. A Transfer Authorization (AF 3524) form is required for all transfers between activity accounts and must provide supporting documentation as to the need and purpose of the transfer.

FINDING:
Detail testing of student activity fund transactions indicated 14 of 17 applicable transfers (82%) reviewed from one activity account to another were not supported by documentation to evidence the purpose, amount, and legitimacy of the transfer.

RECOMMENDED ACTIONS:
- Provide support for all transfer of funds from one activity account to another with documentation that details the purpose, amount, and legitimacy of the transfer.
- Maintain supporting documentation with Transfer Authorization forms.
- Inform teachers and staff about their responsibility for providing this documentation.

Reference: SAFPM v2, Page 59 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 44. TRANSFER BETWEEN ACTIVITY ACCOUNTS, A
Reference: Administrative Form 3524 - Transfer Authorization

RISKS:
- Insufficient audit trail.
- Inappropriate funds transfers from an activity account without the knowledge and approval of responsible parties.

MANAGEMENT RESPONSE:
Admin and secretary trained on appropriate transfer procedures.

EXPECTED COMPLETION DATE:
6/9/26

ADJUSTMENTS - Adjustments Not Referenced

ISSUE:
Bank adjustments were not referenced directly on the bank statement.

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 monthly bank statements indicated adjustments were not all referenced directly on the bank statement for seventeen of eighteen months tested.

RECOMMENDED ACTION:
- Note all adjustment numbers next to the transactions on the bank statement.

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:
Secretary has been trained on the proper procedure.

EXPECTED COMPLETION DATE:
6/9/26

REPORTING - Monthly Reports Not Provided to Advisor

ISSUE:
Account Analysis - Detail Reports were not provided to teachers/activity advisors monthly.

BACKGROUND:
Account Analysis - Detail Reports or Encumbrance Reports are to be produced monthly and provided to the respective teacher, activity account advisor, or coach for his/her review.

FINDING:
Two of five (40%) activity account confirmation responses received from activity advisors indicated Account Analysis Reports were not provided every month.

RECOMMENDED ACTION:
- Provide Account Analysis - Detail Reports to teachers, activity advisors, and coaches each month.

Reference: SAFPM v2, Page 26 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 15. END OF MONTH PROCESSING, A - iv

RISKS:
- Misappropriation of funds.
- Undetected errors or omissions.

MANAGEMENT RESPONSE:
Secretary has been trained on appropriate procedure.

EXPECTED COMPLETION DATE:
6/9/26

REPORTING - Untimely Bank Reconciliations

ISSUE:
Monthly bank reconciliations were not completed timely.

BACKGROUND:
Bank reconciliations are to be performed monthly and completed by the 15th of the month following the report period.

FINDING:
Detail testing of bank reconciliations indicated bank reconciliations were not completed timely for the following months:

- July 2023, completed September 6, 2023
- August 2023, completed October 6, 2023
- September 2023, completed November 15, 2023
- October 2023, completed December 5, 2023
- November 2023, completed January 4, 2024
- December 2023, completed January 30, 2024
- January 2024, completed March 1, 2024
- March 2024, completed May 2, 2024
- April 2024, completed June 27, 2024
- May 2024, completed July 11, 2024
- June 2024, completed July 17, 2024
- July 2024, completed September 5, 2024
- August 2024, completed September 27, 2024
- September 2024, completed December 17, 2024
- October 2024, completed December 30, 2024
- November 2024, completed December 30, 2024
- December 2024, completed January 24, 2024

RECOMMENDED ACTION:

- Perform and complete bank reconciliations by the 15th of the month following the report period.

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

RISKS:

- Misappropriation of funds.
- Manipulation of accounting records.

MANAGEMENT RESPONSE:
New secretary is trained on procedure. Prior secretary could not keep up with the demands of the position.

EXPECTED COMPLETION DATE:
6/9/26

REPORTING - Late Submission of Monthly Reports

ISSUE:
Monthly reports were not received by the Business Office by the deadline established in the SAFPM.

BACKGROUND:
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:

a) Principal's Monthly Checklist, signed and dated;
b) Copy of signed and dated bank reconciliation report for ALL bank accounts including District held investment and scholarship accounts, and adjustment journal; and
c) Copy of each monthly bank statement for ALL accounts including quarterly District held investment and scholarship accounts.

FINDING:
Detail testing of Business Office documentation indicated monthly reports were not submitted to the Office of Business & Financial Services by the end of each month. Exceptions were as follows:

- July 2023, approved September 13, 2023
- August 2023, approved October 12, 2023
- September 2023, approved November 16, 2023
- October 2023, approved December 11, 2023
- November 2023, approved January 5, 2024
- January 2024, approved March 1, 2024
- March 2024, approved May 3, 2024
- April 2024, approved July 1, 2024
- May 2024, approved July 11, 2024
- July 2024, approved September 5, 2024
- September 2024, approved December 18, 2024
- October 2024, approved December 30, 2024

RECOMMENDED ACTION:

- Prepare and submit monthly reports to the Business Office by the last day of the month following the reporting month.

Reference: SAFPM v2, Page 25 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 15. END OF MONTH PROCESSING, A - iii.
Reference: Administrative Form 3519 - Principal's Monthly Checklis

RISKS:

- Misappropriation of funds.
- Manipulation of accounting records.

MANAGEMENT RESPONSE:
Prior secretary could not keep up with job responsibilities. Current secretary is aware of time expectations.

EXPECTED COMPLETION DATE:
6/9/26

REPORTING - Monthly Checklist Inaccuracies

ISSUE:
Questions are answered incorrectly or 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 exceptions in each month reviewed -- checklists reflected various incorrect or incomplete responses to questions as follows:

- Related to the review of check images (18 of 18 months)
- To reference the checking account book balance (13 of 18 months)
- Regarding unusual adjustments on the bank reconciliation (4 of 18 months)
- Whether deposits were made each week (4 of 18 months)

RECOMMENDED ACTION:

- 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

RISK:

- Undetected errors or omissions.

MANAGEMENT RESPONSE:
Principal is aware of the monthly checklist responsibilities.

EXPECTED COMPLETION DATE:
6/9/26

BANK STATEMENTS - Examination of Cancelled Checks

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

BACKGROUND:
Bank statements are to be opened or electronically downloaded by the Principal or his/her designee. This person must be someone other than the bookkeeper charged with writing checks and performing the bank reconciliation. Evidence of this procedure must be documented on the Principal's Monthly Checklist (AF 3519).

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 on September 4, 2025, indicated check images provided with the online bank statement are not reviewed.

RECOMMENDED ACTIONS:
- Examine all cancelled checks as part of monthly review of the bank statement, or delegate the examination of cancelled checks to a designee who is not the person charged with performing the bank reconciliation.
- Document evidence of examination on the Principal's Monthly Checklist.

Reference: SAFPM v2, Page 11 - IV. STUDENT ACTIVITY FUND PROCEDURES, Section 5. BANK STATEMENTS, A - B
Reference: Administrative Form 3519 - Principal's Monthly Checklist

RISK:
- Misappropriation of funds.

MANAGEMENT RESPONSE:
Secretary has been educated about printing out cancelled checks for each monthly statement.

EXPECTED COMPLETION DATE:
6/9/26

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 outstanding for more than six months:

Check #	Check Date	Date Voided	Amount
1370	11/3/23	5/19/25	$ 10.00
1371	11/3/23	5/23/25	10.00
1372	11/3/23	5/23/25	10.00
1373	11/3/23	5/23/25	10.00
1378	11/3/23	5/23/25	10.00
1379	11/3/23	5/23/25	10.00
1380	11/3/23	5/23/25	10.00
1383	11/3/23	5/23/25	10.00
1384	11/3/23	5/23/25	10.00
1385	11/3/23	5/23/25	10.00
1387	11/3/23	5/23/25	10.00
1445	11/11/24	5/23/25	87.19
1497	11/11/24	5/23/25	87.19
1444	11/11/24	5/23/25	87.19

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

RISKS:
- Misappropriation of funds.

MANAGEMENT RESPONSE:
Procedure/policy was discussed with secretary for future purposes.

EXPECTED COMPLETION DATE:
6/9/26

DISBURSEMENTS - Sales Tax Reimbursement

ISSUE:
Sales tax was paid on purchases made with student activity funds.

BACKGROUND:
The Washoe County School District has been granted sales/use tax-exempt status pursuant to NRS 372.325 and related statutes. As a result, no sales/use taxes are to be paid/reimbursed on purchases made with student activity funds.

FINDING:
Detail testing of cash disbursements indicated 1 of 21 (5%) checks reviewed included sales tax totaling $152.20.

Detail testing of Pcard transactions indicated 2 of 35 (6%) transactions reviewed included sales tax totaling $50.48.

RECOMMENDED ACTIONS:
- Make every attempt to avoid paying sales tax on purchases made directly from a vendor, or reimbursements made to individuals.
- Inform staff about the tax-exempt status of the School District and make the tax-exempt letter available to all staff when making purchases related to school activity funds.

Reference: SAFPM v2, Page 47 – IV. STUDENT ACTIVITY FUND PROCEDURES, Section 35. SALES TAX, A
Reference: NRS, Chapter 372 – SALES AND USE TAXES, Section 325. Sale to United States, State or political subdivision, 4

RISK:
- Unnecessary waste of student activity funds.

MANAGEMENT RESPONSE:
Staff handbook updated with sales tax info and staff informed about sales tax info.

EXPECTED COMPLETION DATE:
8/12/26

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:
Discussion with the administrative secretary during the surprise cash count on June 17, 2025, indicated there is no one trained to provide backup for preparing deposits in case the bookkeeper is unavailable to perform their 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.

RISKS:

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

MANAGEMENT RESPONSE:
There is someone trained as back-up but she was out on maternity leave.

EXPECTED COMPLETION DATE:
6/9/26

ATTACHMENT A

Washoe County School District
Desert Skies Middle School
Student Activity Funds -- Account Summary FY24 & FY25

School Year 2023-2024

Cash Accounts	Beginning Balance July 1, 2023	Income	Expenses	Transfers	Ending Balance June 30, 2024
Totals	43,307.95	105,342.53	100,262.57	-	48,387.91

School Year 2024-2025

Cash Accounts	Beginning Balance July 1, 2024	Income	Expenses	Transfers	Ending Balance June 30, 2025
Totals	48,387.91	82,994.66	82,248.26	-	49,134.31