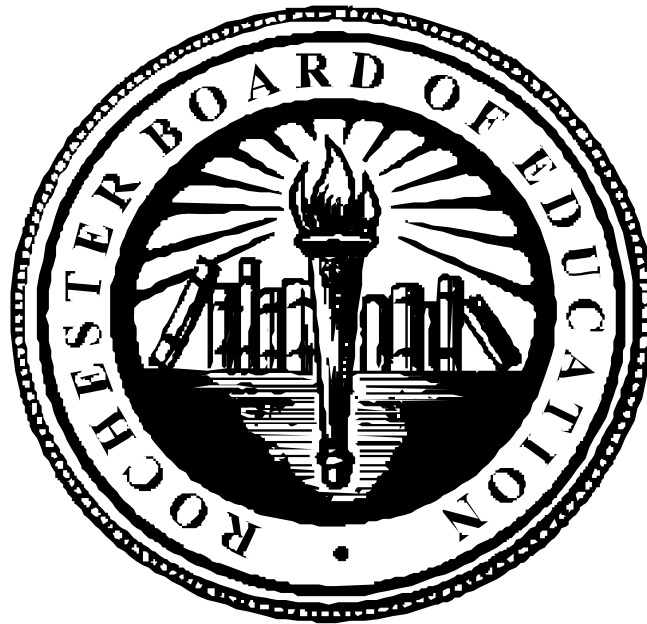


OFFICE OF AUDITOR GENERAL



Pinnacle School No. 35 – Elementary Activity Account

June 2018



Pinnacle School No. 35 – Elementary Activity Account Executive Summary

OBJECTIVE

To evaluate the control environment for Elementary Activity Accounts at Pinnacle School No. 35 and to determine if the proper controls are in place to manage the Elementary Activity Accounts (EAA).

BACKGROUND

New York State Regulations of the Commissioner of Education established guidelines for Student Activity Funds (SAF) for students in sixth grade or higher. In a SAF, funds are raised by students for the benefit of students. The District has also created Elementary Activity Accounts (EAA) to account for funds within an elementary building, when the student's age makes it difficult to comply with regular Student Activity requirements. Pinnacle School No. 35 maintains an Elementary Activity Account. The District has established a supplemental reference guide to facilitate proper handling of Student Activity Funds and Elementary Activity Accounts. In EAA's, officers, student-based decision making and the administrative responsibilities are fulfilled by an activity advisor.

SCOPE

We evaluated the school's compliance with the established guidelines and alignment with the intended purpose of Elementary Activity Accounts. Inventory, cash management and bookkeeping processes were also evaluated to ensure existence of adequate internal controls.

CONCLUSION

Pinnacle School No. 35 lacked compliance with the District's Reference Guide for Elementary Activity Accounts and Finance Pamphlet 2. Adequate controls did not exist over cash receipts or cash disbursements and there was an overall lack of proper segregation of duties for the cash functions. Non-compliance was noted in the establishment and renewal processes, fundraising, sales tax and cash management. Lastly, two sets of books are not adequately maintained for the Elementary Activity Account.

MANAGEMENT ACTION PLAN

Management has met with the Office of Auditor General and understands the observations and recommendations included in this report. We will improve and enforce our compliance with required protocols for establishing and renewing clubs and comply with the guidance regarding fundraising, sales tax, inventory and general cash management practices. We will also work to improve our recordkeeping and ensure two sets of books are maintained. The School Treasurer with Principal support will improve the overall controls and monitoring for the Elementary Activity Account.



Pinnacle School No. 35 – Elementary Activity Account

Summary of Recommendations

Rec #	Recommendation
1	<i>Ensure proper dissemination of the Reference Guide for Elementary Activity Accounts and Finance Pamphlet 2. Enforce compliance with these procedures manuals. Utilize the standard forms for Elementary Activity Accounts.</i>
2	<i>Monitor activities for compliance with Elementary Activity Account requirements. Ensure appropriate personnel are performing the required functions and proper segregation of duties exist.</i>
3	<i>Enforce compliance for the establishment and renewal of Elementary Activity Accounts. Ensure the Activity Advisor is involved and maintains responsibility for the activities of the Elementary Activity Account.</i>
4	<i>Enforce compliance with fundraising requirements for Elementary Activity Accounts. Obtain Principal approval of fundraising activities in advance of holding the event and ensure the Request for Approval of Fundraising Activity form is completed and maintained. Ensure budgets and profit and loss statements are prepared to account for each fundraising activity.</i>
5	<i>Ensure compliance with New York State sales tax regulations for Elementary Activity Account purchases and sales. Report sales tax collected and due in SchoolCash.NET for inclusion in consolidated District filings. Retain supporting documents to evidence sales taxes paid.</i>
6	<i>Develop a standardized process for the tracking of inventory for all Elementary Activity Accounts. Perform physical counts on a regular basis. Reconcile inventory counts and investigate discrepancies.</i>
7	<i>Implement cash receipt procedures that ensure all funds collected are tracked, deposited, adequately supported, and receipts are appropriately provided and retained. Discontinue the use of a temporary employee selling ice cream and collecting cash.</i>
8	<i>Enforce the cash disbursement controls as defined in the Reference Guide for Elementary Activity Accounts and Finance Pamphlet 2.</i>
9	<i>Develop a standardized process for maintaining Club Advisor account ledgers for Elementary Activity Accounts. Reconcile the Club Advisor account ledgers with the School Treasurer's bookkeeping records.</i>
10	<i>Ensure the timely monthly review and approval of bank reconciliations by the Principal.</i>