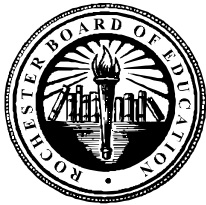


# OFFICE OF AUDITOR GENERAL



Henry Hudson School No. 28 – Elementary Activity Account



## **Henry Hudson School No. 28 – Elementary Activity Account Executive Summary**

### **OBJECTIVE**

To evaluate the control environment for Elementary Activity Accounts at Henry Hudson School No. 28 to determine if 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 which are raised by students for the benefit of students. For students in sixth grade and higher, a SAF is utilized and monies are collected voluntarily by pupils and are spent by them, as they see fit, in compliance with established regulations. The District has 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. In EAA's, officers, student-based decision making and the administrative responsibilities are fulfilled by an Activity Advisor. The District has established a supplemental reference guide to facilitate proper handling of Student Activity Funds and Elementary Activity Accounts. Henry Hudson School No. 28 maintains an Elementary Activity Account.

### **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**

Henry Hudson School No. 28 lacked compliance with the District's Reference Guide for Elementary Activity Accounts and Finance Pamphlet 2. The Activity Advisor of record was not involved in all EAA activities, as required, and other teachers performed EAA functions they did not have the authority to do. Adequate controls did not exist over cash receipts or cash disbursements. Compliance issues were noted in the fundraising, inventory, sales tax and cash management processes. Two sets of books were not adequately maintained for the Elementary Activity Accounts.

### **MANAGEMENT ACTION PLAN**

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



## Henry Hudson School No. 28 – Elementary Activity Account

### Summary of Recommendations

Rec #	Recommendations
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 establishment and renewal, fundraising, cash receipts, cash disbursements, sales tax, inventory and bookkeeping Elementary Activity Account requirements.</i>
3	<i>Require all individuals responsible for Elementary Activities to obtain authorization annually utilizing the standard form. Ensure those responsible for Elementary Activity Account activities understand and comply with all requirements.</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. Ensure sales tax is appropriately paid on Elementary Activity Account purchases.</i>
6	<i>Develop a standardized process for tracking inventory for all Elementary Activity Accounts. Perform physical counts on a periodic basis. Reconcile inventory counts and investigate discrepancies.</i>
7	<i>Implement cash receipt procedures that ensure all funds collected are deposited, adequately supported, and receipts are appropriately provided and retained.</i>
8	<i>Ensure the frequent and timely deposit of Student Activity Funds to the School Treasurer. Deposit Elementary Activity Account cash collected with the School Treasurer weekly, at a minimum, or sooner if cash collected is over \$500. Monitor to ensure that cash is submitted timely to the School Treasurer for bank deposit.</i>
9	<i>Enforce the cash disbursement controls as defined in the Reference Guide for Elementary Activity Accounts and Finance Pamphlet 2.</i>



## Henry Hudson School No. 28 – Elementary Activity Account Summary of Recommendations

Rec #	Recommendations
10	<i>Deposit all cash receipts into the Elementary Activity Account bank account. Ensure all expenditures are paid by check and discontinue the use of cash payments. Ensure all transactions are reported into the accounting system.</i>
11	<i>Develop a standardized process for maintaining Activity Advisor account ledgers for Elementary Activity Accounts. Reconcile the Activity Advisor account ledgers with the School Treasurer's bookkeeping records.</i>