

# OFFICE OF AUDITOR GENERAL



Edison Career and Technology High School - Student Activity Funds

June 2018



## **Edison Career and Technology High School - Student Activity Funds Executive Summary**

### **OBJECTIVE**

To determine whether Edison Career and Technology High School is complying with the Reference Guide for Student Activity Funds and Finance Pamphlet 2 and to determine if the proper controls are in place to manage Student Activity Funds.

### **BACKGROUND**

Student Activity Funds are mandated by the Commissioner of Education as funds raised by students for the benefit of students. Monies are usually collected voluntarily by pupils and are spent by them, as they see fit, in compliance with established regulations. The District has established a Reference Guide for Student Activity Funds to facilitate compliance. In addition, Finance Pamphlet 2 was created by NYSED to facilitate expectations for managing these funds. Schools should be familiar with these manuals and the related procedures.

### **SCOPE**

We obtained an understanding of the processes and controls in place for Student Activity Funds. We evaluated the school's compliance with the established guidance. Alignment with the intended purpose of Student Activity Funds, inventory, cash management and bookkeeping processes were also evaluated to ensure existence of adequate internal controls.

### **CONCLUSION**

Overall, there was a general lack of compliance with the District's Reference Guide for Student Activity Funds and Finance Pamphlet 2 (Reference Guidance). Student Activity Funds are intended to provide schools with the opportunity to teach students good business procedures through participation in handling funds and operating a successful business. All Student Activity Funds were tested and a lack of compliance was noted in every club. Compliance issues were identified in the establishment and renewal processes, fundraising, sales tax and cash management. Adequate controls did not exist over inventory, cash receipts or cash disbursements. Two sets of books are not maintained for the Student Activity Funds.

### **MANAGEMENT ACTION PLAN**

Management has met with the Office of Auditor General and understands the specific findings included in this report. The School Treasurer with Principal support will actively work to improve the controls for Student Activity Funds. We will improve and enforce compliance with monitoring procedures, required protocols for establishing and renewing clubs and comply with the guidance provided for fundraising, sales tax, inventory and general cash management practices. We will improve our internal controls over inventory, cash receipts and cash disbursements. We will also work to improve our recordkeeping and ensure two sets of books are maintained. Training from the Accounting Department will be sought for the School Treasurer and all Club Advisors. Advisors are expected to comply with Student Activity Fund protocols and procedures. The school based planning team will develop an evaluation process for Student Activity Fund Club Advisors prior to stipend payment.



## Edison Career and Technology High School - Student Activity Funds

### Summary of Recommendations

Rec #	Recommendations
1	<i>Ensure proper dissemination of the Reference Guide for Student Activity Funds and Finance Pamphlet 2. Enforce compliance with these procedures manuals. Utilize the standard forms for Student Activity Funds. Require training by the Accounting Department for all school staff with Student Activity Fund responsibilities.</i>
2	<i>Monitor student club and activities and ensure compliance with established Student Activity Fund requirements.</i>
3	<i>Enforce compliance with the Reference Guide for Student Activity Funds for the establishment and renewal of Student Activity Funds. Ensure all new and existing Student Activity Funds meet the requirements as defined by Regulations of the Commissioner of Education.</i>
4	<i>Enforce compliance with fundraising requirements for Student Activity Funds. 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 Student Activity Fund compliance with Board Policy and Superintendent Regulation 5405 - Wellness Policy. Discontinue the sale of noncompliant snack items during lunch. Prohibit the sale of unhealthy snacks during school hours.</i>
6	<i>Ensure compliance with New York State sales tax regulations for Student Activity Fund 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>
7	<i>Develop a standardized process for the tracking of inventory for all Student Activity Funds. Perform physical counts on a regular basis. Reconcile inventory counts and investigate discrepancies.</i>
8	<i>Discontinue the use of the Principal's signature stamp for Student Activity Fund related purposes.</i>
9	<i>Implement cash receipt procedures that ensure all funds raised are promptly deposited, adequately supported, and receipts are appropriately provided and retained. Ensure all deposits are accurately reported in SchoolCash.NET.</i>



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### Summary of Recommendations

Rec #	Recommendations
10	<i>Ensure the frequent and timely deposit of Student Activity Funds to the School Treasurer. Monitor to ensure that cash is submitted timely to the School Treasurer for bank deposit.</i>
11	<i>Enforce the cash disbursement controls as defined in the Reference Guide for Student Activity Funds and Finance Pamphlet 2. Ensure adequate documentation exists for all expenditures for Student Activity Funds.</i>
12	<i>Deposit all cash receipts into the Student Activity Fund 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>
13	<i>Ensure that Student Activity Fund expenditures are appropriate and for benefit of the student activity. Monitor expenditures for propriety and ensure funds are not used for personal items and services. Utilize the Check Request Form process for purchase reimbursements.</i>
14	<i>Enforce compliance with the established transfer process defined in the Procedures Manual for Student Activity Funds. Ensure active participation in the transfer process from students.</i>
15	<i>Ensure the timely review and approval of bank reconciliations by the Principal.</i>
16	<i>Maintain student account ledgers for all Student Activity Funds. Reconcile the student account ledgers with the School Treasurer's bookkeeping records from SchoolCash.NET. Ensure all club financial transactions are reported by both the club and the School Treasurer. Maintain documentation to support all transactions. Document and correct reconciling differences identified.</i>