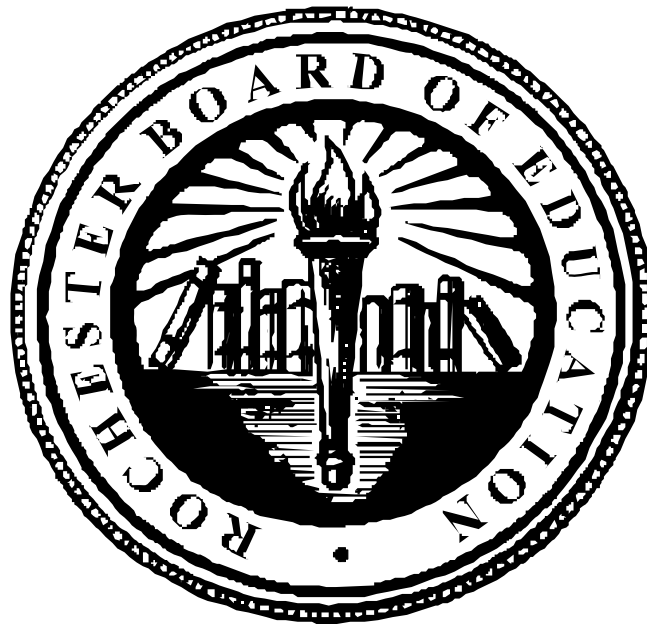


OFFICE OF AUDITOR GENERAL



School of the Arts - Student Activity Funds

June 2018



School of the Arts - Student Activity Funds

Executive Summary

OBJECTIVE

To determine whether School of the Arts 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 procedures within.

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

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. Overall, the School of the Arts does a great job maintaining adequate records and acts in accordance with the District's Reference Guide for Student Activity Funds and Finance Pamphlet 2. Compliance concerns were noted for the renewal of Student Activity Funds, as well as Club Advisor responsibilities. Fundraising activity approval forms were not consistently complete and one fundraiser that was approved did not comply with the District's Wellness Policy. Controls should be strengthened over inventory. Non-District employees should not be responsible for the collection or safeguarding of cash, checks or other cash equivalent items and inventory.

MANAGEMENT ACTION PLAN

Management has met with the Office of Auditor General and understands the various observations included in this report. The School Treasurer with Principal support will actively work to improve the controls for Student Activity Funds. We will improve our compliance with required protocols for establishing and renewing clubs and comply with the guidance regarding fundraising, inventory and general cash management practices.



School of the Arts - Student Activity Funds Summary of Recommendations

Rec #	Recommendations
1	<i>Enforce compliance for establishing and renewing Student Activity Funds. Ensure all new and existing Student Activity Funds meet the requirements as defined by Regulations of the Commissioner of Education.</i>
2	<i>Ensure only authorized employees are performing cash handling responsibilities. Ensure all those responsible for cash handling are named on the Club Information and Authorization Form.</i>
3	<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>
4	<i>Ensure all fundraising activities comply with District Policies and Regulations. Ensure all fundraising activities which involve the sale of food and beverage items comply with Board Policy and Superintendent Regulation 5405 - Wellness Policy. Prohibit the sale of snacks which do not comply with Policy, Regulation and USDA requirements during school hours.</i>
5	<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>
6	<i>Assign a school staff member to manage the concession sales and oversee volunteers during the events. Ensure responsibility for the overall cash handling and inventory remains with a District employee.</i>