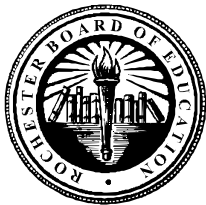


OFFICE OF AUDITOR GENERAL



Andrew J Townson School No. 39 – Elementary Activity Account



Andrew J. Townson School No. 39 – Elementary Activity Account Executive Summary

OBJECTIVE

To evaluate the control environment for Elementary Activity Accounts at Andrew J. Townson School No. 39 and 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. Andrew J. Townson School No. 39 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

Andrew J. Townson School No. 39 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. Compliance issues were noted in the fundraising, inventory, and cash management processes. Bank reconciliations are not reviewed and approved by the Principal. Two sets of books are not adequately maintained for the Elementary Activity Accounts. Accommodations need to be made in SchoolCash.NET to utilize its functionality to better suit the needs of the school.

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 actively 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 and general cash management practices. We will also work to improve our recordkeeping and ensure two sets of books are maintained.



Andrew J. Townson School No. 39 – 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 Elementary Activity Account requirements.</i>
3	<i>Enforce compliance with the Reference Guide for Elementary Activity Accounts for the establishment and renewal of Elementary Activity Accounts. Ensure those responsible for Elementary Activity Account activities are named on the Club Information and Authorization Form.</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. Calculate sales tax due accurately and recoup any overages of sales tax paid. 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 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>



Andrew J. Townson School No. 39 – 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 Club Advisor account ledgers for Elementary Activity Accounts. Reconcile the Club Advisor account ledgers with the School Treasurer's bookkeeping records.</i>
12	<i>Ensure Accounting establishes groups within SchoolCash.NET for each Elementary Activity Account group at the school. Record transactions to each EAA group as appropriate.</i>
13	<i>Ensure the timely monthly review and approval of bank reconciliations by the Principal.</i>