



# Shrewsbury Public Schools

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31 October 2019

To: School Committee

Subj: FOLLOW UP REPORT ON STUDENT ACTIVITY ACCOUNT EXTERNAL AUDIT

## **BACKGROUND**

Student Activity Funds in Massachusetts are governed by MGL Chapter 71, Section 47. The Massachusetts Department of Elementary and Secondary Education [MA DESE] also provides further guidance via their recently published *Audit Guidelines for Student Activity Accounts*. The district has School Committee Policies #941 and 942 that regulate our Student Activity Funds on a local level.

In the summer of 2018 I engaged Scanlon Associates to conduct the required external audit which is to occur at least once every three years. I specifically asked them to focus their attention on our secondary schools where we have the largest amount of activity and transactions.

In January 2019 I provided a report on the auditor's recommendations. The school committee asked that I provide a subsequent update on implementation of recommendations which I am doing with this report.

Following the external audit, I provided the audit reports and met individually with the principals (and their secretarial support) of Sherwood and Oak Middle Schools and Shrewsbury High School. We reviewed the details of each recommendation and discussed the appropriate remedy. Further, I conducted my annual internal reviews during October 2019 to ensure processes and procedures were in order. Specific actions are detailed below.

## **K-8 ACCOUNT RECOMMENDATIONS**

### **1. Middle Schools Musical and Drama Ticket Sales**

Issue: There was no form to report the proceeds of ticket sales for admission to the events.

Corrective Action Implemented: I met with the Director of Music, the Oak Middle School Principal, and teacher who oversees these events. A form has been instituted to account for ticket sales and conduct a nightly reconciliation of ticket sales with cash receipts.

### **2. Gift Cards Documentation**

Issue: No documentation existed to record the distribution or receipt of gift cards for community service programs [holiday gifts for families] or student activity prizes.

Corrective Action Implemented: When gift cards are distributed to needy families for the holidays, a parent/guardian discreetly signs a form in the school nurse's office acknowledging receipt. When gift cards are distributed as student prizes the school administration maintains a roster of recipients.

3. Charitable Donations from Fundraisers-Lack of Documentation

Issue: Lack of documentation for donations to charitable organizations as a result of student activity fundraising events.

Corrective Action Implemented: The school administration has been instructed that all check requests must have sufficient documentation to issue a check and for this type of activity a memo from the club advisor, event leader will suffice. Acknowledgement letters from recipient organizations will also be kept on file when received.

4. Sherwood Middle School Gifts in Miscellaneous Account

Issue: Parents have made general donations to the school and these should have been deposited into the school's Gift Fund and not into the Student Activity Account.

Corrective Action Implemented: The school administration has been further instructed on this requirement and the difference between general monetary gifts to the school and specific monetary gifts restricted to student activity use.

5. Sherwood Middle School Lost Books

Issue: Receipts for the reimbursement of lost library books were deposited into the Student Activity Account but should have been turned over to Central office for deposit into the Lost Book Revolving Fund.

Corrective Action Implemented: All lost library book receipts are now turned over to the Central office for deposit into the Lost Book Revolving Fund.

6. Variances to Town Balances

Issue: The Town Treasurer's and Town Accountant's record of combined Student Activity Account fund balances do not match.

Corrective Action Implemented: As of this writing, the two municipal offices are working to resolve this issue. There is no impact on the School Department or its Student Activity Funds.

## **SHREWSBURY HIGH SCHOOL ACCOUNT RECOMMENDATIONS**

### 1. Accounts That Should Be Revolving Funds

Issue: Three sub-accounts were identified that more appropriately should be set up as revolving funds.

Corrective Action Implemented: Revolving funds were set up for Art Supplies, AP Art Materials, and Guidance Transcript Fees. Fund balances were transferred to these new revolving funds and subsequent receipts deposited also into this account. The respective department directors generate purchase order requests for use of the funds.

### 2. Library Lost Book Fees

Issue: Receipts for the reimbursement of lost library books were deposited into the Student Activity Account but should have been turned over to Central office for deposit into the Lost Book Revolving Fund.

Corrective Action Implemented: All lost library book receipts are now turned over to the Central office for deposit into the Lost Book Revolving Fund.

### 3. Drama and Musical Ticket Sales

Issue: There was no form to report the proceeds of ticket sales for admission to the events.

Corrective Action Implemented: I met with the Director of Music, the High School Principal, and teacher who oversees these events. A form has been instituted to account for ticket sales and conduct a nightly reconciliation of ticket sales with cash receipts.

### 4. Accounting for Fundraisers

Issue: A fundraising recap form had been used in the past to summarize certain types of fundraising events but discontinued in more recent times.

Corrective Action Implemented: SHS administration has re-instituted the use of the form by staff when appropriate.

### 5. Inactive Accounts

Issue: A number of club and activity sub-accounts had no activity for multiple years and appeared to be dormant.

Corrective Action Implemented: The high school administration reviewed all sub-accounts and subsequently closed 10 of them by transferring the small remaining balances to the General Interest Account. The remaining club advisors were notified with many indicating they would soon use the remaining funds on account for the specified purpose.

### 6. Yearbook Account Balance

Issue: The Yearbook sub-account balance had increased to \$21,470.18 as of 6/30/2018 and it was recommended that the funds be used to subsidize upcoming yearbook costs.

Corrective Action Implemented: The Yearbook sub-account balance was used to subsidize costs and as of 6/30/2019 it stands at \$12,986.22 so it is appropriately being spent down.

7. Variances to Town Balances

Issue: The Town Treasurer's and Town Accountant's record of combined Student Activity Account fund balances do not match.

Corrective Action Implemented: As of this writing the two municipal offices are working to resolve this issue. There is no impact on the School Department or its Student Activity Funds.