

Framingham Public Schools
Review of DESE Agreed Upon Procedures/Audit Guidelines

I. ADMINISTRATION

A. ESE Policy Guideline or MGL Requirement:

- The School Committee should adopt policies and procedures for the creation, operation, control and public reporting of student activity accounts. These policies should be reviewed periodically and amended when necessary. The accounts by statute are the responsibility of the school principal and thus it is the direct responsibility of the principal to ensure that the statute, School Committee policies, and administrative procedures are fully adhered to in all aspects of operating student activity accounts.

Agreed Upon Procedure/Audit Guideline:

1. Inquire and obtain evidence suggesting that policies have been adopted by the School Committee. Evidence should be included in School Committee minutes through a School Committee vote.

Results:

Evidence of a School Committee vote was obtained.

Yes No

Finding: Policies have clearly been adopted by the School Committee, but evidence of a School Committee vote for the policies in place for the 2018-2019 school year has not been obtained. Evidence of a School Committee vote for policies adopted in June 2019 has been obtained.

Comments: The district has a document entitled “Student Activity Accounts: Policies and Procedures Manual for Framingham Public Schools”, in which Appendix C contains the School Committee’s Student Activity Policy (DF-1) and the first several pages of the manual contain general information on student activities and the district’s procedures for administering student activities. The manual has an original date of January 25, 2010, and a revised date of March 29, 2011. District staff believes that the minutes of the February 2, 2010, School Committee meeting likely have evidence of the vote taking place, but those minutes were not provided as evidence.

School Committee policy JJF for Student Activity Accounts was adopted in June 2019 and evidence of the vote exists in School Committee meeting minutes. Policy JJF has not been analyzed and commented on as part of this audit because of timing since the audit is for the 2018-2019 school year and the policy was adopted in June 2019. However, this requirement is satisfied because of the minutes provided for the adoption of policy JJF.

Whether the requirements are satisfied in this audit and comments provided in this document are based on the student activity manual with the 2011 date and not policy JJF, adopted in June 2019.

Corrective Action Plan

A corrective action plan is not necessary because the requirement was satisfied.

2. Review formal policies and procedures and determine if they are effective; consider the following:
 - a. Policies must require adequate internal control to ensure protection of student monies.
 - b. Policies must be complete and satisfy MGL.
 - c. Policies must only govern student activity money and not money that is governed under other MGL. (see related Massachusetts General Laws and Appendix E)
 - d. Procedures should be developed that support policy and provide for segregation of duties.
 - e. Policies and procedures must be updated when applicable.

Results:

Formal policies and procedures are determined to be adequate.

Yes No

Finding: Formal policies and procedures are determined to be adequate. However, the policies and procedures should be reviewed.

Comments: The policies and procedures have not been updated in a significant amount of time. They should be reviewed to ensure they are consistent with DESE's Guidelines, which were published after the district's policies and procedures manual was adopted in 2010 and revised in 2011. Additionally, the district's policies and procedures have not been adhered to in the following ways:

- As part of procedures included in the district's student activity policy manual, "The up fronting of personal monies should be avoided whenever possible." Through review of student activity disbursements, several reimbursements were seen. Most, if not all, of these reimbursements could have been avoided with better planning and/or more timely processing of invoices.
- As part of procedures in the district's student activity policy manual, "No reimbursement checks will be issued for goods purchased over 30 days prior." Through review of student activity disbursements, there was one purchase that took place on April 15, 2019, for which a reimbursement was authorized on June 10, 2019.
- The student activity policy manual indicates that the maximum balance in Walsh Middle School's checking account is \$10,000. District staff indicated that the balance was increased to \$20,000 via a recent School Committee vote.
- The student activity policy manual indicates that the agency account is an interest-bearing bank account. District staff confirmed that the Walsh Middle School agency account is interest-bearing, if the balance is at least \$20,000, but the high school agency account is not interest-bearing.
- The district's student activity policy manual indicates that "Prior to writing any check, a Warrants Request Form must be sent to School Business Office Accounts Payable Department for review and approval." This is not happening.

The process used is the designee completes the check and has the warrant request form reviewed and signed by the school principal prior to sending the form to City Hall so the process to replenish the checking account with the funds needed for the checks can begin.

- The high school principal's signature approving disbursements was only found on the Warrant Payment Request forms, per district procedures in place. There were inconsistencies in the appearance of the principal's signatures on the forms. The district should ensure that procedures are in place to ensure the principal properly approves disbursements.
- The district's student activity policy manual indicates that "an annual meeting by the Principal should be conducted for advisors and student officers/treasurers to review the Policies and Procedures of the Student Activity Accounts." This is not happening today as no training is taking place regularly.

The district should ensure that policies and procedures are updated when applicable and that policies and procedures are fully adhered to.

Corrective Action Plan

A corrective action plan is not necessary because the requirement was satisfied. However, the district should ensure that its policies and procedures adopted in June 2019 satisfy the requirements laid out in DESE's guidelines and satisfy the findings in this document. The above list is based on the contents of the student activity manual from 2010 and revised in 2011.

B. ESE Policy Guideline or MGL Requirement:

- Although not required, it is good practice for the School Committee to approve each student activity annually. This should be done before the start of the school year unless activities are new and created during the year. The approval should include specific funding sources and objective/mission for each activity.

Agreed Upon Procedure/Audit Guideline:

1. Obtain a listing of each active student activity and inquire if each student activity has been approved annually by the School Committee or if new, was approved during the year. Evidence should be included in the School Committee minutes through a School Committee vote.

Results:

Evidence of School Committee vote was obtained.

___ Yes No

Finding: School Committee has voted to approve new student activities during the school year in the recent past but does not approve/reaffirm each active student activity annually.

Comments: Evidence of a mid-year student activity approval was not provided. New class accounts are created each year without approval, although district staff believes a School Committee vote took place to generally allow for their creation each year. That vote was also not provided. The district should ensure that all student activities are approved by School Committee each year. The district does not maintain a list of student activities that includes funding sources and the objective/mission for each activity. The district should have a schedule that identifies for each student activity account the objective/mission that specifies the purpose for which the monies can be spent, the funding source, the beginning balance, current year receipts, current year expenditures and encumbrances, and the ending balance. The district does maintain a listing of the beginning balance, current year receipts, disbursements and encumbrances, and ending balance.

Corrective Action Plan

At the beginning of the school year, we will ask SC to vote on the list of student activity accounts for the year. We are working on getting the details of each of the accounts. The objective/mission of each activity as well as the funding source.

C. ESE Policy Guideline or MGL Requirement:

- A student activity account may be used for funds raised by student organizations which will be expended by those students for their benefit. Funds raised or donated that are governed by laws other than the student activity laws cannot be deposited to a student activity account (See section on related Massachusetts General Laws and Appendix E.) In addition, funds belonging to staff through sunshine funds or vending machines or other activities not related to the students may not be deposited in the student activity account.

Agreed Upon Procedure/Audit Guideline:

1. Obtain a listing of each active student activity. From this list, determine source of funding and objective of each student activity. Evaluate if funds have been properly deposited into the student activity account or if funds are more appropriately classified as revolving, gift, grant or other type of fund.

Results:

All programs are proper student activities and deposits have been properly deposited into a student activity account.

___ Yes No

Finding: The district has thoroughly reviewed its student activity accounts in the recent past and has closed out accounts that were not for true student activities. The district still has more work to do in this area.

Comments: Through a review of student activity accounts and their purpose with district staff, the following student activity accounts are not true student activity accounts and the district should take action to close them out, if it has not already done so.

At the high school:

- Parking- 2009, 2010, 2011, and 2012 – These accounts have been used as a depository of fees charged to students for parking. Since parking fees no longer filter through student activities, these accounts should be closed out. The Municipal Modernization bill clarified that parking fees should be accounted for in the use of school property revolving fund under MGL 71:71E. **Close these accounts and move funds to HS Parking Revolving Account.**
- Recognition and Awards – This account has been used by the principal for awards. The district claims that a policy change in the recent past was made to ensure that student activity accounts are no longer used for awards.
- Memorial Garden – This account has been used for maintenance of a garden at the school, which should not be part of student activities.
- ADC Club – ADC stands for Academic Development Center, which is a classroom for students that need assistance. This account has been used for tutoring students. **Close this account and move funds to HS Revolving Account and use for translations.**
- Cap & Gowns – The principal is the advisor for this account, which presumably has been used to pay for caps and gowns, purchases now made from the district's operating budget. **Close this account and move funds to the HS Revolving Account.**
- General Athletics – This account has been used for awards, for a swim team to attend a swim meet, and for a coat that goes with a Coach of the Year award. **Close this account and move the funds to the Athletic Revolving Account in Munis.**
- Bookkeeping Expense – Although a valid account to maintain since expenses related to the administering of student activities are a common use of interest income and allowed as part of School Committee policy, the district does not need multiple accounts for this purpose. There is an account named Interest Income, which is also used for this purpose. **Close this account and move balance to Interest Income.**
- Commissions – Although a valid account to maintain since School Committee policy indicates that “any monies paid to the school or to a student activity organization as commissions (ex: school pictures, yearbooks, class rings, candy sales, etc.) shall be deposited into the student activity account to be used for the benefit of the student body as determined by the principal”, the use of the funds in this account has not always been for the benefit of the student body. Disbursements out of this account include funds for a welcome breakfast and reimbursement of postage to the principal's assistant.
- Bus Transportation – This account has not had recent activity so determining its purpose was not possible during the review. However, the name of the account implies that this account is not for student activities. **Close this account and move the balance to the HS revolving account for field trips.**
- FHS Faculty Award – This account has been used for awards given to students using funds raised by district staff. Funds raised by district staff are not student activities even if students are beneficiaries of those funds.
- Gifts – The principal is the advisor for this account, which has been used for various smaller disbursements, some of which presumably are not for the benefit of the students.
- John Breen Scholarship – This account has been used for scholarships. Scholarships are not student activities. **Close this account and send the money to the Treasurer to create the scholarship with the City.**
- Walker Scholarship – This account has been used for scholarships. Scholarships are not student activities. **Close this account and send the money to the Treasurer to create the scholarship with the City.**
- Recycling Rewards Scholar – This account has been used for scholarships.

Scholarships are not student activities. **Close this account and send the money to the Treasurer to create the scholarship with the City.**

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- Frank F. Barbieri, Jr. Sc – This account has been used for scholarships. Scholarships are not student activities. **Close this account and send the money to the Treasurer to create the scholarship with the City.**
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- Michelle Chouinard School. – This account has been used for scholarships. Scholarships are not student activities. **Close this account and send the money to the Treasurer to create the scholarship with the City.**
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The high school also has a student activity account without a name. District staff is unsure of this unnamed student activity account's purpose.

Additionally, the district strongly believes that all student activity accounts for sports teams and other groups run by the Athletics Department should not be run as student activity accounts and should be part of the Athletics Revolving Account. If the district moves in this direction, then the following student activity accounts should be closed out as well and their funds transferred to the Athletics Revolving Account:

- Boys Basketball
- Field Hockey
- Girls Tennis
- Girls Lacrosse
- Wrestling
- Boys V-Hockey
- Dance Team
- Ski Team
- Boys and Girls Track
- Boys&Girls Volleyball
- Baseball
- Boys Lacrosse
- Boys Soccer
- Boys X- Country
- Cheerleading
- Girls X- Country
- Girls Gymnastics
- Girls Ice Hockey
- Girls Soccer
- Girls Softball
- Golf
- Boys JV Hockey
- Girls Swim & Dive
- Boy's Swimming
- Girls Basketball
- Girls JV Hockey
- Boys Tennis
- Unified Basketball Team (for physically handicapped, mentally challenged students)

At Walsh Middle School:

- 5K – This account has been used for technology purchases using funds collected from fundraisers for the school. Whether the purchases are for the benefits of the students is not clear.
- 3 on 3 – This account has been used for technology and gym equipment purchases using funds collected from fundraisers for the school. Whether the purchases are for the benefits of the students is not clear.

The district should ensure that all student activity accounts are used for proper student activities.

Corrective Action Plan

D. ESE Policy Guideline or MGL Requirement:

- An accounting system for the student activity funds must be implemented and in a sufficient manner to facilitate basic reconciliation and control procedures. An accounting system may be an off-the-shelf accounting application, a properly designed electronic spreadsheet or for smaller student activity accounts, a manual system. The determination of the appropriate accounting system will vary school by school based on a variety of factors including volume and frequency of student activity transactions and the skills of those in charge with administering the day-to-day accounting for student activities.

Agreed Upon Procedure/Audit Guideline:

1. Through inquiry and observation, verify that the accounting system used for the student activity funds will facilitate the following:
 - a. Accurate recording and reporting of cash receipts and disbursements by each student activity fund in the school student activity ledgers;
 - b. Recording of a general cash and/or investment account that can be reconciled with the bank checking account for student activity maintained by the Principal, combined with the agency savings account maintained by the City/Town/District Treasurer; and
 - c. General cash and/or investment accounts in aggregate can be reconciled to the aggregate detailed fund accounts within the student activity fund recorded for and held by each student activity.

Results:

An assessment of the accounting system in place has determined that it will facilitate the critical items listed above.

Yes No

Finding: The district has an accounting system in place that allows for proper tracking of student activity transactions and, along with the City, have processes in place that allow for proper reconciliation of all accounts used for student activities.

Comments: At the high school, a website named EPES Online is used. It works well for the high school designee and provides all the transaction-tracking mechanisms needed to administer student activities. It also allows for easy reporting, which is often used at the high school. At Walsh Middle School, Excel has been used for administering student activities. Excel is often used by designees for administering student activities and generally works well. However, there have been issues with the tracking of student activities at Walsh. From an auditing standpoint, the issues stem more from the designee's ability to properly track student activity transactions than due to the use of Excel. Reconciliations are performed by the City. The account structure in place allows for reconciliations expected under these guidelines.

Corrective Action Plan

A corrective action plan is not necessary because the requirement was satisfied.

E. ESE Policy Guideline or MGL Requirement:

- The qualifications of the individuals involved with processing, recording and reporting student activity account transactions is adequate, and an ongoing process of training is in place to ensure that these individuals maintain the required level of skills to possess such duties.

Agreed Upon Procedure/Audit Guideline:

1. Through inquiry, determine if all individuals who process, record, and report student activity transactions possess the skills necessary to perform the duties in an adequate manner.

Results:

All individuals who process, record and report student activity accounts have the suitable skills to perform the duties in an adequate manner.

___ Yes No

Finding: The designee at the high school has the suitable skills to perform the duties in an adequate manner. Although the designee at Walsh Middle School seems to have the suitable skills, she has made mistakes while administering student activities.

Comments: Through discussions with district staff, there is no question that the designee at the high school has the skills necessary to administer student activities. Her skillset and commitment to the role are as strong as we have seen throughout school districts. The designee at Walsh Middle School does not have accounting experience, other than what has been learned in her role as designee. The lack of experience has made administering student activities difficult at times. At times, disbursement checks have been released prior to

replenishment of the checking account, causing depletion of the checking account and making reconciliation of the student activities accounts more difficult. The district should ensure that all individuals who process, record and report student activity accounts have the suitable skills to perform the duties in an adequate manner

Corrective Action Plan

The Walsh S/A account is being closed therefore that individual will not be maintaining the account any longer.

2. Through inquiry, determine if there is an ongoing process of training in place.

Results:

An ongoing process of training is in place to ensure that all individuals maintain the necessary skills to perform these duties in an adequate manner.

Yes No

Finding: There is no ongoing training in place.

Comments: Although no training is in place, the district has taken measures to educate those involved in student activities, like, for example, by providing support when needed and having available sheets that detail proper procedures for withdrawals and deposits that advisors can review anytime. The district should implement an ongoing training program, possibly in the form of a meeting at the start of each school year. The district should ensure that all individuals involved in student activities are part of the training.

Corrective Action Plan

We will be scheduling a training for ALL advisors of any student activity account to go over all the expectations. Including how to deposit, withdraw, reconcile and when all of this should take place. We will provide them with all the documents they need to perform these duties.

II. STEWARDSHIP AND CUSTODIAL RESPONSIBILITY

A. ESE Policy Guideline or MGL Requirement:

- Section 47 of Chapter 71 of MGL as amended by Chapter 66 of the Special Acts of 1996, requires that once the School Committee has accepted the provisions of this law, an agency account must be set up by the City/Town/District Treasurer. These are generally established as an interest bearing savings account, and, if authorized by the School Committee, a checking account which acts as an imprest (replenishment) account to be administered by the School Principal.
- Maximum checking account fund levels are established and annually voted on by the School Committee.
- All deposits for fundraising and other student activities must be deposited in the agency account with the City/Town/District Treasurer. Disbursements may be made from either account.
- The Principal may request replenishment of the checking account to the maximum established balance by presentation of a funds request to the City/Town/District Treasurer, accompanied by invoices or other support for disbursements previously made from the checking account.
- The Principal or their designee who are designated to operate and control the student activity checking account shall give bond for faithful performance to the municipality or district in such amount as the City/Town/District Treasurer shall determine to secure the Principal's faithful performance of their duties in connection with such account. Annually, the School Committee should authorize any such designees and ensure bond coverage.
- There shall be an annual audit of the student activity funds which shall be conducted in accordance with procedures as agreed upon between the School Committee and the auditor based upon guidelines issued by ESE. In addition, ESE recommends the audit be performed by an outside independent audit firm once every three years for those with activities greater than \$25,000. In the intervening years, the audit may be conducted by a responsible individual independent of the student activities, with the approval of the School Committee. Such an individual could be the Town Accountant, who already has audit powers under MGL Chapter 41 the Treasurer, or the School Business Manager if the School Business Manager is not involved in the administration or transactional processing of the student activities.

Agreed Upon Procedure/Audit Guideline:

1. Determine if the School Committee has accepted the provisions of Section 47 of Chapter 71 of MGL; evidence should be included in School Committee minutes through a School Committee vote or obtain certification of vote.

Results:

Evidence of School Committee vote was obtained.

Yes No

Finding: Evidence of a School Committee vote accepting the provisions of Section 47 of Chapter 71 of MGL was not located.

Comments: The district's student activity policy and procedures manual includes references to Section 47 of Chapter 71 of MGL and contains the law itself, suggesting that School Committee has voted to accept the provisions of Section 47 of Chapter 71 of MGL. Policy JJF adopted in June 2019 also references Section 47 of Chapter 71 of MGL, but there is no clear language to accept the provisions of it. If evidence cannot be located, the district should ensure that School Committee votes to accept the provisions of Section 47 of Chapter 71 of MGL during a meeting soon.

Corrective Action Plan

Bring this to the SC for a vote. To accept the provisions of Section 47 of Chapter 71 of MGL.

2. Determine that all student activity deposits are made to an agency account maintained by City/Town/District Treasurer.

Results:

All student activity deposits were made to the agency account maintained by the City/Town/District Treasurer.

Yes ___ No

Finding: All evidence reviewed suggests that all student activity deposits have been made to the agency accounts maintained by the City Treasurer.

Comments: The City Treasurer maintains an agency account for the high school and for Walsh Middle School. The designees at the school make the deposits into the agency accounts and send the receipts to City Hall as proof that the deposits have taken place.

Corrective Action Plan

A corrective action plan is not necessary because the requirement was satisfied.

3. Determine if the School Principal has properly made requests for replenishment of funds to the imprest checking account including submission of original invoices or equivalent supporting documentation.

Results:

Requests for replenishment to checking account are made in proper manner.

Yes ___ No

Finding: Requests for replenishment to the checking accounts are made in a proper manner.

Comments: Requests for replenishment of the high school checking account include a detailed list of disbursement checks on the cover sheet with adequate supporting documentation attached. The principal reviews the packet and signs off on it before it is sent to City Hall. The designee waits for replenishment of the checking account in the amount of the total checks before releasing the checks. Until recently, a similar process was not used at Walsh Middle School for the replenishment of the checking account, but district staff have made the appropriate changes to ensure that it does.

Corrective Action Plan

A corrective action plan is not necessary because the requirement was satisfied.

4. Review selected checking account bank statements to determine if checking account balances ever exceed amounts established by the School Committee.

Results:

Does the checking account balance ever exceed the amount established by the School Committee?

Yes ___ No

Finding: Through review of information provided by the district, the maximum checking account balance for the high school's checking account and Walsh Middle School's checking account were consistently exceeded.

Comments: The maximum checking account balance for the high school is \$80,000, per School Committee policy. Checking account bank statements were not provided for review, but an Excel spreadsheet that is used by the City Treasurer for yearly reconciliation of the checking account was provided. In the Excel spreadsheet, the checking account balance was shown to consistently exceed \$80,000. The highest balance seen was over \$111,000. Walsh Middle School's checking account balance is \$20,000, per School Committee policy. In a similar Excel spreadsheet that is used by the City Treasurer for yearly reconciliation of the checking account, the balance is shown to be consistently just above \$20,000. The district should consider (1) increasing the policy balance, (2) processing larger expenditures through the warrant process, and/or (3) enforcing the existing policy balances.

Corrective Action Plan

5. Determine if the School Principal and/or their designee (if applicable) have given bond to the City/Town/District Treasurer for faithful performance, and that all designees have been properly authorized by the School Committee.

Results:

Evidence of the School Principal and/or their designee (if applicable) securing or being secured by a fidelity bond exists.

Yes ___ No

Finding: Information about the securing of bond was provided by the City Treasurer.

Comments: The City Treasurer indicated that the high school principal, the high school's designee, the high school principal's assistant, Walsh Middle School's principal, and Walsh's designee have all secured bond with the City Treasurer by filling out paperwork. The City Treasurer is bonded for all bank accounts. The designees have not been properly authorized by School Committee. Annually, School Committee should authorize all designees.

Corrective Action Plan

A corrective action plan is not necessary because the requirement was satisfied.

6. Determine if the annual audits have been performed, either by an outside independent audit firm or as is permissible, internally. Evidence of this may be obtained from reports developed as a result of the process.

Results:

Verify evidence that an annual audit process exists and has been conducted.

___ Yes No

Finding: The district has not had annual audits in the recent past.

Comments: An audit was completed for the 2014-2015 school year. Audits did not take place the two subsequent years. An audit was completed the following year for the 2015-2016 school year, the 2016-2017 school year, and the 2017-2018 school year combined. Additionally, the district's student activity policy manual states that "Internal Audits by the School Business Office will be performed twice a fiscal year no later than the third week of November and first week of May. The [City] of Framingham contracts for an Independent Audit which is performed once for every fiscal year." If the district prefers to focus on annual audits, which is what is required in DESE's Guidelines, then policy should be updated to reflect annual audits. As noted above, DESE's Guidelines state that annual audits should be performed, either by an outside independent audit firm or as is permissible, internally and that an outside independent audit firm should perform an audit every three years since the activity exceeds \$25,000. The district should ensure that it is meeting the audit requirements in DESE's Guidelines.

Corrective Action Plan

Ask to have the SC Policy be amended to state that S/A audits will be performed annually by an outside independent audit firm. This will insure that we are always in compliance with the DESE Guidelines.

III. GENERAL OPERATING PROCEDURES

A. ESE Policy Guideline or MGL Requirement:

- Section 47 of Chapter 71 does not address the adoption of specific policies or procedural guidelines, but does require adherence to administrative procedures as may be prescribed. ESE makes recommendations to maintain minimum general operating procedures in the administration of student activities including:
 - Bank reconciliations must be done at least quarterly (preferably monthly). A copy of the bank reconciliation should be sent to the School Business Administrator, School Committee, student officers, and City/Town/District Treasurer. Sign-offs must be performed by preparers and reviewers;
 - Standardized forms should be used for deposits and disbursements whenever possible;
 - The School Committee and School Business Administrator should establish periodic reporting timelines. Financial reports should be created and submitted in accordance with those guidelines to the School Committee, School Business Office, Town Accountant, Treasurer and the individual student activity class/club advisors;
 - The School Principal shall maintain individual subsidiary accounts by program within the student activity control account. This will allow proper matching of program expenditures against revenues that are collected for that purpose as well as allow for the efficient determination of the program balance;
 - Aggregate subsidiary account balances should be reconciled no less than quarterly to the total control account, and;
 - Total control account balances should be reconciled no less than quarterly to the aggregate total of the School Principal's reconciled checking account and the agency account maintained by the Treasurer.

Agreed Upon Procedure/Audit Guideline:

1. Through inquiry, observations, and review of sample bank reconciliations, determine if bank reconciliations are prepared at least quarterly and sent to the appropriate parties for review; and that sign-offs by both preparer and reviewer are included in the process.

Results:

Evidence was obtained that at least a quarterly bank reconciliation process is in place and that sign-offs by both preparer and reviewer are made.

Yes No

Finding: Bank reconciliations are done monthly by the City Treasurer, but the reconciliations are not shared with district staff and sign-offs are not happening.

Comments: The City Treasurer is responsible for all account reconciliations. Those reconciliations are not shared with the district unless requested. The exception is a year-end reconciliation of the checking accounts that are provided to the designees for the school checking accounts. Evidence that both a preparer of the reconciliations and a reviewer have signed off on the reconciliations was not provided. The district should ensure procedures are in place such that a responsible individual completes the reconciliations and a different responsible individual reviews the reconciliation after its completion and the preparer and the reviewer sign off on the reconciliation.

Corrective Action Plan

I have contacted the Treasurer's Office to work on a procedure that will have the preparer share the reconciliation with the school business office to be reviewed and signed off on. This will be done monthly.

2. While gaining an understanding of the internal control processes in place, determine if standard forms for deposits and disbursements are used.

Results:

Deposit and disbursement transactions are completed and documented using standard forms.

Yes ___ No

Finding: Standard forms for deposits and disbursements are used at the high school and at Walsh Middle School.

Comments: The vouchers in use for deposits and disbursements automatically have three sheets each allowing for copies to be easily distributed to the necessary parties, which are documented on the vouchers.

Corrective Action Plan

A corrective action plan is not necessary because the requirement was satisfied.

3. Through inquiry and analysis, determine if a requirement for the preparation and periodic submission to the School Committee, School Business Office, Town Accountant, Treasurer and the student activity class/club officers of financial reports exists; and if such policy is adhered with.

Results:

Financial reporting requirements are in place and are functioning as intended.

Yes ___ No

Finding: School Committee policy indicates that the designee prepares monthly financial reports for the student activity advisors and this is happening at the high school.

Comments: The designee at the high school provides student activity advisors with a report showing them the year-to-date transactions of the student activity each time a deposit or disbursement takes place. There is no reporting that takes place beyond that, except the designee will provide a report upon request. School Committee, the School Business Office, and staff at City Hall do not receive regular reports, as noted in DESE's Guidelines above. There is no reporting taking place at Walsh Middle School. The district should consider whether the financial reporting requirements in the School Committee policy should be updated to satisfy DESE's Guidelines and, if so, should ensure the updated reporting requirements are followed.

Corrective Action Plan

A corrective action plan is not necessary because the requirement was satisfied.

4. Through inquiry and analysis, determine if subsidiary student activity account detail is maintained and if the aggregate of the subsidiary accounts are reconciled to the control account on a monthly basis.

Results:

Subsidiary student activity account detail is maintained and reconciled monthly to control activity.

Yes No

Finding: The City Treasurer reconciles all accounts monthly.

Comments: In addition to the City Treasurer's monthly reconciliations, the high school designee uses the automated reconciliation check in the EPES system to ensure that the accounts are in balance after inputting each transaction. This step also helps ensure that subsidiary account activity is reconciled to the control account. There is no such reconciliation of the subsidiary account activity taking place at Walsh Middle School, besides the reconciliations done by the City Treasurer.

Corrective Action Plan

A corrective action plan is not necessary because the requirement was satisfied.

IV. REVENUE, RECEIPTS AND DEPOSITS

A. ESE Policy Guideline or MGL Requirement:

- The receipts process is most susceptible to theft and abuse since cash collections for student activities are normally decentralized, and individuals collecting cash are often young students inexperienced with cash handling.
- ESE recommends strict procedures for control of all receipts and should include at a minimum, the following controls:
 - Receipts generated from the sale of a high volume product such as the yearbook or admission to a highly attended event like the prom or other dance or ball, should be controlled through the use of pre-numbered receipts.
 - A reconciliation process should be in place whereby pre-numbered receipts, tickets, attendance logs or other revenue source documents are reconciled to cash collected for particular activities prior to making a deposit in the bank. In the situation where it is impractical to use source documents, two people should count the cash and sign off on the process.
 - The cash collection and deposit function should be segregated from the accounting and recording function.
 - All student organizations receiving monies from any source should turn over such money to the School Principal or the Principal's designee within twenty-four hours from receipt of such funds. (If received on the weekend, then on the first business day after receipt of the funds.)
 - Any money not deposited on the same day must be kept overnight in a locked vault, safe, or other secured locked area - **under no circumstance, should student activity monies be taken home overnight.**
 - All money turned over to the school by a student organization shall be accompanied by a school deposit slip stating the source of the monies, the amount being deposited, and signed by the person turning over the money to the office. If turned in by a student, this should be co-signed by the group advisor or a teacher, who should also keep a duplicate of the deposit slip.
 - The School Principal or the Principal's designee should deposit into the agency account all monies received from student activity organizations at a minimum on a weekly basis. Written evidence of receipt should be obtained from the City/Town/District Treasurer.
 - Interest earned by the student activity agency account shall be retained by the student activity fund. The use of the aggregate earnings shall be at the discretion of the School Committee for the benefit of the students and shall be so stated in the School Committee policy.
 - An ongoing philosophy of the importance of handling money with care, honesty, and accuracy should be conveyed to the students, advisors and teachers through roundtable meetings and educational trainings.

- Money collected for purposes other than student activities shall not be deposited into the student activity account and must be handled by the MGL that governs its administration.
- Any monies paid to the school or to a student activity as commissions or revenue sharing belong to the students and shall be deposited into the student activity agency account. Such funds shall be expended for the benefit of the students in accordance with School Committee policies and may not be spent to benefit the staff or to supplement the school budget. Refer to Frequently Asked Questions Q4 for the appropriate treatment of these revenues.
- A policy must be adopted by the School Committee that specifies how any other undesignated receipts will be distributed and such receipts must be deposited into the student activity agency account. No student activity revenues will be deposited into the School Principal's checking account.

Agreed Upon Procedure/Audit Guideline:

1. Through inquiry of the School Principal or their designee, document the process by which receipts are administered in order to gain an understanding of the internal control process in place. In addition, while conducting the inquiry, determine if the following have been addressed or developed:
 - a. Determine if pre-numbered receipts, tickets, and attendance logs are used;
 - b. Determine if any pre-numbered receipts or tickets were skipped and investigate why;
 - c. Determine if a reconciliation process is performed between pre-numbered receipts, tickets, and attendance logs and the funds being turned over;
 - d. Determine that in situations when pre-numbered receipts, tickets and attendance logs are not practical, that two responsible people have each counted the cash received;
 - e. Determine if funds collected for student activities are turned over to the School Principal's Office within twenty-four hours;
 - f. Determine if funds not immediately turned over are stored in a secure location;
 - g. Determine if the School Principal is turning funds over to the City/Town/District Treasurer agency account weekly (at a minimum);
 - h. Determine if an interest earned policy exists and is documented;
 - i. Determine if a commission or revenue sharing policy exists and is documented;
 - j. Determine if a policy for undesignated earnings exists and is documented; and
 - k. Determine if a philosophy exists through ongoing training that monies are to be handled with care, in an accurate manner.

Results:

Document any findings that may exist as a result of any deficiencies discovered based on the understanding of the control process in place for receipts conducted in the above steps 1.a. – 1.k.

Findings:

The district has used pre-numbered receipts and/or tickets for some highly attended events like the prom, cotillion, and Mr. FHS, but their use is not consistent and does not follow any adopted procedures. The district relies on a vendor (an online company) for most of its

yearbook purchases, supplemented by manual purchases, all of which is managed by the yearbook advisor.

The district has procedures in place that allow for the reconciliation of ticket purchases and funds being turned over for highly attended events like the prom, cotillion, and Mr. FHS and for purchases of high-volume products like the yearbook, but reconciliations are done on a per-deposit basis and a final reconciliation of all sales is not done.

For situations when pre-numbered receipts, tickets, and attendance logs are not practical, there is no evidence that multiple responsible people counted cash received.

The high school designee is not confident that funds collected are being turned over to the principal's office within 24 hours.

The high school designee is not confident that funds not immediately turned over are being locked in a secure location.

The designees at the high school and at Walsh Middle School are generally turning over funds to the City Treasurer weekly at a minimum.

An interest earned policy exists and is documented.

A commission or revenue sharing policy exists and is documented.

A policy for undesignated earnings exists and is documented.

A philosophy that monies are to be handled with care, in an accurate manner, exists, but its impact may be limited due to the lack of ongoing training.

Comments:

The district has procedures in place for the receipts process that are consistently followed, but there are some shortcomings with satisfying these procedures that the district should address.

For highly attended events like the prom, cotillion, and Mr. FHS, advisors maintain lists of ticket purchases and use the lists for entry into events more often than requiring a pre-numbered receipt or ticket into an event. Advisors commented on how there was no guidance on how to handle payments for these events, that they learned the best way to manage payments on their own, and that they shared those lessons learned with others responsible for selling tickets. The district should ensure that policies and procedures for the use of pre-numbered receipts and tickets for highly attended events and high-volume products are created and enforced, as necessary.

While the district's procedures in place for deposits are sound, even for highly attended events like the prom, cotillion, and Mr. FHS and for high-volume products like the yearbook, the district should consider implementing stronger controls for these sales by completing a final reconciliation when all sales are complete.

For one highly attended event (Mr. FHS), two responsible individuals collected cash at the door, but there is no evidence that both ensured the cash collected equaled the amount of cash turned over. Additionally, there is no evidence that two responsible individuals counted cash

and ensured the cash collected equaled the amount of cash turned over to the designee for receipts not tied to highly attended events. The district should consider implementing stronger controls for cash deposits to ensure that multiple responsible individuals are counting and validating cash turned over and signing off on it.

The high school designee indicated that funds collected by advisors are not always turned over within 24 hours. Evidence of this can be found on deposit slips since the date on the deposit slip written by the advisor and the date the designee receives it, which she notes upon receipt, is sometimes an amount greater than 24 hours. Additionally, the designee has noticed that advisors sometimes wait until fundraisers' completion to deposit funds collected instead of doing so daily. The district should ensure that procedures in place for turning over funds collected to the principal's office are enforced.

The high school designee indicated that funds collected and not immediately turned over may not be locked in a secure location and that those funds may be taken home overnight. The district should ensure that procedures in place for securing funds not immediately turned over to the principal's office and not taking those funds home are enforced.

The high school designee indicated that she turns over funds to the City Treasurer weekly at a minimum. The designee at Walsh Middle School indicated that she turns over funds to the City Treasurer weekly. The timing of these turnovers satisfies DESE's Guidelines, as noted above, but does not satisfy procedures in the district's student activity policy manual. The manual indicates that funds should be deposited into the agency accounts within 48 hours of receipt. The district should ensure that policies and procedures properly reflect the district's wishes for turning over funds to the City Treasurer.

The district's student activity policy manual includes policy on interest earned. The policy indicates for what purposes interest earned can be spent, including operational costs and for students to attend a school function if financial hardship would otherwise prevent them from attending. Policy also says that interest earned not used for operational costs can be spent at the principals' discretion if the spending benefits the student body.

The district's student activity policy manual includes policy on commissions. The policy indicates that commissions shall be deposited into the student activity account and can be spent at the principals' discretion if the spending benefits the student body.

The district's student activity policy manual includes policy on undesignated monies. The policy indicates that undesignated monies shall be deposited into the student activity account and can be spent at the principals' discretion if the spending benefits the student body.

Through discussions with district staff a philosophy that monies are to be handled with care, in an accurate manner, clearly exists but its impact may be limited by the lack of ongoing training. The district can convey this message to its staff better if it were to do so through roundtable meetings and educational trainings, as DESE's Guidelines suggest.

Corrective Action Plan

2. Make a sample selection of receipts to test. This sample population should be a representative sample of receipts that are made from the school deposit slips. If possible, the sample should be made from the population of duplicate deposit slips maintained by the class advisor.

Results:

Document any findings that may exist as a result of the testing of receipts in step 2.

For findings and comments related to the testing of a sample selection of receipts, see the section below.

3. Upon determination of the samples to be tested, perform the following procedures on each sample:
 - a. Is the receipt amount included on the deposit slip?
 - b. Is the deposit included in the bank statement?
 - c. Does the deposit amount agree with the accounting system's records?
 - d. Is the receipt for a proper student activity account?
 - e. Is the receipt recorded to the proper subsidiary activity in the student activities' ledger?
 - f. Was a pre-numbered receipt used?
 - g. Were the funds remitted within twenty-four hours or within the next business day (if a weekend day) to the principal's office?
 - h. Were the funds remitted by the principal's office to the City/Town/District Treasurer's agency account within one week?
 - i. Is the receipt accompanied by a school deposit slip?
 - j. Is there written evidence of receipt of the deposit from the City/Town/District Treasurer?
 - k. Is a duplicate of the school deposit slip maintained by the advisor and signed by the advisor?

Results:

Document any findings that may exist as a result of any deficiencies discovered in the above steps 3.a. – 3.k.

Findings:

Testing of receipts for June 2019 showed that district staff is consistently performing the necessary procedures for proper handling of receipts. Any findings noted are based on specific checks of receipts that do not satisfy the questions listed above.

Multiple receipts are for funds that are not for true student activities and instead should be deposited into other accounts at the district level.

Multiple receipts show that funds remitted to the principal's office were not remitted within 24 hours.

One receipt show that funds were not remitted by the principal's office to the City Treasurer within one week.

Comments:

Testing whether deposits appeared on the bank statement was not possible since bank statements were not provided for review.

A receipt reviewed showed that one deposit into the General Athletics student activity account was for uniform replacement for a student that lost his lacrosse shorts. This is a deposit that should have been made into the Athletics Revolving Account instead.

A receipt reviewed showed that one deposit into the General Athletics student activity account was for proceeds from vending machine sales in the Athletics Department. This is a deposit that should have been made into the Athletics Revolving Account instead.

A receipt reviewed showed that one deposit into the Math Club student activity account was for textbooks and one calculator. One check written was to the Framingham Math Department. This is a deposit that should have been made into the Lost Books Revolving account instead.

A receipt reviewed showed that one deposit into the History Club student activity account was for a textbook. This is a deposit that should have been made into the Lost Books Revolving account instead.

Multiple receipts reviewed showed a deposit slip date four days earlier than the date the principal's office received it. DESE's Guidelines indicate that deposits should be turned over to the principal's office within 24 hours.

A receipt reviewed showed a deposit slip date five days earlier than the date the principal's office received it. DESE's Guidelines indicate that deposits should be turned over to the principal's office within 24 hours.

A receipt reviewed showed a date the principal's office received the deposit slip 12 days earlier than the date of the City's turnover sheet. DESE's Guidelines indicate that deposits into the agency account should be made within one week.

Corrective Action Plan

I will be working with the new Treasurer that is being hired shortly to put together a procedure that addresses all of these issues.

V. PURCHASING AND DISBURSEMENTS

A. ESE Policy Guideline or MGL Requirement:

- MGL 71, Section 47 gives the responsibility for the establishment of student activity accounts to the School Committee and the enforcement of School Committee policies to the School Principals; such is the case with purchasing and disbursements. It is important that disbursement policies are sound, controlled, and designed to benefit only the students.
- In order to accomplish this goal, ESE recommends the following at a minimum are in place:
 - Advance of funds should be avoided whenever possible. If it is anticipated that an advance is necessary, prior written approval must be obtained from the School Principal.
 - Equipment and supplies purchased with student activity funds are the property of the student activity groups and not any individual student or other organization. Equipment and supplies purchased with student activity funds should be used exclusively for co-curricular student activities and not for the general use of School operations.
 - Student advisors, or others involved in purchasing, may not benefit personally from any purchasing – either directly or indirectly.
 - Student activity funds may not be used for any purpose unrelated to student activities or for the benefit of any staff person.
 - All disbursements shall be made by check.
 - The policy adopted by the School Committee should specify the method or methods to be used to pay for expenses, including how to handle the reimbursement of funds when personal credit cards are used. (This is important because of the potential “reward” benefits the credit card holder may accrue).
 - Disbursements exceeding \$600 in aggregate to any one individual or entity must be reviewed to determine if a Form 1099-MISC. is required. Process should be coordinated with the Town Accountant or Treasurer to ensure compliance.
 - Checks may not be written to cash.
 - Checks shall be signed only after they are completely prepared.
 - Check signature authority shall be in accordance with School Committee policy. Consideration should be given to require two signatures for individual disbursements made over a certain dollar amount.
 - Individuals responsible for writing checks should be segregated from the record keeping and reconciliation process; or assurances should be made that other mitigating controls are in place such as a monthly review of all activity by an independent responsible individual.
 - All disbursements are required to have adequate external supporting documentation such as a vendor invoice, bill contract or receipt.

- A record of all checks will be maintained, including void checks. Numerical order of checks should be retained.
- Checkbook reconciliations should be performed monthly.
- A standardized form should accompany all requests for check issuance.
- The standardized form shall be accompanied by the supporting documentation and must state to whom the check shall be payable, the reason for the payment, the amount of the check, the student activity account to be charged, and the approval signature of the advisor or student officer.
- All requests for replenishment to the School Principal imprest checking account must be adequately supported and processed through the City/Town/District accounts payable warrant process.

Agreed Upon Procedure/Audit Guideline:

1. Through inquiry of the School Principal or their designee, document the process by which disbursements are administered in order to gain an understanding of the internal control process in place. In addition, while conducting the inquiry, determine if the following have been addressed or developed:
 - a. Determine if disbursement policies are established by the School Committee.
 - b. Determine if all disbursements require the Principal's (or his designee's) approval.
 - c. Determine if all disbursements require supporting documentation.
 - d. Determine if cash advances are prohibited.
 - e. Determine if standard requests for disbursements are prepared.
 - f. Determine if student activity funds are used on student activities.
 - g. Assure that steps are in place to prohibit advisors or other individuals involved with purchasing to personally benefit in any way.
 - h. Determine if all purchases are recorded and check records are maintained.
 - i. Determine if all void or missing checks are accounted for.
 - j. Determine who the authorized signers on the account are. Consider contacting the bank to confirm.
 - k. Determine if a competitive process for purchasing is encouraged.
 - l. Determine if disbursements may only be charged against the accounts for which funds have been designated.
 - m. Determine if segregation of duties exists between the check writer and the individual who reconciles the bank statements. If not, determine if there are mitigating controls in place to limit risks.

Results:

Document any findings that may exist as a result of any deficiencies discovered based on the understanding of the control process in place for disbursements conducted in the above steps 1.a. – 1.m.

Findings:

Disbursement procedures have been established by School Committee and are found in the procedures part of the district's student activity policy manual from 2010 that was revised in 2011.

Disbursements require the principal's approval.

Disbursements require supporting documentation.

Cash advances are not prohibited, but certain controls are in place to limit how often they happen.

Standard requests for disbursements are prepared.

Student activity funds are generally used on student activities, but not always.

Steps are in place to prohibit advisors or other individuals involved with purchasing to personally benefit in any way.

Purchases are recorded and check records are maintained.

The high school designee and the high school principal's assistant are the authorized signers for the high school's student activity checks. The principal at Walsh Middle School is the authorized signer for Walsh Middle School's student activity checks.

A competitive process for purchasing is encouraged at the district level, but not typically for student activities.

The designees ensure that disbursements are only charged against the accounts for which funds have been designated.

Segregation of duties between the check writer and the individual who reconciles the bank statements exists at both the high school and Walsh Middle School.

Comments:

Disbursement procedures found in the district's student activity policy manual from 2010 that was revised in 2011 are mostly consistent with those found in DESE's Guidelines, as noted above.

Disbursements require the principal's approval, but not on a per-disbursement basis. The high school principal's authorization happens at the warrant level only. The high school principal does not sign disbursement checks. At Walsh Middle School, the principal approves disbursements by signing checks and at the warrant level.

The district will not initiate disbursements without adequate supporting documentation. The district's student activity policy manual states that disbursement documentation must be in the form of bills or receipts and cannot be vendor statements.

Regarding cash advances, the district's student activity policy manual indicates that "up fronting of personal monies should be avoided whenever possible. If it is anticipated that up fronting of monies may be necessary, prior approval shall be obtained from the principal." The high school designee indicated that, on occasion, large disbursements need to go out prior to collections taking place to cover those large disbursements. Managing this in the EPES system is complicated since it does not allow subsidiary accounts to go into deficit.

Standard requests for disbursements are prepared. The district has ensured that the same forms are consistently used.

As noted throughout the findings and comments in this document, student activity funds are not always used on student activities. Specific cases can be found in other sections of this document. The district should ensure that student activity funds are always used on student activities.

Steps are in place to prohibit advisors or other individuals involved with purchasing to personally benefit in any way because procedures in the district's student activity policy manual indicate that "The up fronting of personal monies should be avoided whenever possible." School Committee has adopted language designed to avoid reimbursements. By allowing reimbursements to take place, advisors or other individuals can personally benefit since they use personal credit cards for purchases and accumulate points with their credit card companies because of these purchases. Even though the manual focuses on reimbursements, the district allows them to take place regularly. The district should consider updating its policies and procedures to tighten controls related to benefits to individuals.

Per the high school and Walsh Middle School designees, all checks are tracked and a record of them is kept, even if voided. Copies of voided checks are maintained.

The high school principal does not sign checks. Only the designee and the high school principal's assistant sign checks.

Regarding encouraging a competitive process for purchasing, the high school designee indicated that a competitive process is generally not used for student activities as the schools tend to stick with the same vendors year to year. While not required, a competitive bidding process should be encouraged.

With such attention paid to the detailed transaction tracking at the subsidiary level, the designees ensure that disbursements are only charged against the accounts for which funds have been designated. Exceptions to this could be at the high school when the principal initiates disbursements out of one of the many student activity accounts for which she is the advisor. For those cases, it is not clear if the disbursements are being charged as the funds were originally designated. The district should ensure that student activity funds are spent as they were originally designated.

At both the high school and Walsh Middle School, the designees are responsible for writing checks and record keeping, but not for reconciliations, which are done by the City Treasurer. Per DESE's Guidelines, as noted above, with this setup, districts should ensure other mitigating controls are in place such as a monthly review of all activity by an independent responsible individual. The district should ensure that procedures support other mitigating controls in place.

Corrective Action Plan

2. Make a selection of disbursements to test. This sample population should be a representative sample of disbursements selected from the school check register.

Results:

Document any findings that may exist as a result of the testing of disbursements in step 2.

For findings and comments related to the testing of a sample selection of receipts, see the section below.

3. Upon determination of the samples to be tested, perform the following procedures on each sample:
 - a. Is the disbursement accompanied by a standard request form for disbursement signed by the advisor or student treasurer?
 - b. Is the disbursement accompanied by adequate supporting documentation (i.e., vendor invoice or receipt)?
 - c. Was the disbursement approved by the Principal? How was the Principal's approval evidenced?
 - d. Does the disbursement agree to the amount in the accounting system?
 - e. Does the disbursement agree to the amount debited on the bank statement?
 - f. Is the disbursement agreed to and supported by a cancelled check?
 - g. Is the cancelled check properly endorsed by an authorized signer?
 - h. Is the disbursement an appropriate use of student activities monies?
 - i. Is the disbursement charged against the proper student activity account?
 - j. Although not legally required, as a best practice, was the purchase procured competitively?
 - k. Has anyone other than the students benefited from the disbursement?
 - l. If the disbursement is made to an individual and the disbursement causes that individual to equal or exceed \$600 in total disbursements, has a Form 1099-MISC been issued to the individual?
 - m. Does the disbursement properly exclude any payments for sales tax?

Results:

Document any findings that may exist as a result of any deficiencies discovered for the procedures conducted in the above steps 3.a. – 3.m.

Findings:

The district has procedures in place for the disbursements process that are consistently followed, but there are some shortcomings with satisfying these procedures that the district should address.

Multiple disbursements were not appropriate uses of student activity monies.

Multiple disbursements were authorized for reimbursements and district procedures indicate that reimbursements should be avoided whenever possible.

Comments:

Testing whether disbursements appeared on the bank statement was not possible since bank statements were not provided for review.

As noted earlier, one disbursement is for a coat for the Coach of the Year award. This coat is for a coach and not for students. The district should ensure that student activity funds are spent on student activities.

One disbursement is for gloves for the girl's hockey team. The gloves should have been purchased out of the Athletics Revolving Account. The district should ensure that student activity funds are spent on student activities.

One disbursement is for ice time for the Framingham Youth Hockey Program. This disbursement is not for high school students. The district should ensure that student activity funds are spent on student activities.

One disbursement is for pool time for the girls swim team. This disbursement should have been purchased out of the Athletics Revolving Account. The district should ensure that student activity funds are spent on student activities.

Nine disbursements of 22 in June 2019 that were authorized and not voided were reimbursements, which is notable because the district's procedures indicate that "the up fronting of personal monies should be avoided whenever possible."

Corrective Action Plan

VI. CLASS, INACTIVE ACCOUNTS AND DEFICITS

A. ESE Policy Guideline or MGL Requirement:

- It is ESE’s opinion that, because graduates are no longer students, monies for student class grades that have graduated cannot be legally maintained in student activity accounts. ESE recommends that the School Committee approve a policy that specifies how these funds shall be disposed of upon a class’ graduation. Notification of the manner of disposition should be given to the class officers and all students who contribute to the class accounts. Such policy should specify how long the class account should remain active after graduation (i.e. 90 to 180 days after graduation to permit the school to pay all class obligations). After the waiting period, the policy should specify if and how the remaining funds will be transferred to the graduates, if the funds will revert to other student activity groups (such as the incoming senior class), or other specific disposition instructions.

Agreed Upon Procedure/Audit Guideline:

1. Through review of School Committee policies, determine the policy for disposition of class accounts.
2. Obtain listing of all individual student activity accounts and scan the listing for class accounts for students who have already graduated.
3. Determine if disposition is in accordance with School Committee policies.

Results:

Disposition of class accounts that have already graduated is in accordance with School Committee policy.

Yes No

Finding: Disposition of class accounts is not in accordance with School Committee policy.

Comments: Policy on class accounts in the district’s student activity policy manual from 2010 and revised in 2011 states that “The class account should remain active after graduation for ninety days, to allow time for outstanding bills to be received and paid. After this waiting period, the remaining monies will be either be transferred to the graduates, revert to the incoming Senior class, or comply with other specific disposition instructions.” While the disposition of class accounts is in accordance with policy on the 90-day waiting period, it is not in accordance with the other language in the policy. The district consistently has the remaining funds for a class that graduated transferred to the student activity account of the incoming freshman class. The district has class officers sign an agreement indicating that remaining funds for their class will be transferred to the incoming freshman class during the 90-day period after their graduation. The policy manual states that remaining funds can be transferred to the graduates, transferred to the incoming Senior class, or comply with other specific disposition instructions. In short, policy states that the class officers should be given a choice of what they want to happen to the funds upon graduation. The district should ensure procedures allow the graduating class to choose how their funds should be disposed of upon graduation.

Corrective Action Plan

B. ESE Policy Guideline or MGL Requirement:

- Any student activity inactive for a period of three (3) years or more, and for which there has been no receipts or disbursements recorded on their behalf, shall require the following actions in order to be closed:
 - Written notification by the advisor or student officer to the School Principal or other authorized administrator that the activity will cease to be a viable account. If an advisor or student officer is not available, such discontinuance shall be by vote of the School Committee.
 - All assets of the recognized student activity shall be identified and stated in writing.
 - Any disposition of assets of an inactive recognized student activity shall be determined by the School Committee, but in no case shall the disposition benefit specific individuals.
 - Such policy will be communicated to the students who contribute to the accounts, when possible.

Agreed Upon Procedure/Audit Guideline:

1. Through review of School Committee policies, determine the policy for disposition of inactive accounts and its reasonableness.
2. Obtain listing of all individually listed student activity accounts. Scan listing for accounts that do not have any activity and review prior years' activity for those accounts to determine if they are inactive.
3. Determine if disposition is in accordance with School Committee policies.

Results:

Disposition of inactive accounts is in accordance with School Committee policy.

___ Yes No

Finding: Disposition of inactive accounts is not in accordance with School Committee policy.

Comments: District staff is aware that accounts become inactive and have taken steps to close out inactive accounts. However, the steps used to close out accounts are not in accordance with School Committee policy. Policy in the district's student activity policy manual from 2010 and revised in 2011 indicates that advisors should put in writing that the account is ceasing to be viable and, if the advisor is not reachable, discontinuance shall be by the vote of School Committee. Policy also states that all assets of the student activity account to be discontinued should be determined and stated in writing. Policy also states that

disposition of the account's assets shall be determined by the school principal. DESE's Guidelines, as noted above, states that disposition of the account's assets shall be determined by School Committee. One other discrepancy noted has to do with the amount of time that passes with no transactions for a student activity account to be deemed inactive. DESE's Guidelines, as noted above, and the procedures portion of the district's student activity manual indicates the timeframe for this is three years. The policy portion of the district's student activity manual indicates the timeframe for this is two years. The district should review its policy and procedures to ensure they reflect the disposition of inactive accounts in the manner that the district wishes to have.

The following student activity accounts were deemed to be inactive during our review. The district should work to close out these accounts per School Committee policy.

At the high school:

- Eagles Eye
- AC-DEC Club
- International Club
- Tech Equity for Learning
- ESL
- Reflections
- Oceanography
- M.O.M.M.
- Human Rights Club
- Best Buddies Activity
- Marketing Class
- Interact Club
- Open Mic/ Open Verse
- Academic Quiz Team
- Sim Club
- Graduated Class Funds
- FCS Foods
- FCS Clothing
- FCS Int. Design

At Walsh Middle School:

- Mentor
- Wounded Warrior

Corrective Action Plan

C. ESE Policy Guideline or MGL Requirement:

- Individual activity accounts should not be permitted to be in a deficit position because such a position becomes a liability to other individual activities or possibly to future classes. ESE recommends that the School Committee develop a policy for remedial action whenever a deficit not resulting from timing exists.

Possible remedial action could include funding from the following sources:

- School Committee appropriation;
- Accumulated investment earnings;
- Surpluses of inactive accounts;
- Gift from an activity with a surplus balance through approval of the advisor; or
- Any other legal means.

Agreed Upon Procedure/Audit Guideline:

1. Through review of School Committee policies, determine the policy for the remediation of individual student activity deficit balances and its reasonableness.
2. Obtain listing of all individually listed student activity accounts. Scan listing for accounts and determine if any have deficit balances.
3. Determine if disposition of deficit balances is in accordance with School Committee policies.

Results:

Disposition of deficit balances is in accordance with School Committee policy.

Yes No

Finding: A School Committee policy on the disposition of deficit balances does not exist.

Comments: The district should ensure that policy and procedures are in place for the disposition of deficit balances and/or to ensure accounts do not have deficit balances. At the high school, the Band student activity account was in deficit at the end of the 2018-2019 school year and the student activity account without a name started the 2018-2019 school year with a deficit balance. At Walsh Middle School, the Theatre Arts student activity account was in deficit at the end of the 2018-2019 school year.

Corrective Action Plan

VII. STUDENT TRAVEL

A. ESE Policy Guideline or MGL Requirement:

- The School Committee should adopt policies and procedures for student travel related to student activities (i.e. field trips, overnight, and abroad). The policy should address how travel is to be authorized, the method or methods of paying travel expenditures, and final accountability for all travel costs associated with a trip.
- The following should be included in the travel policy:
 - A request for travel authorization and funding must be prepared well in advance of the time the funds are needed.
 - The request should be submitted by the advisor or other person responsible for the activity trip; furthermore, the request should be approved by the School Principal in accordance with policy established by the School Committee.
 - Travel Authorization Forms should contain at least the following: date of request, date funds needed, destination and purpose of trip, estimated departure and return times, number of persons traveling, estimate of cash required for tips and other various sundry items, estimate of expenses, signature of person requesting authorization, signature of person authorizing the request, check number and date of payment, and signature of the School Principal.
 - The approved travel authorizations are to be submitted to the School Principal or their designee to ascertain that sufficient funds are available.
 - Approved Travel Authorization Forms should remain in a pending file until final accountability for the trip has been completed.
 - The policy adopted by the School Committee should specify the method or methods to be used to pay travel expenses, including how to handle the reimbursement of funds when personal credit cards are used. (This is important because of the potential “reward” benefits the credit card holder may accrue).
 - A statement of final accountability must be submitted by the authorized trip sponsor promptly after the completion of the trip. Final accountability statements should include at least the following: date; notation of advance funds received (if applicable - amount, date, and check number); complete listing of itemized expenditures paid - together with documentary evidence of payment; totals of cash or checks expended; notation and totals of credit card or open account expenses (if applicable); the amount returned to the student activities if advances received exceed documented expenditures; the amount of additional reimbursement requested if travel expenses incurred exceed travel advances received; signature of person completing final accountability statement and signature of School Principal or their designee to indicate that there has been an acceptable final accountability.

Agreed Upon Procedure/Audit Guideline:

1. Through a review of the School Committee policies, determine if the policy for student

travel is adequate.

Results:

School Committee policies related to student travel are adequate.

Yes No

Finding: School Committee policies related to student travel are not adequate enough to satisfy DESE's Guidelines.

Comments: No policies for student travel are found in the district's student activity policy manual from 2010 and revised in 2011. The district has other policies for student travel and those policies are thorough and mostly satisfy requirements in DESE's Guidelines above. The ways that the policies do not satisfy requirements in DESE's Guidelines are there is no mention of methods to pay for travel expenditures, there is no mention and no requirement for final accountability for all travel costs associated with the trip, and there is little to no specificity of what is required on the travel authorization forms. The district should ensure that policies and procedures for student travel are adequate.

Corrective Action Plan

2. Test a sample of travel expenditures and determine that the travel is properly authorized, that there is a final accountability for all travel and there is documentation supporting all disbursements.

Results:

Student travel expenditures are properly authorized, with final accountability and supporting documentation.

Yes No

Finding: Student travel expenditures are presumably properly authorized but there is no evidence of final accountability for a trip.

Comments: Travel expenditures and a final accountability sheet were not provided for review and, therefore, travel expenditures could not be confirmed as proper. Since the district is sound with authorization of disbursements, it is presumed that the expenditures were properly authorized. The district should ensure that policies and procedures are in place to ensure that student travel expenditures are proper and final accountability of student travel is performed.

Corrective Action Plan

- Determine that travel expenditures are in accordance with School Committee policies.

Results:

Travel expenditures are in accordance with School Committee policies.

Yes ___ No

Finding: Student travel expenditures are presumably in accordance with School Committee policies.

Comments: Travel expenditures were not provided for review and, therefore, could not be confirmed as being in accordance with School Committee policies. Since the district is sound with its disbursements, it is presumed that the expenditures are in accordance with School Committee policies.

Corrective Action Plan

A corrective action plan is not necessary because the requirement was satisfied.