



STUDENT ACTIVITY FUNDS AGREED UPON PROCEDURES

*Yong Ju No, CPA
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Office of Internal Audit

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THE CITY OF SPRINGFIELD, MASSACHUSETTS

May 2, 2016

To the Superintendent and the School Committee
Springfield, Massachusetts

The Office of Internal Audit has performed the Department of Elementary and Secondary Education's agreed upon procedures related to student activity funds for the fiscal year ended June 30, 2015.

Based on the results of our procedures, we conclude that the financial records, policies and procedures, and internal control processes in place are sufficient to support the objectives of the management of the Student Activities of Springfield Public Schools. However, we noted several areas that need improvement. In particular, we identified the following high risk areas:

- Inadequate Student Activity Funds policy (page 2)
- Training and staffing (pages 4,15, and 18)
- Unreconciled cash accounts (page 3)
- Commerce Football Club Student Activity (page 5)
- Sci-Tech Band (page 19)
- Segregation of duties (page 14)
- Inadequate cash receipts process (page 7)
- Retention of accounting records (page 6)
- Expenditures made with cash (page 12)
- Disposition of inactive accounts (page 20)

The results of our procedures were discussed with management whose responses have been incorporated into the report. A detailed discussion of our findings and recommendations follow.

We wish to personally acknowledge the support received throughout this process from Springfield Public Schools Principals, Student Activity Advisors, Student Activity Treasurers, the Business Office, and all others that helped to provide information during this review. We thank them for their cooperation and courtesies extended.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Yong Ju No'.

Yong Ju No, CPA

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THE CITY OF SPRINGFIELD, MASSACHUSETTS

OFFICE OF INTERNAL AUDIT'S REPORT ON APPLYING AGREED-UPON
PROCEDURES IN ACCORDANCE WITH *THE MASSACHUSETTS DEPARTMENT
OF ELEMENTARY AND SECONDARY EDUCATION AGREED-UPON PROCEDURES AND AUDIT
GUIDELINES: STUDENT ACTIVITY FUNDS*

May 2, 2016

To the Superintendent and School Committee
Springfield, Massachusetts

I have inspected the financial records, reviewed policies and procedures and conducted tests of the internal control processes in place to administer the Student Activities of Springfield Public Schools for the year ended June 30, 2015. The purpose of this inspection was to determine if the financial records, policies and procedures, and internal control processes in place are sufficient to support the objectives of the School Committee of Springfield Public Schools as it relates to the Student Activities.

My procedures were designed using the *Massachusetts Department of Elementary and Secondary Education Audit Guidelines: Student Activity Funds*. These guidelines were used in reaching my conclusion.

As a result of my procedures, certain matters came to my attention that I have reported in the accompanying Schedule of Findings.

Except for those matters reported in the accompanying Schedule of Findings, I conclude that the financial records, policies and procedures, and internal control processes in place are sufficient to support the objectives of the management of the Student Activities of Springfield Public Schools.

My inspection is not meant to be construed as an audit or opinion rendered by a Certified Public Accountant.

Sincerely,

A handwritten signature in black ink, appearing to read 'Yong Ju No'. The signature is stylized and includes a long horizontal flourish at the end.

Yong Ju No, CPA

SCHEDULE OF FINDINGS

No.	Applicable DESE Guidelines	Affected School(s)	Finding
1.	1A, 1B, 2A, 3A, 4A, 5A, 6C, 7A	All	<p><u>Student Activity Funds Policy Does Not Comply with DESE Guidelines</u></p> <p>The Student Activity Funds Policy adopted by the School Committee does not address the following:</p> <ul style="list-style-type: none"> • Specific procedures related to the creation, operation, control, and public reporting of student activity accounts as detailed in the Student Activity Procedures Handbook (“Handbook”). • Approval of new and existing student activity accounts. • Remediation of deficit accounts. • How to use and apply commissions and undesignated earnings. • Establishment of periodic submission of financial reports to School Committee. • Final accountability summary for student travel. • Methods to pay for expenses, including how to handle the reimbursement of funds when personal credit cards are used generating personal “reward points.” <p>Also, the approved policy indicates that student activities with balances greater than \$25,000 are required to be audited by external auditors once every three years. However, the mandatory audit threshold is “activities greater than \$25,000,” not “balances greater than \$25,000.”</p> <p><u>Recommendation</u></p> <p>We recommend that the School Committee amend its Student Activity Funds Policy to comply with DESE’s guidelines.</p> <p><u>School’s Response</u></p> <p><i>Business Office</i> We agree with the above findings, and it is the wish of the Office of Business & Financial services to have the School Committee adopt the student activity account procedure manual as their student activity account policy, allowing the Chief Financial Officer and Budget Director to make immaterial changes as needed.</p> <p>We will revise the student activity account procedure manual to address the application of commissions and undesignated earnings, to include the establishment of annual or bi-annual financial reports to the School Committee, to address methods of payment, and to establish a policy for handling reward points earned.</p>

2.	1D, 3A	All	<p><u>Cash Accounts Are Not Reconciled</u></p> <p>We noted that a reconciliation of the Student Activity Agency Cash Account in MUNIS to the bank statement is performed monthly by the City Treasurer. However, we noted that the cash balances in the student activity module in MUNIS in which student activity transactions are recorded do not agree to the agency cash balances maintained by the City Treasurer. The cash balances in the agency account were greater than the cash balances in the student activity module for the period under review. The surplus ranged from \$57,519 to \$62,260 for FY15. There was no reconciliation between these two MUNIS accounts.</p> <p><u>Recommendation</u></p> <p>We recommend that the School Committee, Superintendent, and administrators address this issue in the following ways:</p> <ul style="list-style-type: none"> • Perform analysis going back through accounting records for several years to determine the variance. This could be an exhaustive process and many records may no longer be available, or • Allocate the surplus balance ratably among the student activity programs. This is may be the only option if accounting records are unavailable. <p>We also recommend that the cash account in the student activity module be reconciled to the agency cash account monthly by the Business Office.</p> <p><u>School's Response:</u></p> <p><i>Business Office</i> We agree with the above findings, and will research the discrepancy between the cash balances in the MUNIS student activity module in and the agency cash balances maintained by the City Treasurer. We will also make recommendations to the School Committee on how to allocate any surplus balance of student activity funds.</p> <p>The Office of Business & Financial Services will work in conjunction with Treasurers to come up with a process for reconciliations.</p>
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3.	1E	All	<p><u>Adequate, Ongoing Training Is Needed</u></p> <p>The Student Advisors and Student Activity Treasurers possess varying levels of Excel, recordkeeping, and reconciliation skills. Also, many of the Student Advisors who we interviewed were unsure of their specific responsibilities and unaware of student activity procedures in the Handbook.</p> <p><u>Recommendation</u></p> <p>We recommend that the Business Office provide formalized training annually for all those individuals that are involved in student activity function to ensure a consistent level of skills, an awareness of their responsibilities, and a familiarity of the student activity procedures in the Handbook.</p> <p><u>School's Response</u></p> <p><i>Business Office</i> We agree with the above findings, and will create a personalized training guide for the Student Activity Advisor group to address these issues.</p> <p>We plan to hold yearly trainings for Student Activity Treasurers, Student Activity Advisors, and Principals, as well as introductory training for new Treasurers, Advisors, and Principals.</p>
4.	4A	Central, Sci-Tech, Renaissance, Forest Park, and Kiley	<p><u>Deposits Are Inappropriately Co-mingled With School Lunch Funds in Armored Car Service</u></p> <p>During our testing, we were informed that Student Activity funds along with School Lunch funds are picked up by an armored car for deposit at the City's financial institution. The School's contract with Sodexo calls for use of an armored car service to transport School lunch funds. However, in the Sodexo contract, we noted that it made no mention that funds to be picked up by the armored car included Student Activities. As such, we believe that the Sodexo contract would not cover any loss to Student Activity funds transported by the armored car. The co-mingling of Student Activity deposits with the School Lunch funds for armored car pick-ups goes against DESE's "ongoing philosophy of the importance of handling money with care, honesty, and accuracy."</p> <p><u>Recommendation</u></p> <p>We recommend that the School amend its contract with Sodexo to include student activity funds in the armored car service. Alternatively, we recommend that the School make other accommodations to deposit the student activity funds with the City Treasurer securely.</p> <p><u>School's Response</u></p> <p><i>Business Office</i> We understand the concern of this finding, however, Student Activity funds are kept in separate bags and we don't believe that there is any risk of money being held without care, honesty, or accuracy.</p>

5.	3A, 4A, 5A	Commerce	<p><u>Commerce Football Club Student Activity Does Not Comply with Guidelines</u></p> <p>We noted that Commerce High School (“Commerce”) Football Club Student Activity did not comply with DESE guidelines. Receipts were not remitted to the Student Activity Treasurer; payments for expenditures were made with cash and not approved by the Principal; fundraisers were unmonitored to ensure funds were appropriately turned over to the Student Activity Treasurer; sufficient accounting records were not maintained; and there was no accounting for its activities. DESE guidelines require that funds be turned over within 24 hours to the School Principal or his/her designee, disbursements be made by check and approved by the School’s Principal, and that student activity detail records be maintained and appropriately accounted for.</p> <p>In addition, the Commerce Football Club Student Activity did not adhere to the procedures in the Student Activity Procedures Handbook, including the use of standard forms for deposit and disbursement, to ensure compliance with DESE guidelines.</p> <p><u>Recommendation</u></p> <p>We recommend that Commerce Football Club Student Activity comply with guidelines set forth by DESE and the Student Procedures Activity Handbook. We also recommend that its activities be continually monitored by the Student Activity Treasurer and or Principal to ensure compliance.</p> <p><u>School’s Response</u></p> <p><i>Commerce</i> The Football Club advisor was made aware of the procedures established in the By Laws and to ensure future compliance, the fund raising will be more closely monitored by the principal and the Student Activities Treasurer.</p>
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6.	3A, 4A	Central, Commerce , Sci-Tech, Renaissance, Kiley, Forest Park, and South End	<p><u>Retention Of Accounting Record Needs Improvement</u></p> <p>During our testing, we noted instances where the Student Advisor and Student Activity Treasurer could not locate accounting records including the following:</p> <ul style="list-style-type: none"> • Records of receipts. • Student Activity Cash Collection Forms. • Graduating Class Student Activity Disbursement Forms. • Student Activity Check Request Forms. • Signed Parent Permission Forms authorizing overnight travel. • Student Activity Field Trip Request Form. • Approved expense reimbursement Forms. <p>In addition, we noted that the Student Advisor for the Central High School (“Central”) Student Band Activity discarded the accounting records after the FY15 school year.</p> <p><u>Recommendation</u></p> <p>We recommend the following:</p> <ul style="list-style-type: none"> • Student Advisors maintain adequate supporting documentation relating to receipts, student travel, and transfer of funds. • Student Activity Treasurers maintain Deposit Turnover and Check Request Forms. • Student Advisors keep accounting records of Student Activities for three years in accordance with the <i>Massachusetts Statewide Record Retention Schedule</i>. <p><u>School’s Response</u></p> <p><i>Commerce</i></p> <p>Meeting of all clubs advisors, treasurer and the principal is scheduled for Tuesday 5 January and the topics of discussion will include:</p> <ul style="list-style-type: none"> • Maintaining all supporting documentation, pre-numbered receipts, tickets, or log forms. In the absence of receipt documents, two individuals will count the cash and sign off on the process. • Procedures to follow from requesting to host the fund raiser to turning the monies collected into the treasurer within 24 hours • Maintaining proper records • Treasurer depositing all monies within one week and providing copies of the deposit slips to the advisor.
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6.	(continued)		<p><u>Retention Of Accounting Record Needs Improvement (continued)</u></p> <p><u>School's Response (continued)</u></p> <p><i>Central</i> We agree with the findings. We will train the Student Activity Advisors to keep more accurate records and to retain them for 3 years. The Student Activity Treasurer will continue to comply with the School's policy to maintain the Deposit Turnover and Check Request forms, monitor their receipt, and will follow up with the Student Activity Advisors on any missing forms.</p> <p><i>Sci-Tech</i> The Student Activity Treasurer will keep better track of different club activities.</p> <p><i>Renaissance</i> We agree with the auditor's recommendation, and the following action will be taken. All documents are scanned on one the computer as soon as all signatures are collected. Originals are kept by Derek Wright, student activity treasurer, in date order.</p> <p><i>Kiley</i> We will follow the recommendation:</p> <ul style="list-style-type: none"> • The Student Advisor will maintain supporting documents relating to receipts, student travel and disbursement of funds. • The Student Treasurer will maintain cash collection forms and check request form. • The Student Advisor will keep accounting records for three years. <p><i>South End</i> A monthly statement will be placed in a binder in the main office area that indicates activity for the month as well as totals currently in the account.</p>
7.	3A, 4A	Central, Commerce, Putnam, Sci-Tech, Renaissance, Kiley, Forest Park, and South End	<p><u>Controls Over Receipts Need Improvement</u></p> <p>During our testing of receipts, we noted the following exceptions:</p> <ul style="list-style-type: none"> • Funds collected by Student Advisors/students are not being turned over to the Student Activity Treasurer with the 24 hours of collection. • Deposits are not consistently being turned over to the City Treasurer timely (within 7 days from collection in accordance with City Treasurer's policy). A number of cash receipts were held anywhere from two weeks to four months before being deposited into the bank. • Pre-numbered receipts, tickets, and receipts logs are not used, or are not consistently used. • The standard deposit forms are not consistently used or signed.

7.	(continued)	<p><u>Controls Over Receipts Need Improvement (continued)</u></p> <p><u>Recommendation</u></p> <p>We recommend the following:</p> <ul style="list-style-type: none"> • Student Advisors turn over funds to the Student Activity Treasurer within 24 hours of collection. • The Student Activity Treasurer deposit all monies received from the Student Advisors at a minimum weekly. • Student Advisors use pre-numbered receipts, tickets, or log forms. For example, for yearbook sales, we recommend that Student Activity use the vendor's electronic orders forms to document amounts collected. • In the absence of receipt documents, two individuals count the cash and sign off on the process. • Student Activity Treasurers use and sign the Student Activity Cash Collection Form. <p><u>School's Response</u></p> <p><i>Commerce</i> See response to Item 6.</p> <p><i>Central</i> We agree with the findings and will stress to the club advisors that monies must be turned over immediately. We will begin using the correct business office forms.</p> <p><i>Sci-Tech</i> We will gladly comply with any recommendations the City and/or district makes to improve our procedure. -Gary Bernice, Director of Bands</p> <p>The Student Activity Treasurer will oversee deposits and use pre-numbered receipts, tickets, or log forms. In the absence of receipt documents, the Student Activity Treasurer will be the second witness of money counting and signing.</p> <p><i>Renaissance</i> We agree with the auditor's recommendation, and the following action will be taken. Receipts will be written for students handing money for trips. For the adventure Ed account, where students give \$3 to dress down, teachers will have a class list where they track who gave them the money. Admin will collect envelopes of money with the lists. Derek Wright, student activity treasurer, will verify that the money equals the amount of check marks times 3.</p>
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7.	(continued)		<p><u>Controls Over Receipts Need Improvement (continued)</u></p> <p><u>Recommendation (continued)</u></p> <p><i>Kiley</i> We will follow the recommendation:</p> <ul style="list-style-type: none"> • The Student Advisor will turn over all funds to the Student Activity Treasurer within 24 hours. • The Student Treasurer will deposit all monies received weekly. • The Student will use pre-numbered receipts or a log form. • There will be two individuals to count all monies collected and sign off on the process. <p><i>South End</i> School will purchase a book of pre-numbered receipts and use these to document all funds received.</p>
8.	4A	Commerce, Putnam, Renaissance, Forest Park, Kiley, and South End	<p><u>Deposits Are Not Substantiated</u></p> <p>During our testing of receipts, we noted that the Student Advisor Treasurer verifies the amount collected from the Student Advisors and makes the deposits. However, the Student Activity Treasurer does not provide a copy of the deposit slip or a Student Activity statement to indicate that the deposit was made, showing the total deposit agrees to the amount originally collected.</p> <p><u>Recommendation</u></p> <p>We recommend that the Student Activity Treasurer provide copies of deposit slips and a monthly Student Activity statement indicating that the proper amount was deposited.</p> <p><u>School's Response</u></p> <p><i>Commerce</i> The Student Activities Treasurer now provides every club advisor with a copy of all their deposits. At the beginning of the month he will provide every club advisor with a copy of their current status as maintained in MUNIS.</p> <p><i>Putnam</i></p> <ul style="list-style-type: none"> • Putnam has created triplicate carbon copy Student Activity Cash Collection forms to ensure that student activity groups receive copies of their deposits. Additionally, Putnam has purchased a desktop copier for the Business Manager to conveniently make copies when necessary. • The Business Manager will provide monthly statements to the active student activity groups.

8.	(continued)		<p><u>Deposits Are Not Substantiated (continued)</u></p> <p><u>School's Response (continued)</u></p> <p><i>Renaissance</i> We agree with the auditor's recommendation, and the following action will be taken. When Derek Wright, student activity treasurer, makes deposits he will send the scan of bank deposit slip to all the student activity advisors that have money being deposited.</p> <p><i>Forest Park</i> We will provide copies of deposit slips to student advisor and periodic activity statements.</p> <p><i>Kiley</i> We will follow the recommendation: The principal will receive copies of the deposit slips and also a monthly statement indicating the deposit amount.</p> <p><i>South End</i> Copies of deposit slips will be provided to the staff member acting as Student Advisor for each activity.</p>
9.	1A	Commerce, Central, Sci-Tech, Renaissance, Forest Park, Kiley, and South End	<p><u>Monitoring of Fundraising Activities Needs Improvement</u></p> <p>We noted that student activity fundraisers are often unmonitored by the School's Principal. DESE guidelines state that the student activity accounts by statute are the responsibility of the School's Principal. This includes the monitoring of student activity fundraisers to ensure funds have been properly turned over. We believe this monitoring activity can be best achieved by working with the Student Activity Treasurer.</p> <p><u>Recommendation</u></p> <p>We recommend that that the Student Activity Treasurer work with the Principal to monitor all fund raising activities by performing the following:</p> <ul style="list-style-type: none"> • Review the School's calendar or other publicized documents for unauthorized student fundraisers and work with Principal to resolve. • Review the Student Activity Fundraising Form for the Principal's approval. • Follow up with Student Advisors to ensure the timely turnover of funds. <p><u>School's Response</u></p> <p><i>Commerce</i> A system is being implemented where the Student Activity Treasurer is informed of every approved fund raiser by the principal and every fund raiser is approved in time to be published in the monthly Activity Calendar. The treasurer will then follow up with the club's advisor to ensure that the funds are turned over within 24 hours of the completion of the fund raising event.</p>

9.	(continued)		<p><u>Monitoring of Fundraising Activities Needs Improvement (continued)</u></p> <p><u>School's Response (continued)</u></p> <p><i>Central</i> We agree with the findings and will monitor all collections.</p> <p><i>Sci-Tech</i> Student Activity Treasurer will work with Principal Walsh to oversee fundraisers and keep a closer money management of fundraisers (24 hours turn around).</p> <p><i>Renaissance</i> We agree with the auditor's recommendation, and the following action will be taken. For a fundraiser to happen the district fundraiser request for will be filled out. The form has a signature line for the student activity treasurer and the principal. The student activity treasurer will make sure there is no conflict with the date. The principal will approve the fundraiser itself.</p> <p><i>Forest Park</i> We will have the treasurer monitor all fundraising activities.</p> <p><i>Kiley</i> We will follow the recommendation:</p> <ul style="list-style-type: none"> • The principal will review the school calendar and make sure there are no unauthorized student fundraisers. • The form will be reviewed and approved by the principal. • The principal will work the Student Advisor to ensure funds are turn over in a timely manner. <p><i>South End</i> Staff will be informed of accepted process for fundraising, and proper forms will be used to document fundraising activities.</p>
10.	3A	Central and Sci-Tech	<p><u>Standardized Forms Are Not Used</u></p> <p>We noted that standardized forms as prescribed in the Student Activities Procedures Handbook for cash deposits and disbursements were not used. DESE requires such forms for these activities be standardized whenever possible.</p> <p><u>Recommendation</u></p> <p>We recommend that that the School adhere to the Student Procedures Handbook and DESE guidelines by utilizing the standardized forms in the Handbook.</p> <p><u>School's Response</u></p> <p><i>Central</i> We agree with the findings and as of January 19, 2016, we will begin using the correct forms.</p>

10.	(continued)		<p><u>Standardized Forms Are Not Used (continued)</u></p> <p><u>School's Response (continued)</u></p> <p><i>Sci-Tech</i> See 19 response. We will gladly comply with any recommendations the City and/or district makes to improve our procedure.</p> <p>-Gary Bernice, Director of Bands</p>
11.	5A	Commerce and Forest Park	<p><u>Expenditures Are Made With Cash</u></p> <p>During our testing, we noted that expenditures were paid in cash from student activity receipts. We also noted no documented approval of such expenditures from the School Principal. DESE guidelines require that all disbursements be made by check and be approved by the Principal.</p> <p><u>Recommendation</u></p> <p>We recommend that the Schools adhere to DESE guidelines.</p> <p><u>School's Response</u></p> <p><i>Commerce</i> From this date forward, all expenditures will be made by check.</p> <p><i>Forest Park</i> We will follow the policies on cash disbursements in accordance with policy handbook.</p>
12.	4A	Commerce, Central, Putnam, Sci-Tech, and, Renaissance	<p><u>Student Activity Funds Are Taken Home</u></p> <p>During our testing of receipts, we noted that funds are often kept at the Student Advisor's and/or student's home. This is prohibited by DESE guidelines.</p> <p><u>Recommendation</u></p> <p>We recommend Student Activities comply with DESE guidelines.</p> <p>We also recommend that Student Advisors perform the following:</p> <ul style="list-style-type: none"> • Keep funds in a locked safe when not turned-over to the Student Activity Treasurer. • Instruct the individual/business from whom funds are solicited to remit payment/donations directly to the Student Advisor by mail using a check rather than giving cash to the student.

12.	(continued)	<p><u>School's Response</u></p> <p><i>Commerce</i> During the meeting next month, club advisors will be told that they cannot take any funds home with them and instead must secure them in the safe. Also, they will be instructed to plan accordingly and have every student who is involved in the fund raiser, turn in the funds daily to the club advisor.</p> <p><i>Central</i> We agree with the findings and will do all we can to insure funds are not taken from the school and that payments/donations are mailed to the school rather than cash being given to students.</p> <p><i>Putnam</i> The Business Manager will create additional literature to educate the Student Activity Advisors and students on proper cash handling procedures, and will schedule cash pick-up times after fundraising events. Training will also be provided for new advisors on an individual basis, as well as yearly training to all advisors at the beginning of the school year.</p> <p><i>Sci-Tech</i> All funds are currently kept in a locked safe before being turned over to the business office. No donations are given directly to students. All donations are kept at the school and are not brought to the Student Advisor or student's home. The only exception occurs if donations are accepted at band concerts. Our school does not have an auditorium. Therefore, every concert takes place outside of the school building. Donations cannot be returned to the school since concerts take place at other locations. By the time concerts are completed, SciTech is already locked and alarmed, preventing money from being returned to the school. Our administrative team has agreed to take donations from concerts with them if they are present at the concert. We will gladly comply with any additional recommendations the City and/or district makes to improve our procedure.</p> <p>-Gary Bernice, Director of Bands</p> <p><i>Renaissance</i> We agree with the auditor's recommendation, and the following action will be taken. When there is a fundraiser all advisors know to give money to Maria Reyes, principal clerk, or Derek Wright, student activity treasurer, with the deposit form filled out and signed within 24 hrs of the event.</p>
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13.	4A	Commerce, Sci-Tech, and South End	<p><u>Student Advisors and Student Activity Treasures Have Conflicting Duties</u></p> <p>We noted that some Student Advisors and Student Activities Treasurers have conflicting duties in that they receive funds and maintain the accounting records. In these instances, we noted that there are no compensating controls involving the direct review and supervision of their work and activities.</p> <p><u>Recommendation</u></p> <p>We recommend that different individuals be responsible for the receipt of cash and the record keeping function. In particular, we recommend that among other things, the Student Advisors be responsible for the receipt of cash and turnover of cash to the Student Activity Treasurer for deposit. They also should be responsible for keeping detailed records of such activities.</p> <p>The Student Activity Treasurer should be responsible for making deposits and maintaining (in MUNIS) the accounting records of the student activity.</p> <p>It should be noted that the Student Advisor’s responsibility of keeping detail records of the cash receipts and turnover serves as a mitigating control for Student Activity Treasurer’s conflicting responsibility of depositing the funds and maintaining the accounting records of the student activity.</p> <p>When it is not possible to segregate conflicting duties of an individual due to limited resources, then we recommend that individual’s work and activities be independently reviewed and monitored.</p> <p><u>School’s Response</u></p> <p><i>Commerce</i> A new Student Activity Treasurer will be appointed at the end of the school year. The principal will continue to approve the Cash Collection Forms as she has done so far.</p> <p><i>Sci-Tech</i> Upon the City’s 2015 recommendation, we have already implemented a separation of responsibilities and are adhering to the procedures related to cash handling in the Student Activity Procedures Handbook. One Student Advisor is responsible for the receipt of cash and another Student Advisor is responsible for the record keeping. The district’s business office has directly supervised the account to maintain transparency. We will gladly comply with any additional recommendations the City and/or district makes to improve our procedure.</p> <p>-Gary Bernice, Director of Bands</p> <p><i>South End</i> A Student Advisor will be designated for each activity. These staff members will be trained in proper procedures for handling funds, and in completing and maintaining the proper records of transactions.</p>
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14.	1E	Renaissance and South End	<p><u>Student Advisor and Student Activity Treasurer Positions Are Vacant</u></p> <p>We noted that Renaissance High School (“Renaissance”) does not have a Student Activity Treasurer and Student Advisor for the Adventure Education Student Activity Account. We also noted that South End Middle School (“South End”) does not have Student Advisors for its Student Activities Club Account. The record keeping and administration of these student activities are assigned to other staff temporarily who are not trained in student activity account procedures. DESE guidelines require that individuals who process, record, and report student activity accounts have the suitable skills to perform the duties in an adequate manner.</p> <p><u>Recommendation</u></p> <p>We recommend the School comply with DESE guidelines by appointing a Student Activity Treasurer and for each student activity a Student Advisor, both of whom are adequately trained in student activity procedures.</p> <p><u>School’s Response</u></p> <p><i>Renaissance</i> We agree with the auditor’s recommendation, and the following action will be taken. Derek Wright is the student activity treasurer. Dan Pear is the advisor for adventure education.</p> <p><i>South End</i> Each activity will have one staff member designated as the Student Advisor. This person will be trained in the proper procedures for handling funds associated with the particular activity.</p>
15.	7A	Central, Sci-Tech, and Renaissance	<p><u>Personal Credit Cards Are Frequently Used</u></p> <p>We noted numerous situations in which checks were written to Student Advisors for reimbursement rather than directly to vendors. One Student Advisor was paid \$18,305 and another paid \$11,488. Several others were paid also, but in lessor amounts. In these instances, we noted personal credit card reward points were generated, potentially creating a conflicting situation.</p> <p><u>Recommendation</u></p> <p>We recommend the School discourage Student Advisors from paying for goods and services and then request reimbursements when at all possible. Payments should be made directly to vendors who have been vetted by the City. Also, as mentioned in Finding 1, we recommend the School to formalize a policy on how to handle personal reward points.</p>

15.	(continued)	<p><u>Personal Credit Cards Are Frequently Used (continued)</u></p> <p>School's Response</p> <p><i>Central</i> It is difficult to respond to this definitively. We will make every effort to adhere to the policy, but often, vendors will only take a credit card and will not take a check. In the case of the Travel Club Advisor, he was floating a loan to the club by paying upfront for plane reservations in order to get a better price. Then, waiting until the fundraising and payments were complete to get paid back. The advisor donates all the miles earned back to the group for discounted flights.</p> <p><i>Sci-Tech</i> Although I would prefer not to request any reimbursements from the band's donation account, there are certain events and circumstances that require me to pay for an immediate need for students (and get reimbursed for later). For example, given little notice we were asked to perform at the Massachusetts Governor's Inauguration Celebration. I needed to purchase food and water for students. In another instance and also given little notice, we were asked to perform for President Obama's staff at an event in Boston sponsored by the Massachusetts Cultural Council. I needed to rent a U-haul truck to transport our equipment.</p> <p>In addition to providing original receipts, I have always provided my complete credit card statements so that the business office can view every one of my transactions and match each transaction to the original receipt. My goal has always been to be as transparent as possible.</p> <p>To avoid a conflict of interest, all reward points generated by my credit card from band purchases have been donated back to the band. This is another reason why I provide the business office with my complete credit card statements.</p> <p>While I have been paid back \$11,488 for reimbursement charges, my wife and I have contributed an additional \$26,138.48 to the band since 2007 that we have not been reimbursed for (nor are we intending to be reimbursed for). This is a number that we have not shared openly with the Springfield community. We give because our students are succeeding and we want to support them with our time, energy, and money. That being said, I have always sought to demonstrate financial integrity and am open to additional recommendations the City and/or district makes to improve our procedure.</p> <p>-Gary Bernice, Director of Bands</p> <p><i>Renaissance</i> Renaissance Staff will be informed that they need to have approval from Principal Coburn before purchases are made.</p>
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16.	3A	Central, Putnam, and Sci-Tech	<p><u>Deposits Are Made In Error</u></p> <p>We noted two instances where the deposit slips did not agree to the actual bank deposits. Both deposit slips were less than the actual bank deposits (one for \$100 and the other for \$120).</p> <p>We noted in another instance where a deposit of \$50 was recorded and deposited to the incorrect student activity account.</p> <p><u>Recommendation</u></p> <p>We recommend the following:</p> <ul style="list-style-type: none"> • Student Activity Treasurers adhere to the cash turnover guidelines in Student Activity Procedures Handbook by ensuring the receipt of cash is counted in the presence of the Student Advisor turning over the cash and having both individuals sign-off on the Student Activity Cash Collection Form to document their agreement. • As mentioned in Finding 6, Student Advisors obtain a copy of the deposit slip prepared from the Student Activity Treasurer to ensure that it agrees to their records. • Resolve the misposting of the \$50 deposit. <p><u>School's Response</u></p> <p><i>Central</i> We now have 2 signatures on the bank deposit to insure accuracy. Student activity advisors always receive back their deposit paper.</p> <p><i>Putnam</i> Immediately following the incidence, the Business Manager created a system to ensure that all deposits remained separate, by securing each deposit in a separate envelope listing the student activity group's name, the deposit date, and the deposit amount. Corresponding Student Activity Cash Collection sheets are now housed in a separate folder, and logged into a deposit worksheet where formula variances are tested.</p> <p>Putnam has created triplicate carbon copy Student Activity Cash Collection forms to ensure that student activity groups receive copies of their deposits. Additionally, Putnam has purchased a desktop copier for the Business Manager to conveniently make copies when necessary.</p> <p>As always, the Business Manager will work directly with the City Treasurer to resolve any discrepancies, if they were to occur.</p> <p><i>Sci-Tech</i> The Student Activity Treasurer will keep better track of different club activities</p>
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17.	6A	Central	<p><u>Class Accounts Are Not Disposed In Accordance With Guidelines</u></p> <p>We noted that graduating class accounts are distributed to the next graduating class without the communication to the class officers and graduating students who contributed to the account. DESE guidelines require such notification. In addition, we noted that the required Graduating Class Student Activity Disbursement Form was not completed and signed by a Class Officer, Student Advisor, and Principal to indicate the proper disposition of the class account as required in the Student Activity Procedures Handbook.</p> <p>Recommendation</p> <p>We recommend the School adhere to the guidelines set forth by DESE and the Student Activity Procedures Handbook regarding the disposition of class accounts.</p> <p>School's Response</p> <p><i>Central</i> We agree with the findings and will disburse the funds by the end of January.</p>
18.	1E	Central	<p><u>Central Student Activity Treasurer Needs Assistance</u></p> <p>We noted that Central High School has the most student activity accounts of all the public schools in Springfield. As of June 30, 2015, Central High School had sixty eight student activity accounts, transacting approximately \$176,000 in receipts and \$163,000 in disbursements. The bookkeeping function is currently assigned to the Student Activity Treasurer who is also a full time teacher with numerous other tasks to conduct in the school function. As such, due to the volume of transactions conducted at the various student activity accounts, the duties of the Student Activity Treasurer are difficult to maintain on a part time schedule.</p> <p>Recommendation</p> <p>We recommend that the Superintendent consider allocating the resources needed for the Student Activity Treasurer to perform her duties.</p> <p>School's Response</p> <p>We agree with your recommendation and plan to come up with a way to support the Treasurer at Central so that the workload is manageable.</p>

19.	4A	Sci-Tech	<p><u>Student Band Activity Does Not Comply With Guidelines</u></p> <p>We noted that Science and Technology High School (“Sci-Tech”) Band does not adhere to procedures prescribed the Student Activity Procedures Handbook. Its activities are not maintained/recorded in the Student Activity module in MUNIS; fundraising activities are not approved by the Principal; cash receipt turnover is not made to the Student Activity Treasurer; and disbursements are not made through the Student Activity Treasurer. In addition, its funds are deposited into the School’s donation account which is not an agency account. DESE requires all Student Activity funds be deposited into an agency account.</p> <p><u>Recommendation</u></p> <p>We recommend that the Student Band perform the following:</p> <ul style="list-style-type: none"> • Adhere to the procedures prescribed in the Student Activity Procedures Handbook. • Deposit its funds into an agency account. <p><u>School’s Response</u></p> <p><i>Sci-Tech</i> Since my arrival on January 22, 2007, the SciTech Band has sought to fully comply with state, district, and school guidelines with regard to donations, fundraising, and student activity accounts. Because of the number of students involved and the amount of money donated, correct accounting, transparency, and the demonstration of financial integrity have always been our highest priorities.</p> <p>It should be clearly stated that we will gladly comply with any recommendations the City and/or district makes to improve our procedure. It should also be clearly stated that based on the recommendation of the school and the district’s business office we set up a separate donation account in 2014, visible to the school’s principal and the business office in MUNIS. There were several reasons that this account was created. (1) To improve transparency, the principal and the business office would be able to view the account status at any time. (2) In the past decade, thousands of dollars have been lost due to incorrect accounting of the band student activity account by the school’s student activity treasurer. Although district procedures have since changed and a new treasurer is in place, it was believed that a professional financial analyst in the district’s business office would be better suited to directly handle the account. (3) Since students do not directly fundraise and all money given to the band is in the form of donations, it was decided that a separate donation account monitored and maintained directly by financial professionals in the business office (not teachers at the school) would improve transparency and accounting accuracy. If the City believes that the MUNIS donation account should be transferred back to a school activity account, we will certainly comply. However, it should be clearly stated that our intentions were not to disregard student activity account procedures. Quite the opposite—upon recommendations by the school and the business office, we sought to improve our procedures by creating the donation account.</p>
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19.	(continued)		<p><u>Student Band Activity Does Not Comply With Guidelines (continued)</u></p> <p><u>School's Response (continued)</u></p> <p><i>Sci-Tech (continued)</i> Since the account's creation in 2014, we have reconciled our internal accounting records to MUNIS each month in collaboration with the district's business office. Our records have matched every month. In fact, we have had the greatest level of accounting accuracy since the business office began monitoring the account in 2014.</p> <p>As mentioned above, we will gladly follow your recommendations—we will (a) transfer our donation account to an agency account, (b) we will adhere to the procedures in the Student Activity Procedures Handbook, and (c) we will continue to reconcile our internal accounting records to MUNIS. We simply want to be sure that the rationale for creating the band donation account is documented and that the intentions of our school, the district's business office, and our Student Activity Advisor are documented. The success of our students is the ultimate priority and we want our financial processes to mirror the high expectations we set in the classroom. We care deeply about students and are always willing to improve our practices to give them the best possible experiences.</p> <p>-Gary Bernice, Director of Bands</p>
20.	6B	Forrest Park	<p><u>Disposition of Inactive Accounts Does Not Comply With DESE Guidelines</u></p> <p>During our testing, we noted that an inactive cash account (containing a balance of \$3,210) at Forest Park Middle School ("Forest Park") which was not in the custody of the City's Treasurer. This cash account was subsequently closed and deposited into a bank account maintained by the City's Treasurer. The School indicated that the funds were recorded in the School's donations account in MUNIS since they believed it was used to deposit donations in the past. However, they did not have the accounting records to support their position and could not confirm that this account did not contain any Student Activities funds. As such, the determination of the fund's disposition, i.e., whether the funds should have been deposited into another Student Activity account(s) or into the School's donation account, should have come from the School Committee in accordance with DESE guidelines.</p> <p><u>Recommendation</u></p> <p>We recommend that the School comply with DESE guidelines regarding inactive accounts.</p>

20.	(continued)		<p><u>Disposition of Inactive Accounts Does Not Comply With DESE Guidelines (continued)</u></p> <p><u>School's Response</u></p> <p><i>Forrest Park</i> This account has been closed as instructed by the business office to the Public Schools Donation Account.</p> <p><i>Business Office</i> We agree with the above finding and will make sure we enforce the student activity procedures around disposition of inactive accounts. In the future, we will include school committee approval for transactions like this.</p>
21.	1C	Forrest Park	<p><u>Allowable Student Activities Accounts Are Not Maintained</u></p> <p>During our testing, we noted that the activities in Student Supplies Student Activity at Forest Park did not involve students. Funds are not raised by the students and not expended by those students for their benefit. The activity is for school supplies and is considered an extension of the school's operating activity.</p> <p><u>Recommendation</u></p> <p>We recommend that Forest Park move the funds to the custody of the City.</p> <p><u>School's Response</u></p> <p><i>Forrest Park</i> We agree to work with Central Office to move the accounts over.</p>