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MEMO

To: Elmira Heights Central School District Board of Education
From: Mary Ann Sheets, Faculty Auditor
Date: August, 2012
Re: Annual Audit Report

It has been my pleasure to be the Faculty Auditor for the 2011-12 school year. I took over the position from Jim Russ in August of 2011 and my first year was definitely a learning experience. I want to extend my sincere appreciation to Colleen Dengler, Debbie Palmer, and especially Kelly Buckley for all their help and support. They are truly wonderful and I couldn't ask for a better support team.

Initial Activity: Early in the year we focused on getting systems in place and on staff training. Deb, Kelly and I were able to hold an Auditor's Meeting in October to make sure all the advisors were on the same page and then Kelly and I were able to attend an Extra Classroom Activity Funds training in Bath in November. We provided all advisors with an information sheet and instructions so that expectations for advisors were written and consistent. I also created an advisor group list so that emails and information could be easily sent to all advisors. We requested and received the List of Officers from all clubs this year by October thanks to Kelly's diligent work.

Audit Procedure: Each month I collected the voucher files and supporting documentation from Kelly. I then filled out the Excel Audit Reports based on the information in the voucher files. As well, I checked for accuracy of vouchers versus deposits and checks, signatures, distribution of sales tax, required supporting documentation, profit and loss statements, and a signed monthly statement. If there were missing or inaccurate information then I would note it on the Excel sheet and, as well, contact both Kelly and the advisor to rectify the matter if possible. Sales tax collected was checked to make sure it matched the receipts in the Sales Tax account. The completed Excel reports are placed in a 3-ring binder sorted by account. I then checked the balances on the Excel Audit Report against a copy of the WinCap account statements provided to me by Kelly. These statements are placed in a separate file sorted by account. If there were

discrepancies I investigated until I was able to resolve the issue. Finally, I put each account and its balance on an Excel sheet and added the balance and then matched it against Kelly's reconciled balance. I highlighted it in yellow if it matched. Happily, it matched each month!

I also audited the full books of each account at least once during the school year. I developed a checklist so that I checked the same information for each account audited and that checklist and any notes are placed in the 3-ring binder with the Excel reports. The binder also includes the Officers and advisor sheets for each club, verification of training, any memos associated with training activities, and new forms developed during the year.

New Procedures: This year we suggested several new procedures including a new Meeting Minutes form, a donation acknowledgement letter, and a Deposit Form for accounting for the specifics of a deposit. We also changed the color (from white to yellow) of the monthly statement that advisors receive so that it is easier to make sure the form was signed and returned to Kelly. Further, I created an Audit Checklist to use when auditing the full books of the various clubs.

Kelly and I would like to change the deposit form for next year to better reflect the collection and distribution of sales tax. We also plan on developing a procedure for me to review vouchers prior to Kelly issuing checks.

General Findings: I am pleased to report that overall our clubs are in good shape and are, for the most part, conforming to District and State regulations. There were no discrepancies in deposits, vouchers, or checks. The club advisors and student officers have been very diligent and conscientious about dealing with their funds and documenting their activities. There were, however, some procedural issues that Deb, Kelly, and I addressed with advisors over the course of the school year and there is room for improvement as noted below:

There were a couple of isolated incidents where an advisor paid for an expense out of receipts. Deb and I addressed this issue specifically with all club advisors so that it is clear that under no circumstances is that allowed. There was documentation to back up the expense, so it was definitely not anything that would not have been reimbursed, the advisor just didn't follow proper procedure. Another area where there is some concern is the timeliness of the deposits. There were several deposits over the course of the year that were made outside of the recommended parameters set by the District. Advisors were given information about the expectations for deposits on several occasions over the course of the school year.

Having advisors return the signed monthly WinCap printout continues to be an issue for some clubs. Kelly is so great about tracking this, however, often times we had to send two or three emails in order to get the sheets back.

I found several instances where profit and loss statements and ticket sales forms were not included as part of the club records. Although these sheets were requested, advisors often neglected to complete these forms.

Club minutes did not meet our expectations as a District on some occasions. They were not taken by the students or they lacked detail especially about expenditures and upcoming activities, if there were any at all. I created a new form for Minutes which was distributed to advisors and posted on the intranet. Hopefully this will help advisors in the coming school year to take more detailed minutes in a simpler manner.

Advisors often failed to calculate their own sales tax and Kelly ended up calculating it for almost all deposits. Kelly and I have talked about changing the deposit form to make it more user-friendly and other strategies to help advisors complete this on their own.

There were some instances where invoices were not kept in the advisors folders or were not obtained at all. Kelly and I worked hard to obtain the invoices as we could and we have some ideas about how to tighten up procedures for next year that will hopefully reduce this issue.

There were some club accounts where receipts or lists of purchases for some sales of items like t-shirt sales were not issued. Kelly, Deb, and I continue to make sure advisors understand the necessity of receipts or lists of sales and will work on ensuring that these important documents are included in the club's records.

A couple of club accounts had balances on their books that did not align with the monthly statements issued by Kelly and signed for by the advisors. The advisors rectified these discrepancies (simply an oversight in writing something down) and all accounts balance with the actual fund balance as of the date of this Memo.

I found that sometimes there is a lack of student involvement evidenced in the club's books. Students should be completing deposit slips, taking minutes, filling out vouchers, and issuing receipts under the guidance of their advisor. Deb and I are working on ways advisors can improve in this area.

Some clubs needed to be a bit more organized and have a sectioned binder with materials.

When receiving a donation, some clubs did not issue a donation acknowledgement. A form was developed for this and posted on the intranet. The advisors were notified.

No evidence of inventories being done could be obtained from the advisors. I would recommend that this happen at a minimum at the beginning and end of each school year for those clubs who manage an inventory of items during the school year.

Often time students are not available to sign vouchers and forms, especially at the end of the school year or after they graduate. This becomes an issue that has been difficult to address. Kelly has been great about helping to track students down, however, I believe this will continue to be an ongoing issue. We will consult with the State auditors to see if they can give us a definitive answer about how to handle these matters in writing.

Recommendations: Deb and I are working on developing a training session for adult and student advisors for the upcoming school year which will address many of the procedural issues noted above and hopefully make it less daunting for advisors to manage their accounts. We are also going to implement a new procedure with Kelly where I review the invoices before Kelly cuts the checks so that we can catch issues earlier in the process and rectify them.

Thank you again for the opportunity to serve the Elmira Heights Central School District.

The full 3-ring binder of Audit reports are submitted with this report as well as the auditor's WinCap report folder.