

Wachusett Regional School District

Management Letter

For the Year Ended June 30, 2019

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTORY LETTER	1
CURRENT YEAR ISSUES:	
1. Improve Controls Over Vendor Invoice Processing	3
2. Update Federal Grants Manual	3
3. Review Open Bank Accounts	4

Additional Offices:

Nashua, NH
Manchester, NH
Andover, MA
Ellsworth, ME

To the School Committee
Wachusett Regional School District

In planning and performing our audit of the basic financial statements of the Wachusett Regional School District (the District) as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.
- Probable. The future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audit we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The recommendations that accompany this letter summarize our comments and suggestions concerning those matters.

The District's written responses to our comments and suggestions have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance, including those overseeing the financial reporting process, the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

Melanson Heath

June 30, 2020

CURRENT YEAR ISSUES:

1. IMPROVE CONTROLS OVER VENDOR INVOICE PROCESSING

During our review of invoices charged to the fiscal year 2019 general ledger, we noted the following issues:

- Warrants are signed by the Director of Finance and the School Committee. We noted one instance where the warrant was only signed by the School Committee.
- Seven of the forty invoices reviewed were not approved for payment with a signature or initials on the invoice. All of the invoices were for typical monthly bills such as electric and telephone. In addition, there was no invoice submitted to support the payment for the postage meter.
- One invoice was only approved for payment by the same individual who made the payment.

We recommend that all warrants be signed by the Director of Finance before processing. We also recommend that all invoices be approved by an authorized individual, who is not involved in the purchasing process, prior to payment.

District Response:

The WRSD will create a new Warrant Schedule. The Warrant will be closed several days in advance of the Warrant date. The Director of Business and Finance will review the Warrant in detail prior to the Warrant date. Also, the assistant to the Director of Business and Finance will review/audit the completed Warrants on a monthly basis to insure all signatures have been secured. This person was selected because she has no part in the Warrant payment process.

2. UPDATE FEDERAL GRANTS MANUAL

The District's EDGAR manual which documents policies and procedures related to federal grants contains some outdated thresholds for procurement. The threshold for soliciting quotes should be for purchases between \$10,000 - \$49,999. The threshold for sealed bids or proposals should be \$50,000.

We recommend that the District's EDGER manual be updated to reflect the proper thresholds.

District Response:

The WRSD will update the procurement thresholds as noted in the auditor's report.

3. REVIEW OPEN BANK ACCOUNTS

The District maintains approximately 65 bank accounts. While some activities are required to be maintained in separate accounts in order to separately track funds or allocate interest, most are not. The maintenance, monitoring and reconciling of so many accounts is a tedious and time-consuming process.

We recommend the District consider closing accounts that are not required to be maintained separately and consolidate like accounts into one. Reducing the number of open bank accounts would increase efficiencies and would reduce the amount of time needed to reconcile and maintain so many accounts.

District Response:

The WRSD will review all existing accounts and will consolidate where possible.

WACHUSETT REGIONAL SCHOOL DISTRICT

Independent Auditors' Reports Pursuant
to Government Auditing Standards
and Uniform Guidance

For the Year Ended June 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	1
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE	3
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8

Additional Offices:

Nashua, NH
Manchester, NH
Andover, MA
Ellsworth, ME

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditors' Report

To the School Committee
Wachusett Regional School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Wachusett Regional School District (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

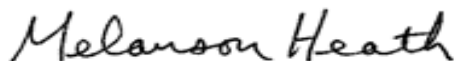
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



June 30, 2020

Additional Offices:

Nashua, NH
Manchester, NH
Andover, MA
Ellsworth, ME

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON
INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report

To the School Committee
Wachusett Regional School District

Report on Compliance for Each Major Federal Program

We have audited the Wachusett Regional School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of School District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the Summary of Auditors' Results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial

audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the 's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the 's basic financial statements. We issued our report thereon dated June 30, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Melanson Heath

June 30, 2020

WACHUSETT REGIONAL SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2019

<u>Federal Agency</u>				
<u>Cluster</u>				
<u>Federal Office</u>				
Pass through Agency		Pass through	Federal	Federal
Program Title		Identifying	CFDA	Expenditures
		<u>Number</u>	<u>Number</u>	
<u>U.S. Department of Agriculture</u>				
<u>Child Nutrition Cluster</u>				
<u>Food and Nutrition Service</u>				
Passed Through Massachusetts Department of Elementary and Secondary Education:				
School Breakfast Program	14-134-1	10.553	\$	31,908
National School Lunch Program - Cash Assistance	14-134-1	10.555		510,256
National School Lunch Program - Non-Cash Assistance	14-134-1	10.555		<u>127,400</u>
Total Child Nutrition Cluster				<u>669,564</u>
Total U.S. Department of Agriculture				669,564
<u>U.S. Department of Education</u>				
<u>Office of Elementary and Secondary Education</u>				
Passed Through Massachusetts Department of Elementary and Secondary Education:				
Title I Grants to Local Educational Agencies	305-140424-2019-0775	84.010		235,544
Title I Grants to Local Educational Agencies	305-140424-2018-0775	84.010		<u>10,273</u>
Total Title I Grants to Local Educational Agencies				245,817
English Language Acquisition - Grants to States	180-151761-2019-0775	84.365		15,204
English Language Acquisition - Grants to States	180-151761-2018-0775	84.365		<u>6,376</u>
Total English Language Acquisition - Grants to States Cluster				21,580
Supporting Effective Instruction State Grants	140-148535-2019-0775	84.367		65,550
Supporting Effective Instruction State Grants	140-148535-2018-0775	84.367		<u>52,589</u>
Total Supporting Effective Instruction State Grants				118,139
Student Support and Academic Enrichment Program	309-146866-2019-0775	84.424		30,734
<u>Special Education Cluster</u>				
<u>Office of Special Education and Rehabilitative Services</u>				
Passed Through Massachusetts Department of Elementary and Secondary Education:				
Special Education - Grants to States	240-146359-2019-0775	84.027		1,627,013
Special Education - Grants to States	240-146359-2018-0775	84.027		190,796
Special Education - Preschool Grants	262-233257-2019-0680	84.173		<u>59,598</u>
Total Special Education Cluster				<u>1,877,407</u>
Total U.S. Department of Education				<u>2,293,677</u>
Total Federal Expenditures			\$	<u>2,963,241</u>

The accompanying notes are an integral part of this schedule.

WACHUSETT REGIONAL SCHOOL DISTRICT

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2019

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 2. Summary of Significant Accounting Policies

- Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.
- The amounts reported for the National School Lunch Program – Non-Cash Assistance represent the fair value of commodities provided by the Commonwealth.
- The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Subrecipients

Of the federal expenditures presented in the Schedule, the District did not provide federal awards to subrecipients.

WACHUSETT REGIONAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Significant deficiencies identified? ___ yes X none reported
- Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ yes X no
- Significant deficiencies identified? ___ yes X none reported

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? ___ yes X no

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

SECTION IV - SCHEDULE OF PRIOR YEAR FINDINGS

<u>Finding #</u>	<u>Program</u>	<u>Finding/Noncompliance</u>	<u>Current Year Status</u>
2018-001	All Federal Programs	Improve Controls Over Financial Reporting	Satisfactorily Resolved
2018-002	All Federal Programs	Improve Controls Over Disbursements	Satisfactorily Resolved
2018-003	All Federal Programs	Improve Controls Over Receipts	Satisfactorily Resolved
2018-004	All Federal Programs	Document Policies and Procedures Over Federal Awards	Satisfactorily Resolved

Wachusett Regional School District

Independent Accountants' Report On Applying
Agreed-Upon Procedures Over Compliance
Applicable To Massachusetts School Districts'
End-Of-Year Financial Report

For the Year Ended June 30, 2019

Additional Offices:

Nashua, NH
Manchester, NH
Greenfield, MA
Ellsworth, ME

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES OVER COMPLIANCE APPLICABLE
TO MASSACHUSETTS SCHOOL DISTRICTS'
END-OF-YEAR FINANCIAL REPORT

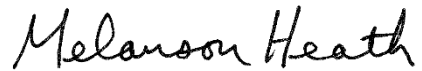
To the School Committee
Wachusett Regional School District

We have performed the procedures enumerated below, which were agreed to by the management of the Wachusett Regional School District (the District) solely to assist the District and the Massachusetts Department of Elementary and Secondary Education (DESE) evaluate the District's assertion that it has complied with the DESE requirements applicable to the preparation and filing of a Massachusetts School Districts' End-of-Year Financial Report. The District's management is responsible for the End-of-Year Financial Report. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below for the purpose for which this report has been requested or for any other purpose.

We performed the procedures specified in the Massachusetts Department of Elementary and Secondary Education's Compliance Supplement for Massachusetts School Districts Agreed Upon Procedures Engagements to the End-of-Year Financial Report prepared by the District for the fiscal year ended June 30, 2019. We found no instances of noncompliance in applying these agreed-upon procedures.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the End-of-Year Financial Report. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the District and the DESE and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Melanson Heath". The signature is written in a cursive, flowing style.

Melanson Heath
April 13, 2020

WACHUSETT REGIONAL SCHOOL DISTRICT

Independent Accountants' 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

For the Period Ended June 30, 2018 and June 30, 2019

Additional Offices:

Nashua, NH
Manchester, NH
Andover, MA
Ellsworth, ME

INDEPENDENT ACCOUNTANTS' 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

To the School Committee
Wachusett Regional School District

We have performed the procedures enumerated below, which were agreed to by the School Committee and management of the Wachusett Regional School District (the District), solely to assist the School Committee in evaluating the District's assertion that it has complied with the requirements set forth in the Massachusetts Department of Elementary and Secondary Education's (DESE) Agreed-Upon Procedures and Audit Guidelines: Student Activity Funds. The District's management is responsible for compliance with these guidelines. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below for the purpose for which this report has been requested or for any other purpose.

We performed the procedures specified in the Massachusetts Department of Elementary and Secondary Education's Agreed-Upon Procedures and Audit Guidelines: Student Activity Funds to the student activity fund records maintained at the District for the years ended June 30, 2018 and June 30, 2019. We have listed noncompliance with DESE's guidelines in the accompanying Schedule of Findings.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the financial statements of the District's student activity funds. Accordingly, we do not express such an opinion. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the School Committee and management of the District and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Melanson Heath

June 9, 2020

SCHEDULE OF FINDINGS

1. Adopt Certain School Committee Policies and Procedures for Student Activity Funds

Applicable DESE Guideline Step: 1.A, 1.B, 1.C, 4.A, 5.A, 6.A, 6.B, 6.C, 7.A

The School Committee has not adopted certain policies and procedures for student activity funds in accordance with DESE guidelines. Policies and procedures should include specific language to address the following:

- Approval of the Principal's designee(s) to operate and control student activity accounts.
- Disposition of balances in graduated class accounts, inactive accounts, and remediation of deficit accounts.
- Establishment of periodic reporting and reconciliation processes, including bank account reconciliations to student activity fund balances.
- Written verification of activity balances from advisors at least semiannually.
- Receipts process, including a standard receipts form, and turnover and deposit requirements.
- Disbursement process, including a standard disbursement approval form and procurement process.
- Reimbursements to individuals, including reimbursements when personal credit cards are used that accrue "reward" benefits.
- Prohibition of disbursements that personally benefit advisors and school staff.
- Commission or revenue sharing receipt procedures and distribution of undesigned receipts.
- Approval annually of new and existing student activity funds, including specific fund sources and the objective/mission for each activity fund.
- Student travel, including authorization, method of payment, and final accountability.
- Establishment of sources and uses for the Principal's activity account that are DESE allowable.
- Policies and procedures that require a segregation of duties.

Recommendation

The School Committee should adopt student activity fund policies and procedures noted above, in accordance with DESE's guidelines.

2. Improve Reporting of Individual Student Activity Accounts

Applicable DESE Guideline Step: 1.B, 1.C, 1.D, 4.A, 5.A, 6.A, 6.B, 6.C

The District cannot create reports to show balances for individual student activity accounts at each school. As a result, testing of graduated class accounts, inactive accounts, and account balances in deficit could not be performed.

Recommendation

The District should improve the reporting of student activity accounts so that reports can be created to show individual balances for accounts at each school.

3. Maintain Allowable Student Activity Accounts

Applicable DESE Guideline Step: 1.C, 6.A, 6.B, 6.C

During testing of student activity accounts, it was noted that all activities may not be raised by the students and expended by those students for their benefit and, therefore, may not qualify as a student activity funds under DESE guidelines.

Recommendation

The District should review the following accounts to determine if they would be more accurately accounted for as revolving or scholarship trust funds:

- PC – Office Water Club
- PC – Magazine Drive
- WRHS – Fitzgerald
- WRHS – Bradshaw

4. Conduct Annual Audits of Student Activity Funds in Accordance with DESE Guidelines

Applicable DESE Guideline Step: 2.A

The District has not performed annual audits of student activity funds in accordance with DESE Guidelines.

Recommendation

In accordance with DESE's guidelines, there should be an annual audit performed for student activity funds. An audit performed by an independent audit firm should be performed at least once every three years for those funds with activities greater than \$25,000. In intervening years, the audit may be performed by a responsible individual who is independent of the student activity funds. As a result of these audits, an audit report (in accordance with DESE's guidelines) must be issued.

5. Improve Controls Over Replenishments

Applicable DESE Guideline Step: 2.A

During testing of replenishments, it was noted that request for replenishment forms were only signed by the preparer and not a second individual.

Recommendation

Requests for replenishment should be signed by both the preparer and the approver.

6. Improve Student Activity Fund Reconciliation Procedures

Applicable DESE Guideline Step: 3.A

Although bank reconciliations are performed monthly, the reconciliations are not signed by both the preparer and reviewer, nor is a list of individual fund balances included with the reconciliation.

Recommendation

Reconciliations should be performed at least quarterly, should be signed by both the preparer and reviewer, and include a reconciliation to individual student activity fund balances.

7. Improve Controls over Receipts

Applicable DESE Guideline Step: 4.A

The following issues were identified from the testing of receipts:

- Documentation lacked evidence that receipts were turned over within 24 hours of collection.
- Advisors did not consistently maintain a copy of the turnover form and supporting documentation.
- Copies of deposit slips were not consistently maintained.
- Support was not provided for cash collections, including student rosters, attendance logs, or pre-numbered receipts.
- Schedule of Receipt forms were not consistently signed by the appropriate advisor and/or the student activity bookkeeper.

Recommendation

All turnover forms should be pre-numbered, and the pre-numbered form should be signed by the preparer. A copy of the form should be maintained in the advisors' records.

In addition, all student activity receipts should be turned over to the Principal, or Principal's designee, within one day, or the next business day, after collection. The receipts turned over should be deposited within one week of the turnover. All deposit slips should be maintained with the student activity records.

Further, all money turned over as student activity receipts should be eligible student activity receipts and should be deposited separately based on the revenue source. Each deposit should be traceable back to pre-numbered receipts, tickets, or attendance logs.

8. Improve Controls over Disbursements and Travel

Applicable DESE Guideline Step: 3.A, 5.A, 7.A

During testing of disbursements, the following issues were noted:

- Disbursements without documented authorization from the advisor or student representative.
- Disbursements with no approval signature from the Principal.
- Checks that had not been signed.
- Ineligible activities noted.
- No travel policy.
- Field trips approved by an administrative employee, not the Principal.
- Statement of final accountability for field trip not signed by both the advisor and the Principal.

- The statement of final accountability for one travel selection did not contain detail for the purpose of the field trip.

Recommendation

The District should implement policies and procedures, including periodic monitoring of transactions, to address the issues noted above which will improve controls over disbursements and reduce risk in this area.