

**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 undesignated 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.