



SPRINGFIELD PUBLIC SCHOOLS
STUDENT ACTIVITY FUNDS

REPORT ON APPLYING AGREED UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2016

Yong Ju No, CPA
Director of Internal Audit

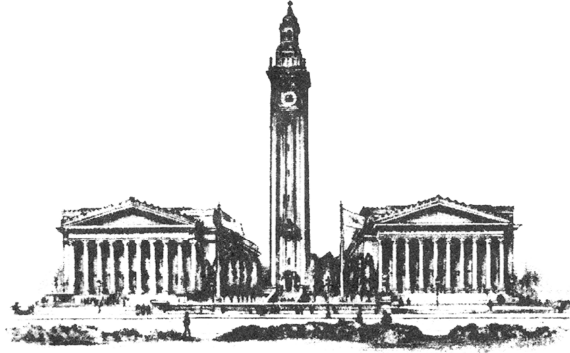
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THE CITY OF SPRINGFIELD, MASSACHUSETTS

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

June 8, 2017

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, 2016. 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 Current Year Findings and Schedule of Prior Year Findings with Continuing Applicability.

Except for those matters reported in the accompanying Schedule of Current Year Findings and Schedule of Prior Year Findings with Continuing Applicability, 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 written in a cursive, flowing style with a long horizontal stroke extending to the right.

SCHEDULE OF CURRENT YEAR FINDINGS

No.	Applicable DESE Guidelines	Affected School(s)	Finding
1.	1B	All	<p><u>Student Activity Accounts Were Not Annually Approved</u></p> <p>We noted that student activity accounts were neither approved at the beginning of the 2016 School Year nor during the school year for new student activity accounts by the School Committee in accordance with the Student Activity Accounts policy (Policy). DESE guidelines recommend that each student activity account be approved annually by the School Committee, unless activities are newly created during the year.</p> <p><u>Recommendation</u></p> <p>We recommend that the School Committee approve student activity accounts at the beginning of the school year and during the year for new student activity accounts.</p> <p><u>School’s Response</u></p> <p><i>Business Office</i> Although not required per DESE, we agree it is good practice for the School Committee/their designee to approve student activities annually. We will work with the School Committee to determine the best path for approving and documenting student activities. Currently, Chief School Officer (CSO) approval is required for any new clubs being created during the year by filling out a “Request Form for Recognition of a Student Activity.”</p>
2.	3A	All	<p><u>Periodic Student Activity Account Financial Statements Are Not Distributed</u></p> <p>We noted that student activity account financial statements were not prepared and distributed quarterly to the School Committee, City Treasurer, and Student Activity Advisors and Student Activity Treasurers in accordance with the Student Activity Account policy and DESE guidelines. The Policy and DESE guidelines require that the School Committee and Business Administration establish periodic reporting guidelines; and financial reports are created and submitted to the School Committee, Town Accountant, City Treasurer, Student Activity Advisors and Student Activity Treasurers.</p> <p><u>Recommendation</u></p> <p>We recommend that the Business Office create Student Activity Account financial reports quarterly and distribute them to the School’s stakeholders.</p> <p><u>School’s Response</u></p> <p><i>Business Office</i> We understand the importance of providing financial statements and the Office of Business & Financial Services will develop a timeline for distributing this information to necessary parties. We agree with distributing high-level reports on a regular basis.</p>

SCHEDULE OF CURRENT YEAR FINDINGS (Continued)

No.	Applicable DESE Guidelines	Affected School(s)	Finding
3.	6A	Central, Putnam, Renaissance	<p><u>Student Activity Accounts Need Updating</u></p> <p>We noted that fourteen (14), six (6), and one (1) student activity accounts at Central, Putnam, and Renaissance, respectively, had no activity for the past three (3) years; and as such, these student activity accounts should have been inactivated in accordance with the Student Activity Account policy. Specifically, the following procedures should have been taken with respect to these student activity accounts in accordance with the Policy and DESE guidelines:</p> <ul style="list-style-type: none"> • Written notification by the Student Activity Advisor or student officer to the Principal that the particular activity has ceased to be a viable account. • All assets of the recognized student activity account have been determined and stated in writing. • Any disposition of assets of an inactive student activity account has been determined by the School Committee, but in no case has benefited specific individuals. <p><u>Recommendation</u></p> <p>We recommend that Central, Putnam, and Renaissance inactivate those student activity accounts having no activity within the past three (3) years.</p> <p><u>School’s Response:</u></p> <p><i>Central</i> We will look at the list of accounts given and indicate which clubs are still active and which are inactive and will then make arrangements for disbursement of the inactive accounts.</p> <p><i>Putnam</i> The Carpentry Club, Football Club, Hair Club, Softball Club, and the Teen Pregnancy Clubs were dis-banned due low student interest and staff turnover. Left over funds will be reallocated at the principal’s discretion. The Track Club will continue as they just hired a new coach to oversee their activities.</p> <p><i>Renaissance</i> We agree with the auditors finding and the following action has been taken. The swimming account was used this current FY for senior night activities.</p>

SCHEDULE OF CURRENT YEAR FINDINGS (Continued)

No.	Applicable DESE Guidelines	Affected School(s)	Finding
4.	7A	Central, Renaissance	<p><u>Final Accountability Summary Reports Are Not Prepared</u></p> <p>We noted that those student activities that embarked on overnight night trips did not have final accountability reports prepared and submitted to the respective School's Principal in accordance with the Policy and DESE guidelines. The Policy and DESE guidelines require that a final accountability report be prepared and submitted to the Principal shortly after a trip's completion; and the contents of the report include the following: the date, complete listing of itemized expenditures paid; documentary evidence of payment (such as sales receipts); totals of cash or checks expended; notation and totals of credit card expenses; signature of person completing final accountability statement and signature of School Principal or their designee to indicate that there has been an acceptable final accountability.</p> <p><u>Recommendation</u></p> <p>We recommend that the responsible School Advisor prepare and submit a final accountability report shortly after a trip's completion.</p> <p><u>School's Response</u></p> <p><i>Central</i> We were unaware this needed to be done and will implement it now.</p> <p><i>Renaissance</i> We agree with the auditors finding and the following action have been taken. During this FY advisors for the overnight intensives, approved by the school committee, are submitting accountability reports to the Student Activity Treasurer.</p>

SCHEDULE OF PRIOR YEAR FINDINGS WITH CONTINUING APPLICABILITY

	Applicable DESE Guidelines	Affected School(s)	Finding
1.	1C	Duggan	<p><u>Allowable Student Activities Accounts Are Not Maintained</u></p> <p>During our testing, we noted that the activities in Spanish Club Activity at Duggan Middle School did not involve students. Funds are neither raised by students nor expended by them for their benefit. According to the School’s Principal, the account was opened to deposit funds received from a donation.</p> <p><u>Recommendation</u></p> <p>We recommend that School move the funds to their donation account.</p> <p><u>School’s Response</u></p> <p><i>Duggan</i> I agree with the auditor’s findings and Duggan will make necessary adjustments moving forward.</p>
2.	4A	Sci-Tech	<p><u>Student Band Activity Does Not Comply With Guidelines</u></p> <p>We noted that the 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> The Student Treasurer has since taken over control of the Band funds. The Band adheres to the Student Account protocol through the working with the Student Treasurer.</p>

SCHEDULE OF PRIOR YEAR FINDINGS WITH CONTINUING APPLICABILITY (Continued)

No.	Applicable DESE Guidelines	Affected School(s)	Finding
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 functions 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 plan to hold yearly trainings for Student Activity Treasurers, Student Activity Advisors, and Principals regarding the process. In addition, we will provide introductory training for new Treasurers, Advisors, and Principals.</p>
4.	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 of the public schools in Springfield. As of June 30, 2016, Central High School had seventy three (73) student activity accounts, transacting approximately \$172,000 in receipts and \$162,000 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 perform. 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><u>Recommendation</u></p> <p>We recommend that the Superintendent consider allocating the resources needed for the Student Activity Treasurer to perform her duties.</p> <p><u>School's Response</u></p> <p><i>Business Office</i> We agree with your recommendation and will continue to find ways to support the Treasurer at Central with managing the workload.</p>

SCHEDULE OF PRIOR YEAR FINDINGS WITH CONTINUING APPLICABILITY (Continued)

No.	Applicable DESE Guidelines	Affected School(s)	Finding
5.	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. As of June 30, 2016, the cash balance in the agency account was \$326,068 and \$36,607 greater than the cash balance in the student activity module of \$289,461. 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 finding and will seek School Committee approval for allocating the balance ratably among student activity programs.</p>

SCHEDULE OF PRIOR YEAR FINDINGS WITH CONTINUING APPLICABILITY (Continued)

No.	Applicable DESE Guidelines	Affected School(s)	Finding
6.	3A	Duggan, Central	<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 each 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 auditor's recommendation and we are now using all the correct forms.</p> <p><i>Duggan</i> I agree with the auditor's findings and Duggan will make necessary adjustments moving forward.</p>
7.	1D	Central, Commerce , Putnam, Renaissance, Sci-Tech, Duggan	<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><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>.

SCHEDULE OF PRIOR YEAR FINDINGS WITH CONTINUING APPLICABILITY (Continued)

No.	Applicable DESE Guidelines	Affected School(s)	Finding
7.	(continued)		<p><u>School's Response</u></p> <p><i>Central</i> We agree with the auditor's recommendation and all the proper forms are now being used.</p> <p><i>Putnam</i> The Putnam Business Manager will meet with all student activity advisors to review required documentation needed to maintain accurate accounting records. Annually accounting records will be turned into the Business manager for storage of record in compliance with the State Records Retention Schedule.</p> <p><i>Commerce</i> We agree with the auditor's recommendation, and the following action will be taken on fixing this problem by keeping an updated binder that contains all of the above mentioned forms that will be organized by club.</p> <p><i>Sci-Tech</i> HSST is working with the district to send all club advisors to a PD where they learn their roles and responsibilities as advisors within the district.</p> <p><i>Renaissance</i> We agree with the auditors finding and the following actions have been taken. Throughout this FY advisors have been keeping records to show accountability in the handling of cash from students by, using cash collection forms and lists on excel to track number of students paying.</p> <p><i>Duggan</i> I agree with the auditor's findings and Duggan will make necessary adjustments moving forward.</p>
8.	3A, 4A	Central, Commerce, Putnam, Renaissance, Sci-Tech, and Duggan	<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.

SCHEDULE OF PRIOR YEAR FINDINGS WITH CONTINUING APPLICABILITY (Continued)

No.	Applicable DESE Guidelines	Affected School(s)	Finding
8.	(continued)		<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>Central</i> We are attempting to fall into compliance on all counts.</p> <p><i>Putnam</i> The Putnam Business Manager will meet with all student activity advisors to review required documentation needed to maintain accurate accounting records. All advisors turn cash received into Freedom Credit Union for a bank check which is then turned into the Business Manager for deposit into individual accounts. Currently all student activity forms are being utilized and moving forward all activities will be required to provide receipts and/or logs when making deposits.</p> <p><i>Commerce</i> We agree with the auditor’s recommendation, and the following action will be taken on fixing this problem by doing a better job of requiring the advisors to hand over their funds within 24 hours. Also as the treasurer I will be making a weekly deposit into the safe for pick up. Advisors will also be required to provide an inventory of what was sold in order to collect the funds that they did.</p> <p><i>Sci-Tech</i> HSST has been maintaining these protocols with active Student Treasurer Stephanie Konstantinidis, who does weekly deposits, maintains a record binder and does monthly check-ins with active club advisors.</p>

SCHEDULE OF PRIOR YEAR FINDINGS WITH CONTINUING APPLICABILITY (Continued)

No.	Applicable DESE Guidelines	Affected School(s)	Finding
8.	(continued)		<p><u>School's Response (continued)</u></p> <p><i>Renaissance</i> We agree with the auditors finding and the following actions have been taken. This year we have a drop safe located in the office for advisors to bring cash the day of collection. Advisors with the cash are filling out the cash collection form with an advisor and a student signing the form.</p> <p><i>Duggan</i> I agree with the auditor's findings and Duggan will make necessary adjustments moving forward.</p>
9.	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 \$10,400, which was comprised of a single transaction. Several others were paid also, but in lesser amounts. In these instances, personal credit card reward points were generated, potentially creating a conflicting situation.</p> <p>Recommendation</p> <p>We recommend the School develop a policy in which the School's procurement card could be used for certain student activity purchases, e.g., purchases for which a vendor will not accept a City issued check, rather than personal credit cards, thereby eliminating the generation of personal rewards.</p> <p><u>School's Response</u></p> <p><i>Business Office</i> We understand the finding and how some reimbursements can create conflicting situations. The Office of Business & Financial Services is currently working to develop an internal approval process for circumstances where vendors do not accept checks as a form of payment and researching the use of ghost cards as an alternative form of payment.</p>

SCHEDULE OF PRIOR YEAR FINDINGS WITH CONTINUING APPLICABILITY (Continued)

No.	Applicable DESE Guidelines	Affected School(s)	Finding
10.	6A	Central, Sci-Tech	<p><u>Class Accounts Are Not Disposed In Accordance With Guidelines</u></p> <p>We noted that graduating class accounts were not closed out in accordance with the Student Activity Account Policy. DESE guidelines states that because graduates are no longer students, monies for student class grades that have graduated cannot be legally maintained in student activity accounts, and therefore, should be disposed of upon a class' graduation.</p> <p>Recommendation</p> <p>We recommend the School by its policy on the disposition of class accounts.</p> <p>School's Response</p> <p><i>Central</i> We agree with the recommendation. The left-over monies get transferred to the general student government account.</p> <p><i>Sci- Tech</i> Beginning with the class of 2017, senior class advisors have added the responsibility to create a "class will" to address where the money should be designated. We have retroactively contacted class of 2015/2016 presidents and advisors to begin/continue with this policy.</p>