



Washoe County School District

Every Child, By Name And Face, To Graduation

**Report to Audit Committee
Student Activity Funds
For the
Year Ended December 31, 2016**

**Internal Audit Department
March 29, 2017**

Student Activity Fund Audits
Year Ended December 31, 2016
Executive Summary

BACKGROUND

Student activity funds are an essential source of funding at the ninety-five schools operated by the Washoe County School District (district). Approximately \$16 million in revenue was derived from these activity funds during the school year ended June 30, 2016, as can be seen in the STATISTICAL INFORMATION section of this report (Page 4).

School Board Policy 3434 states that *“Activity funds of the various schools shall be audited periodically by the internal auditor of the school district and the resulting working papers shall be reviewed by the external auditor.”* The information in this report reflects the results of activity fund audits performed.

AUDIT PERSPECTIVE

For the year ended December 31, 2016, the Internal Audit Department performed audits of student activity funds at four (4) high schools, five (5) middle schools, and fourteen (14) elementary schools. These twenty-three (23) schools represent 24% of all schools in the district. Student activity fund revenues generated at these twenty-three schools totaled approximately \$6.3 million, which represents 40% of student activity fund revenues at all schools.

The 2016 Audit Plan presented last year projected completion of 24 student activity fund audits. The Internal Audit department completed one less than the plan stated due to a change in bookkeepers and the request that we postpone the audit until the bookkeeper received training. The Department strives to meet its goals and objectives and will continue to look for opportunities to streamline processes. See below:

SCHOOLS AUDITED	YEARS SINCE LAST AUDIT
Damonte Ranch High School	Three
Reno High School	Three
Spanish Springs High School	Three
Sparks High School	Three
Cold Springs Middle School	Three
Depoali Middle School	Three
Incline Middle School	Three
O'Brien Middle School	Three
Pine Middle School	Three
Allen Elementary School	Four
Beasley Elementary School	Four
Beck Elementary School	Four
Bennett Elementary School	Five
Brown Elementary School	Four
Donner Springs Elementary School	Three (Principal Request)
Double Diamond Elementary School	Three (Principal Request)
Hunter Lake Elementary School	Four
Maxwell Elementary School	Five
Alice Smith Elementary School	Four
Sun Valley Elementary School	Five
Van Gorder Elementary School	Four
Verdi Elementary School	Four
Westergard Elementary School	Four

Student Activity Fund Audits
Year Ended December 31, 2016
Executive Summary

External Audit Coverage – The annual audit performed by Eide Bailly LLP, Certified Public Accountants, is an audit of the district’s financial statements as a whole. The scope of this audit does not include specific detail testing of student activity funds; however, Eide Bailly LLP places reliance on the student activity fund audits performed by the WCSD Internal Audit Department when issuing their opinion on the district’s Comprehensive Annual Financial Report (CAFR).

SCOPE AND OBJECTIVES

The scope of the student activity fund audits are financial and operational in nature and cover varying dates throughout calendar year 2016. The audits were performed to ensure financial data was properly recorded, adequate operational procedures existed over the management of these activity funds, and district staff was in compliance with appropriate documented procedures, policies, and regulations. These audits were conducted in accordance with applicable Government Auditing Standards. Fieldwork was completed by December 31, 2016.

The audit objectives are to provide reasonable assurance that:

- The school’s student activity fund financial records are correctly stated and adequately support the corresponding financial statement prepared for the district as a whole.
- Financial statement reporting requirements are met.
- Student activity fund internal controls are adequate.
- School employees understand and comply with district policies and procedures relative to student activity funds.
- Cash receipts are deposited promptly and are adequately supported by valid documentation.
- Cash disbursements are properly authorized and adequately supported by valid documentation.
- Cash receipts and cash disbursements are accurately recorded in the accounting records.

SUMMARY OF FINDINGS

The results of the audits of student activity funds performed for the purposes of this report disclosed no major findings warranting the attention of, or action from, the Superintendent. All audit findings are summarized on the attached reports titled ***Audit Issue Rankings*** and ***SAF Audit Issues Summary***. The detailed audit reports with management responses are available upon request.

Student Activity Fund Audits
Year Ended December 31, 2016

Executive Summary

AUDITOR'S OPINION

In our opinion, we found the student activity fund financial transactions for the twenty-three audited schools to be properly recorded and operational procedures to be adequate, in all material respects, for the period under audit. We have identified instances of non-compliance with school district policies, procedures, and regulations relative to student activity funds, as well as certain opportunities to improve the efficiency and effectiveness of certain operating procedures; these are discussed in the *Audit Report* prepared for each individual school.

Paula J. Ward

Paula J. Ward, CPA
Chief Auditor

March 29, 2017

Date

**FY16 Student Activity Fund Audits
STATISTICAL INFORMATION**

	Elementary Schools (63)	Middle Schools (14)	High Schools (18)	Total Fiduciary Funds
Annual Fiduciary Funds for FY16 (A)	\$ 3,817,779	\$ 2,298,709	\$ 9,711,773	\$ 15,828,261
% of Total Receipts for all Schools	24.1%	14.5%	61.4%	100.0%
Annual SAF Receipts for FY16 Audited Schools:				
Damonte Ranch			1,205,757	
Reno			1,547,402	
Spanish Springs			1,237,312	
Sparks			323,872	
Cold Springs		157,668		
Depoali		355,906		
Incline		117,109		
O'Brien		71,534		
Pine		308,835		
Allen	13,628			
Beasley	60,015			
Beck	75,328			
Bennett	49,167			
Brown	135,283			
Donner Springs	62,283			
Double Diamond	128,705			
Hunter Lake	37,501			
Maxwell	37,450			
Alice Smith	66,114			
Sun Valley	48,882			
Van Gorder	98,379			
Verdi	43,993			
Westergard	68,458			
Total Annual Receipts of Audited Schools	\$ 925,186	\$ 1,011,052	\$ 4,314,343	* \$ 6,250,580
Annual Receipts of Audited Schools as a % of Total Receipts for all Schools of This Type	24%	44%	44%	
Annual Receipts of Audited Schools as a % of Total Fiduciary Fund Receipts				40%

SUMMARY OF AUDIT COVERAGE:

22% of **Elementary Schools** were audited (14 of 63 schools). Annual receipts for these four schools represent 24% of all elementary school receipts.

36% of **Middle Schools** were audited (5 of 14 schools). Annual receipts for these five schools represent 44% of all middle school receipts.

22% of **High Schools** were audited (4 of 18 schools). Annual receipts for these three schools represent 44% of all high school receipts.

24% of **All Schools** were audited (23 of 95 schools). Annual receipts for these 23 schools represent 40% of all schools' receipts.

* Rounded down.

(A) Data Source: WCSO Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2016.

**Student Activity Fund Audits
As of December 31, 2016
AUDIT ISSUE RANKINGS**

AUDITED SCHOOLS		Number of Audit Issues Found with a Ranking of: See (A) for ranking description			
School Name	Report Status	1	2	3	TOTALS
High/Options Schools:					
Damonte Ranch	B	1	5	0	6
Reno	B	0	1	3	4
Spanish Springs	B	1	6	2	9
Sparks	B	0	5	5	10
Middle Schools:					
Cold Springs	B	0	9	7	16
Depoali	B	0	8	4	12
Incline	B	0	5	3	8
O'Brien	B	0	5	7	12
Pine	B	1	10	8	19
Elementary Schools:					
Allen	B	2	11	10	23
Beasley	B	0	4	2	6
Beck	B	0	12	2	14
Bennett	B	1	4	1	6
Brown	B	1	7	5	13
Donner Springs	B	0	7	4	11
Double Diamond	B	0	5	5	10
Hunter Lake	B	0	5	4	9
Maxwell	B	1	6	3	10
Alice Smith	B	0	2	2	4
Sun Valley	B	0	8	3	11
Van Gorder	B	0	4	3	7
Verdi	B	0	8	4	12
Westergard	B	0	6	1	7
Total					239
(A) Audit Issue Ranking:					
<p>1 High Exposure to Loss. Issue is serious and deserves the attention of the area superintendent. Corrective action is required within six months.</p> <p>2 Moderate Exposure to Loss. Issue to be reported to and corrected by the school principal. Issue may be material and, if not resolved, could result in inefficient management or ineffective oversight of student activity funds.</p> <p>3 Low Exposure to Loss. Issue is to be reported to the principal and should be resolved in due manner. The issue is a minor risk to student activity funds and management of such is generally efficient and effective.</p>					
(B) The school has provided a written response to each audit issue noted including the corrective action to be taken, if applicable. The response is deemed acceptable and addresses all issues adequately. Audit issues may be followed-up during interim contacts within 12-18 months after the audit.					
(C) The school has yet to provide a written response to each audit issue noted including the corrective action to be taken, if applicable. Upon receipt, the response will be reviewed to determine that all issues are adequately addressed. Material issues may be followed-up during interim contacts within 12-18 months after the audit.					
		<i>Paula J. Ward, CPA</i>		<i>March 29, 2017</i>	
		Paula J. Ward, Chief Auditor		Date	

SAF Audit Issues Summary For All Schools

Schools Audited in 2016

Audit Issue Ranking (A)	High Schools	Damonte Ranch High School	Reno High School	Spanish Springs High School	Middle Schools	Cold Springs Middle School	Depoali Middle School	Incline Middle School	O'Brien Middle School	Pine Middle School	Elementary Schools	Allen Elementary School	Beasley Elementary School	Beck Elementary School	Bennett Elementary School	Brown Elementary School	Donner Elementary School	Double Springs Elementary School	Hunter Lake Elementary School	Maxwell Elementary School	Alice Smith Elementary School	Sun Valley Elementary School	Van Gorder Elementary School	Verdi Elementary School	Westergard Elementary School	# of Schools/Occurrences Where Finding is Noted
-------------------------	--------------	---------------------------	------------------	-----------------------------	----------------	----------------------------	-----------------------	-----------------------	-----------------------	--------------------	--------------------	-------------------------	---------------------------	------------------------	---------------------------	-------------------------	--------------------------	----------------------------------	-------------------------------	---------------------------	-------------------------------	------------------------------	------------------------------	-------------------------	------------------------------	---

Audit Issue **Potential Risk**

Appropriateness of Expenditures from Restricted Funds

Restricted funds were spent on school staff incentives.	Projects a negative image to donors and the general public.	1																								2		
<i>Safeguarding of District Assets</i>																												
One or more individuals had unrestricted access to the safe and can access funds alone.	Misappropriation or theft of funds.	2			1		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	20	
Unused check stock was not appropriately safeguarded.	Issuance of unauthorized checks. Misappropriation or theft of funds.	2												1													2	
Minimum inventory requirements for P.E./school uniforms/spirit wear sold at the school are not met.	Misappropriation of funds and uniforms.	2	1			1				1																6		
The administrative assistant who prepares payroll, also has the principal's BusinessPlus user name and password to electronically approve the payroll in the event that the principal is unavailable.	Time fraud.	2																								1		

SAF Audit Issues Summary For All Schools

Schools Audited in 2016

Audit Issue Ranking (A)	High Schools	Damonte Ranch High School	Reno High School	Spanish High School	Sparks High School	Middle Schools	Cold Springs High School	Depoali Middle School	Incline Middle School	O'Brien Middle School	Pine Middle School	Elementary Schools	Allen Elementary School	Beasley Elementary School	Beck Elementary School	Bennett Elementary School	Brown Elementary School	Donner Elementary School	Double Springs Elementary School	Hunter Lake Elementary School	Maxwell Elementary School	Alice Smith Elementary School	Sun Valley Elementary School	Van Gorder Elementary School	Verdi Elementary School	Westergard Elementary School	# of Schools/Occurrences Where Finding is Noted
-------------------------	--------------	---------------------------	------------------	---------------------	--------------------	----------------	--------------------------	-----------------------	-----------------------	-----------------------	--------------------	--------------------	-------------------------	---------------------------	------------------------	---------------------------	-------------------------	--------------------------	----------------------------------	-------------------------------	---------------------------	-------------------------------	------------------------------	------------------------------	-------------------------	------------------------------	---

Audit Issue **Potential Risk**

Voided checks not defaced or maintained.	Misappropriation of funds.	3						1								1	1	1							1	1			6
Transactions are posted to incorrect GL accounts.	Misstatement of financial records.	3																	1										1
Bank adjustments are not documented on Journal Entry Forms and/or referenced directly on the bank statement.	Insufficient audit trail.	3																											2
Administrator's approval signature was not evidenced on adjustments.	Misappropriation of funds.	3																											2
Monthly Bank Reconciliations/Reporting																													
Bank Statements were opened by the bookkeeper.	Errors, irregularities, or fraud may be undetected.	2													1														1
Monthly bank reconciliation reports and Summary Trial Balance reports were not received by the Business Office by the deadline established in the SAFPM.	Manipulation of accounting records.	3																											6
Detail Account Analysis Reports were not provided to the respective account advisors monthly.	Lack of adequate oversight of Student Activity Funds. Undetected transaction errors or omissions.	2	1																										6

SAF Audit Issues Summary For All Schools

Schools Audited in 2016

Audit Issue Ranking (A)	High Schools	Damonte Ranch High School	Reno High School	Spanish Springs High School	Middle Schools	Cold Springs High School	Depoali Middle School	Incline Middle School	O'Brien Middle School	Pine Middle School	Elementary Schools	Allen Elementary School	Beasley Elementary School	Beck Elementary School	Bennett Elementary School	Brown Elementary School	Donner Elementary School	Double Springs Elementary School	Hunter Lake Elementary School	Maxwell Elementary School	Alice Smith Elementary School	Sun Valley Elementary School	Van Gorder Elementary School	Verdi Elementary School	Westergard Elementary School	# of Schools/Occurrences Where Finding is Noted
-------------------------	--------------	---------------------------	------------------	-----------------------------	----------------	--------------------------	-----------------------	-----------------------	-----------------------	--------------------	--------------------	-------------------------	---------------------------	------------------------	---------------------------	-------------------------	--------------------------	----------------------------------	-------------------------------	---------------------------	-------------------------------	------------------------------	------------------------------	-------------------------	------------------------------	---

Audit Issue **Potential Risk**

Account Analysis - Detail Reports reflect inaccuracies.	Undetected errors or omissions.	1									1																1	
The school did not receive cancelled check images with the monthly statement nor did they review the images online.	Checks may be cashed by parties other than the intended recipient.	2						1			1																	2
The principal does not review endorsements on cancelled checks.	Checks may be cashed by parties other than the intended recipient.	2					1		1														1				3	
Outstanding checks reflected on the bank reconciliation are in excess of six months old (stale dated).	Misappropriation of funds.	3				1																					1	
Questions were not answered or were answered incorrectly on the Principal's Monthly Checklist.	Lack of adequate oversight of Student Activity Funds resulting in the misappropriation of funds.	3			1		1		1		1	1	1		1	1	1	1	1	1	1	1	1	1	1	1	15	
Documents were not provided to evidence all requirements for PTA/Booster club were met.	Failure to meet District standards or comply with all requirements.	3				1																					1	

SAF Audit Issues Summary For All Schools

Schools Audited in 2016

Audit Issue Ranking (A)	High Schools	Damonte Ranch High School	Reno High School	Spanish School	Sparks High School	Middle Schools	Cold Springs High School	Depoali Middle School	Incline Middle School	O'Brien Middle School	Pine Middle School	Elementary Schools	Allen Elementary School	Beasley Elementary School	Beck Elementary School	Bennett Elementary School	Brown Elementary School	Donner Elementary School	Double Springs Elementary School	Hunter Lake Elementary School	Maxwell Elementary School	Alice Smith Elementary School	Sun Valley Elementary School	Van Gorder Elementary School	Verdi Elementary School	Westergard Elementary School	# of Schools/Occurrences Where Finding is Noted
-------------------------	--------------	---------------------------	------------------	----------------	--------------------	----------------	--------------------------	-----------------------	-----------------------	-----------------------	--------------------	--------------------	-------------------------	---------------------------	------------------------	---------------------------	-------------------------	--------------------------	----------------------------------	-------------------------------	---------------------------	-------------------------------	------------------------------	------------------------------	-------------------------	------------------------------	---

Audit Issue Potential Risk

Cash Receipts

Bank deposits were not made in accordance with the timeframes established in the SAFPM.	Misappropriation of funds.	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	19
The registrar/secretary or bookkeeper verifies funds alone.	Misappropriation of funds.	2						1	1	1		1										1		1			6
Funds turned in to the office for deposit were not verified or were not receipted in a timely manner.	Misappropriation of funds.	2					1															1		1			3
Funds collected in the classroom were not turned in to the office in a timely manner.	Misappropriation of funds.	2		1		1	1					1		1	1	1	1	1	1	1	1	1			1	13	
Receipts are not provided to teachers turning in funds to the office.	Misappropriation of funds. Insufficient audit trail.	3				1						1															2
Cash Count Slips were not used.	Misappropriation of funds.	2							1							1											2
Cash Count Slips were not completed in their entirety.	Lack of adequate audit trail resulting in misappropriation of funds.	3				1	1			1		1		1	1							1					7

SAF Audit Issues Summary For All Schools

Schools Audited in 2016

Audit Issue Ranking (A)	High Schools	Damonte Ranch High School	Reno High School	Spanish High School	Sparks High School	Middle Schools	Cold Springs Middle School	Depoali Middle School	Incline Middle School	O'Brien Middle School	Pine Middle School	Elementary Schools	Allen Elementary School	Beasley Elementary School	Beck Elementary School	Bennett Elementary School	Brown Elementary School	Donner Elementary School	Double Springs Elementary School	Hunter Lake Elementary School	Maxwell Elementary School	Alice Smith Elementary School	Sun Valley Elementary School	Van Gorder Elementary School	Verdi Elementary School	Westergard Elementary School	# of Schools/Occurrences Where Finding is Noted
-------------------------	--------------	---------------------------	------------------	---------------------	--------------------	----------------	----------------------------	-----------------------	-----------------------	-----------------------	--------------------	--------------------	-------------------------	---------------------------	------------------------	---------------------------	-------------------------	--------------------------	----------------------------------	-------------------------------	---------------------------	-------------------------------	------------------------------	------------------------------	-------------------------	------------------------------	---

Audit Issue **Potential Risk**

Check Authorization Forms and Pcard Authorization Forms were not used or did not reflect the authorization signature of the teacher/activity advisor and/or the principal.	Funds spent without teacher/activity advisor knowledge or approval.	2								1					1													3	
Disbursements were not supported by adequate documentation.	Inappropriate expenditures or invalid reimbursements.	2						1						1			1												3
Cash disbursements were made directly from cash collections.	Misappropriation of funds.	1																			1								2
Cash disbursed to individuals for meal money was not documented on a Cash Distribution Signature List form.	Misappropriation of funds.	2	1	1	1																							3	
Blank checks were pre-signed by the principal.	Management override of internal controls.	1											1															2	
Individuals authorized to sign checks signed checks made out in their name.	Misappropriation of funds.	2													1													1	

HIGH SCHOOL AUDITS

**Student Activity Fund Audits
Statistical Information
Fiscal Year 2016**

Audited High Schools		<i>Damonte Ranch</i>	<i>Reno</i>	<i>Spanish Springs</i>	<i>Sparks</i>
Statistical Information:					
FY16 Beginning Balance	*	\$ 641,758	\$ 827,807	\$ 583,825	\$ 331,719
FY16 Total Receipts	*	1,205,757	1,547,402	1,237,312	323,872
FY16 Total Disbursements	*	1,150,216	1,512,552	1,203,730	450,359
FY16 Ending Balance	*	\$ 697,299	\$ 862,657	\$ 617,406	\$ 205,232
FY16 Student Enrollment	**	1,744	1,703	2,319	1,198
FY16 Receipts Per Student		\$ 691.37	\$ 908.63	\$ 533.55	\$ 270.34
FY16 Disbursements Per Student		\$ 659.53	\$ 888.17	\$ 519.07	\$ 375.93

* Data Source: WCS D Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2016.

** Data Source: NDE 2015 - 2016 Accountability Report

SAF Audit Issues Summary for High Schools

High Schools Audited in 2016

Audit Issue	Potential Risk	Audit Issue Ranking (A)	High Schools				# of Schools/Occurrences Where Finding is Noted
			Damonte Ranch High School	Reno High School	Spanish Springs High School	Sparks High School	
Activity Account Review							
Activity account funds were not spent in the same year they were collected.	Profiting off students projects a negative image to taxpayers and the general public.	2			1		1
The fees charged to students for P.E. uniforms exceed cost.	Profiting from student fees projects a negative image to taxpayers and the general public.	3		1		1	2
The procedures established for inventorying a student store were not implemented.	Misappropriation of funds.	1			1		1
Safeguarding of District Assets							
One or more individuals had unrestricted access to the safe and can access funds alone.	Misappropriation of funds.	2			1		1
The student store change fund was not properly secured.	Misappropriation of funds.	1	1				1
Minimum Inventory requirements for P.E./school uniforms sold at the school are not met.	Misappropriation of funds and uniforms.	2	1			1	2

SAF Audit Issues Summary for High Schools

High Schools Audited in 2016

Audit Issue	Potential Risk						# of Schools/Occurrences Where Finding is Noted

The administrative assistant who prepares payroll, also has the principal's BusinessPlus user name and password to electronically approve the payroll in the event that the principal is unavailable.

Time fraud.

2

1

1

General Ledger Accounting

The school has a change fund for the student store in the general ledger that does not agree to the change kept in the student store.

Misstatement of financial records.

3

1

1

The school has an athletic change fund recorded in the general ledger that does not agree to actual amount of funds on hand.

Misstatement of financial records.

3

1

1

The school's office change fund recorded in the general ledger does not agree to actual amount of funds on hand.

Misstatement of financial records.

2

1

1

The office change fund is sometimes used as a petty cash fund.

Misclassification of accounts. Misuse of funds.

3

1

1

Petty cash fund does not match imprest amount.

Misstatement of financial records. Misappropriation of funds.

3

1

1

SAF Audit Issues Summary for High Schools

High Schools Audited in 2016

Audit Issue	Potential Risk	Audit Issue Ranking (A)	High Schools				# of Schools/Occurrences Where Finding is Noted
			Damonte Ranch High School	Reno High School	Spanish School	Sparks High School	
Monthly Bank Reconciliations/Reporting							
Detail Account Analysis Reports were not provided to the respective account advisors monthly.	Lack of adequate oversight of Student Activity Funds. Undetected transaction errors or omissions.	2	1				1
Outstanding checks reflected on the bank reconciliation are in excess of six months old (stale dated).	Misappropriation of funds.	3			1		1
Documents were not provided to evidence all requirements for PTA/Booster club were met.	Failure to meet district standards or comply with all requirements.	3			1		1
Questions were answered incorrectly on the Principal's Monthly Checklist .	Lack of adequate oversight of Student Activity Funds resulting in the misappropriation of funds.	3			1		1
Cash Receipts							
Bank deposits were not made in accordance with the timeframes established in the SAFPM.	Misappropriation of funds.	2	1		1		2
Funds collected in the classroom were not turned in to the office in a timely manner.	Misappropriation of funds.	2			1		1
Cash Disbursements							
Cash disbursed to individuals for meal money was not documented on a Cash Distribution Signature List form.	Misappropriation of funds.	2	1	1		1	3

SAF Audit Issues Summary for High Schools

High Schools Audited in 2016

Audit Issue	Potential Risk	Audit Issue Ranking (A)	High Schools				# of Schools/Occurrences Where Finding is Noted
			Damonte Ranch High School	Reno High School	Spanish School	Sparks High School	
Gift cards purchased for distribution to non-district employees were not accounted for using the Gift Card Distribution List found in the SAFPM.	Misappropriation of gift cards.	2			1	1	2
Purchasing card transactions were not approved by the administrator.	Inappropriate disbursements without the knowledge and approval of responsible parties	2				1	1
Purchase Order Forms and Purchase Order Log lack required information.	Misappropriation of funds.	3			1		1
Cash advances were paid to activity advisors.	Inappropriate spending of Student Activity Funds.	2	1				1
Total Audit Issues			6	4	9	10	29
# and % of recurring issues			1	0	6	0	24%
Report Status (B) (C)			B	B	B	B	

(A) Audit Issue Ranking:

- 1 High Exposure to Loss. Issue is serious and deserves the attention of the area superintendent. Corrective action is required within six months.
- 2 Moderate Exposure to Loss. Issue to be reported to and corrected by the principal. Issue may be material and, if not resolved, could result in inefficient management or ineffective oversight of student activity funds.
- 3 Low Exposure to Loss. Issue is to be reported to the principal and should be resolved in due manner. The issue is a minor risk to student activity funds and management of such is generally efficient and effective.

(B) The school has provided a written response to each audit issue noted including the corrective action to be taken, if applicable. The response is deemed acceptable and addresses all issues adequately. A follow-up to the audit response may be performed in 12-18 months to determine that the appropriate action has been taken.

(C) The school has yet to provide a written response to each audit issue noted including the corrective action to be taken, if applicable. Upon receipt, the response will be reviewed to determine if all issues are adequately addressed. A follow-up to the response may be performed in 12-18 months to determine that appropriate action has been taken.

MIDDLE SCHOOL AUDITS

Student Activity Fund Audits
Statistical Information
Fiscal Year 2016

Audited Middle Schools		Cold Springs	Depoali	Incline	O'Brien	Pine
Statistical Information:						
FY16 Beginning Balance	*	\$ 58,583	\$ 119,095	\$ 116,889	\$ 61,705	\$ 76,069
FY16 Total Receipts	*	157,668	355,906	117,109	71,534	308,835
FY16 Total Disbursements	*	165,156	329,424	102,713	79,360	303,373
FY16 Ending Balance	*	\$ 51,095	\$ 145,577	\$ 131,285	\$ 53,878	\$ 81,531
FY16 Student Enrollment	**	740	1,189	202	682	1,029
FY16 Receipts Per Student		\$ 213.06	\$ 299.33	\$ 579.75	\$ 104.89	\$ 300.13
FY16 Disbursements Per Student		\$ 223.18	\$ 277.06	\$ 508.48	\$ 116.36	\$ 294.82

* Data Source: WCSD Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2016.

** Data Source: NDE 2015-2016 Accountability Report

SAF Audit Issues Summary for Middle Schools

Middle Schools Audited in 2016

Audit Issue	Potential Risk	Audit Issue Ranking (A)	Middle Schools					# of Schools/Occurrences Where Finding is Noted
			Cold Springs Middle School	Depoali Middle School	Incline Middle School	O'Brien Middle School	Pine Middle School	
Administrative Regulations								
No Investment was made when the checking account balance for student activity funds exceeded the \$100,000 limit.	Loss of potential interest income.	3				1	1	
Non-compliance with Administrative Regulation 7120 Community Use of School Facilities when outside entities have been allowed to use school facilities.	Subjects the District to liability issues.	2				1	1	
Activity Account Review								
Fees collected from students were not expended on the students from whom they were collected.	Diminished fundraising support from the public.	3	1				1	
The fees charged to students for P.E. uniforms were in excess of the cost.	Poor public perception. Misappropriation of funds.	3	1				1	
The minimum requirements established for operating a student store were not implemented.	Misappropriation of funds.	1				1	1	
The minimum requirements established for vending programs were not implemented.	Misappropriation of funds.	2				1	1	
Appropriateness of Expenditures from Restricted Funds								
Restricted funds were spent on school staff incentives.	Projects a negative image to donors and the general public.	1	1				1	

SAF Audit Issues Summary for Middle Schools

Middle Schools Audited in 2016

Audit Issue	Potential Risk	Audit Issue Ranking (A)	Middle Schools					# of Schools/Occurrences Where Finding is Noted
			Cold Springs Middle School	DePoali Middle School	Incline Middle School	O'Brien Middle School	Pine Middle School	
Safeguarding of District Assets								
One or more individuals had unrestricted access to the safe and can access funds alone.	Misappropriation or theft of funds.	2	1	1	1	1	1	5
Minimum Inventory requirements for P.E./school uniforms sold at the school are not met.	Misappropriation of funds and uniforms.	2		1			1	2
The school registrar uses the secretary's password to access the Tracks Point of Sale (POS) system.	Errors made by registrar linked to secretary.	2					1	1
No trained backup in case the bookkeeper/secretary is unavailable.	Job duties could not be performed if bookkeeper/secretary were unavailable.	3					1	1
General Ledger Accounting								
The school had a cash change fund that was not accounted for in their general ledger.	Misstatement of financial records.	2					1	1
The general ledger reflects a change fund, however, the school does not have a change fund onsite.	Misstatement of financial records.	3			1			1
Certain activity accounts reflected negative balances.	Expenditures exceeding available funds.	2	1					1

SAF Audit Issues Summary for Middle Schools

Middle Schools Audited in 2016

Audit Issue	Potential Risk	Audit Issue Ranking (A)	Middle Schools					# of Schools/Occurrences Where Finding is Noted
			Cold Springs Middle School	Depeoli Middle School	Incline Middle School	O'Brien Middle School	Pine Middle School	
Transfer Authorization Forms did not contain proper authorizing signatures.	Inappropriate transfers between activity accounts without knowledge or approval of responsible parties.	3				1	1	
Transfers between activity accounts were not supported by adequate documentation.	Inappropriate transfers between activity accounts without knowledge or approval of responsible parties.	3				1	1	
Transfer Authorization Forms were not used.	Inappropriate transfers between activity accounts without knowledge or approval of responsible parties.	3	1		1		2	
Voided checks not defaced or maintained.	Misappropriation of funds.	3	1				1	
Bank adjustments are not documented on Journal Entry Forms and/or referenced directly on the bank statement.	Insufficient audit trail.	3			1	1	2	
Administrator's approval signature was not evidenced on adjustments.	Misappropriation of funds.	3			1	1	2	
Monthly Bank Reconciliations/Reporting								
Monthly bank reconciliation reports and Summary Trial Balance reports were not received by the Business Office by the deadline established in the SAFPM.	Manipulation of accounting records.	3			1		1	

SAF Audit Issues Summary for Middle Schools

Middle Schools Audited in 2016

Audit Issue	Potential Risk	Audit Issue Ranking (A)	Middle Schools					# of Schools/Occurrences Where Finding is Noted
			Cold Springs Middle School	DePoali Middle School	Incline Middle School	O'Brien Middle School	Pine Middle School	
Detail Account Analysis Reports were not provided to the respective account advisors monthly.	Lack of adequate oversight of Student Activity Funds. Undetected transaction errors or omissions.	2		1				1
The school did not receive cancelled check images with the monthly statement nor did they review the images online.	Checks may be cashed by parties other than the intended recipient.	2			1			1
The principal does not review endorsements on cancelled checks.	Checks may be cashed by parties other than the intended recipient.	2		1		1		2
Questions were not answered or were answered incorrectly on the Principal's Monthly Checklist .	Lack of adequate oversight of Student Activity Funds resulting in the misappropriation of funds.	3	1	1		1		3
Cash Receipts								
Bank deposits were not made in accordance with the timeframes established in the SAFPM.	Misappropriation of funds.	2	1	1	1	1	1	5
The registrar/secretary or bookkeeper verifies funds alone.	Misappropriation of funds.	2		1	1	1		3
Funds turned in to the office for deposit were not verified or were not receipted in a timely manner.	Misappropriation of funds.	2	1					1
Funds collected in the classroom were not turned in to the office in a timely manner.	Misappropriation of funds.	2	1	1				2

SAF Audit Issues Summary for Middle Schools

Middle Schools Audited in 2016

Audit Issue	Potential Risk	Audit Issue Ranking (A)	Middle Schools					# of Schools/Occurrences Where Finding is Noted
			Cold Springs Middle School	Deपोali Middle School	Incline Middle School	O'Brien Middle School	Pine Middle School	
Receipts are not provided to teachers turning in funds to the office.	Misappropriation of funds. Insufficient audit trail.	3	1					1
Cash Count Slips were not completed in their entirety.	Lack of adequate audit trail resulting in misappropriation of funds.	3	1	1		1	1	4
Incoming checks were not restrictively endorsed when received.	Checks could be obtained by illegal means and cashed by persons other than the intended recipient.	2	1	1	1		1	4
Cash Disbursements								
Check Authorization Forms and Pcard Authorization Forms were not used or did not reflect the authorization signature of the teacher/activity advisor and/or the principal.	Funds spent without teacher/activity advisor knowledge or approval.	2				1		1
Only two individuals' signatures were found on certain checks and the corresponding Check Authorization Forms.	Misappropriation or theft of funds.	2	1					1
Disbursements were not supported by adequate documentation.	Inappropriate expenditures or invalid reimbursements.	2	1					1
An excessive amount of the Principal's Discretionary Fund within Student Activity Funds was spent on school staff incentive awards and office lunches.	Projects a negative image to taxpayers and the general public.	3	1	1		1		3
Gift cards purchased for distribution to non-district employees were not accounted for using the Gift Card Distribution List found in the SAFPM.	Misappropriation of gift cards.	2		1				1

SAF Audit Issues Summary for Middle Schools

Middle Schools Audited in 2016

Audit Issue	Potential Risk	Audit Issue Ranking (A)	Middle Schools					# of Schools/Occurrences Where Finding is Noted
			Cold Springs Middle School	DePoali Middle School	Incline Middle School	O'Brien Middle School	Pine Middle School	
Fixed assets were not processed through the WCSD Business Office, and an inventory tag was not obtained.	Uninsurable loss of untagged assets.	2					1	1
The minimum requirements for school purchase orders were not met.	Misappropriation of funds.	3		1				1
Pcard requests were not used or were not completed in their entirety.	Unauthorized or inappropriate expenditures.	2	1					1
Purchasing card transactions were not approved by the administrator.	Inappropriate disbursements without the knowledge and approval of responsible parties.	2	1					1
Total Audit Issues			16	12	8	12	19	67
# and % of recurring issues			9	3	3	6	7	42%
Report Status (B) (C)			B	B	B	B	B	

(A)

Audit Issue Ranking:

- 1 High Exposure to Loss. Issue is serious and deserves the attention of the area superintendent. Corrective action is required within six months.
- 2 Moderate Exposure to Loss. Issue to be reported to and corrected by the principal. Issue may be material and, if not resolved, could result in inefficient management or ineffective oversight of student activity funds.
- 3 Low Exposure to Loss. Issue is to be reported to the principal and should be resolved in due manner. The issue is a minor risk to student activity funds and management of such is generally efficient and effective.

(B)

The school has provided a written response to each audit issue noted including the corrective action to be taken, if applicable. The response is deemed acceptable and addresses all issues adequately. A follow-up to the audit response may be performed in 12-18 months to determine that appropriate action has been taken.

(C)

The school has yet to provide a written response to each audit issue noted including the corrective action to be taken, if applicable. Upon receipt, the response will be reviewed to determine if all issues are adequately addressed. A follow-up to the response may be performed in 12-18 months to determine that appropriate action has been taken.

ELEMENTARY SCHOOL AUDITS

**Student Activity Fund Audits
Statistical Information
Fiscal Year 2016**

Audited Elementary Schools															
	Allen	Beasley	Beck	Bennett	Brown	Donner Springs	Double Diamond	Hunter Lake	Maxwell	Alice Smith	Sun Valley	Van Gorder	Verdi	Westergard	
Statistical Information:															
FY16 Beginning Balance	* \$ 18,016	\$ 47,664	\$ 63,593	\$ 35,832	\$ 36,242	\$ 17,455	\$ 37,157	\$ 23,969	\$ 26,179	\$ 78,980	\$ 34,956	\$ 27,990	\$ 10,281	\$ 38,456	
FY16 Total Receipts	* 13,628	60,015	75,328	49,167	135,283	62,283	128,705	37,501	37,450	66,114	48,882	98,379	43,993	68,458	
FY16 Total Disbursements	* 16,150	56,008	77,964	46,717	125,068	62,562	112,514	42,438	44,273	73,228	49,636	97,875	47,219	79,301	
FY16 Ending Balance	* \$ 15,494	\$ 51,671	\$ 60,957	\$ 38,283	\$ 46,457	\$ 17,175	\$ 53,348	\$ 19,033	\$ 19,355	\$ 71,866	\$ 34,202	\$ 28,494	\$ 7,055	\$ 27,613	
FY16 Student Enrollment	** 565	817	545	528	922	690	913	385	593	752	676	791	237	652	
FY16 Receipts Per Student	\$ 24.12	\$ 73.46	\$ 138.22	\$ 93.12	\$ 146.73	\$ 90.26	\$ 140.97	\$ 97.41	\$ 63.15	\$ 87.92	\$ 72.31	\$ 124.37	\$ 185.62	\$ 105.00	
FY16 Disbursements Per Student	\$ 28.58	\$ 68.55	\$ 143.05	\$ 88.48	\$ 135.65	\$ 90.67	\$ 123.24	\$ 110.23	\$ 74.66	\$ 97.38	\$ 73.43	\$ 123.74	\$ 199.24	\$ 121.63	

* Data Source: WCSO Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2016.

** Data Source: NDE 2015-2016 Accountability Report

**Student Activity Fund Audits
AUDIT ISSUE RANKINGS**

ELEMENTARY SCHOOLS			Number of Audit Issues Found with a Ranking of: See (A) for ranking description				
	School Name	Report Status	1	2	3		Total
	Allen	B	2	11	10		23
	Beasley	B	0	4	2		6
	Beck	B	0	12	2		14
	Bennett	B	1	4	1		6
	Brown	B	1	7	5		13
	Donner Springs	B	0	7	4		11
	Double Diamond	B	0	5	5		10
	Hunter Lake	B	0	5	4		9
	Maxwell	B	1	6	3		10
	Alice Smith	B	0	2	2		4
	Sun Valley	B	0	8	3		11
	Van Gorder	B	0	4	3		7
	Verdi	B	0	8	4		12
	Westergard	B	0	6	1		7
	Total						143
(A)	Audit Issue Ranking						
	<p>1 High Exposure to Loss. Issue is serious and deserves the attention of the area superintendent. Corrective action is required within six months.</p> <p>2 Moderate Exposure to Loss. Issue to be reported to and corrected by the school principal. Issue may be material and, if not resolved, could result in inefficient management or ineffective oversight of student activity funds.</p> <p>3 Low Exposure to Loss. Issue is to be reported to the principal and should be resolved in due manner. The issue is a minor risk to student activity funds and management of such is generally efficient and effective.</p>						
(B)	The school has provided a written response to each audit issue noted including the corrective action to be taken, if applicable. The response is deemed acceptable and addresses all issues adequately. Audit issues may be followed-up during interim contacts within 12-18 months after the audit.						
(C)	The school has yet to provide a written response to each audit issue noted including the corrective action to be taken, if applicable. Upon receipt, the response will be reviewed to determine that all issues are adequately addressed. Audit issues may be followed-up during interim contacts within 12-18 months after the audit.						
	<i>Paula J. Ward, CPA</i>					<i>March 29, 2017</i>	
	Paula J. Ward, Chief Auditor					Date	

SAF Audit Issues Summary for Elementary Schools

Elementary Schools Audited in 2016

Audit Issue Ranking (A)	Elementary Schools	Allen Elementary School	Beasley Elementary School	Beck Elementary School	Bennett Elementary School	Brown Elementary School	Donner Springs School	Double Diamond Elementary School	Hunter Lake Elementary School	Maxwell Elementary School	Alice Smith Elementary School	Sun Valley Elementary School	Van Gorder Elementary School	Verdi Elementary School	Westergard Elementary School	# of Schools/Occurrences Where Finding is Noted
-------------------------	--------------------	-------------------------	---------------------------	------------------------	---------------------------	-------------------------	-----------------------	----------------------------------	-------------------------------	---------------------------	-------------------------------	------------------------------	------------------------------	-------------------------	------------------------------	---

Audit Issue	Potential Risk															
Activity Account Review																
Classroom and activity fees are not approved by the principal.	Fees assessed without principal's knowledge.	3		1				1								2
The fees charged to students for clothing exceed cost.	Profiting from student fees projects a negative image to taxpayers and the general public.	3											1			1
The minimum requirements established for reconciling event tickets were not implemented.	Misappropriations of funds.	2	1													1
Appropriateness of Expenditures from Restricted Funds																
Restricted funds were spent on school staff incentives.	Projects a negative image to donors and the general public.	1						1								1
Safeguarding of District Assets																
One or more individuals had unrestricted access to the safe and can access funds alone.	Misappropriation of funds.	2	1	1	1	1	1	1	1	1	1	1	1	1	1	14

SAF Audit Issues Summary for Elementary Schools

Elementary Schools Audited in 2016

Audit Issue Ranking (A)	Elementary Schools	Allen Elementary School	Beasley Elementary School	Beck Elementary School	Bennett Elementary School	Brown Elementary School	Donner Springs School	Double Diamond Elementary School	Hunter Lake Elementary School	Maxwell Elementary School	Alice Smith Elementary School	Sun Valley Elementary School	Van Gorder Elementary School	Verdi Elementary School	Westergard Elementary School	# of Schools/Occurrences Where Finding is Noted
-------------------------	--------------------	-------------------------	---------------------------	------------------------	---------------------------	-------------------------	-----------------------	----------------------------------	-------------------------------	---------------------------	-------------------------------	------------------------------	------------------------------	-------------------------	------------------------------	---

Audit Issue	Potential Risk															
Unused check stock was not appropriately safeguarded.	Issuance of unauthorized checks. Misappropriation or theft of funds.	2		1							1					2
No trained backup in case the bookkeeper/secretary is unavailable.	Job duties could not be performed if bookkeeper/secretary were unavailable.	3					1									1
Minimum Inventory requirements for P.E./school uniforms/spirit wear sold at the school are not met.	Misappropriation of funds and uniforms.	2									1		1			2
General Ledger Accounting																
Change fund not recorded as an asset.	Misstatement of financial records.	3		1												1
The school has a petty cash Fund that is not accounted for in the general ledger.	Misstatement of financial records.	2						1								1
The school has a cash change fund that is not kept at the established amount.	Misstatement of financial records.	2			1											1

SAF Audit Issues Summary for Elementary Schools

Elementary Schools Audited in 2016

Audit Issue Ranking (A)	Elementary Schools	Allen Elementary School	Beasley Elementary School	Beck Elementary School	Bennett Elementary School	Brown Elementary School	Donner Springs School	Double Diamond Elementary School	Hunter Lake Elementary School	Maxwell Elementary School	Alice Smith Elementary School	Sun Valley Elementary School	Van Gorder Elementary School	Verdi Elementary School	Westergard Elementary School	# of Schools/Occurrences Where Finding is Noted
-------------------------	--------------------	-------------------------	---------------------------	------------------------	---------------------------	-------------------------	-----------------------	----------------------------------	-------------------------------	---------------------------	-------------------------------	------------------------------	------------------------------	-------------------------	------------------------------	---

Audit Issue	Potential Risk															
Certain activity accounts reflected negative balances.	Expenditures exceeding available funds.	2	1	1	1	1	1	1	1	1	1	1	1	1	1	8
Transfer Forms were not used or were not completed in their entirety to evidence transfers/adjustments between activity funds.	Lack of adequate trail. Unauthorized transfers between activity accounts.	3	1		1			1		1	1	1				6
Transfers have not been completed in a timely fashion.	Inability of teachers to purchase classroom materials when needed.	3	1													1
Transactions are posted to incorrect GL accounts.	Misstatement of financial records.	3						1								1
Voided checks were not properly defaced.	Checks may be altered by someone who might obtain such checks in an illegal manner.	3				1	1	1			1		1			5

SAF Audit Issues Summary for Elementary Schools

Elementary Schools Audited in 2016

Audit Issue Ranking (A)	Elementary Schools	Allen Elementary School	Beasley Elementary School	Beck Elementary School	Bennett Elementary School	Brown Elementary School	Donner Springs School	Double Diamond Elementary School	Hunter Lake Elementary School	Maxwell Elementary School	Alice Smith Elementary School	Sun Valley Elementary School	Van Gorder Elementary School	Verdi Elementary School	Westergard Elementary School	# of Schools/Occurrences Where Finding is Noted
-------------------------	--------------------	-------------------------	---------------------------	------------------------	---------------------------	-------------------------	-----------------------	----------------------------------	-------------------------------	---------------------------	-------------------------------	------------------------------	------------------------------	-------------------------	------------------------------	---

Audit Issue

Potential Risk

Monthly Bank Reconciliations/Reporting

Monthly bank reconciliation reports and Summary Trial Balance reports were not received by the Business Office by the deadline established in the SAFPM.	Manipulation of accounting records.	3	1			1		1		1				1		5
Detail Account Analysis Reports were not provided to the respective account advisors monthly.	Lack of adequate oversight of Student Activity Funds. Undetected transaction errors or omissions.	2	1					1		1				1		4
Account Analysis - Detail Reports reflect inaccuracies	Undetected errors or omissions.	1	1													1
The school did not receive cancelled check images with the monthly statement nor did they review the images online.	Checks may be cashed by parties other than the intended recipient.	2		1												1
The principal does not review endorsements on cancelled checks.	Checks may be cashed by parties other than the intended recipient.	2												1		1

SAF Audit Issues Summary for Elementary Schools

Elementary Schools Audited in 2016

Audit Issue Ranking (A)	Elementary Schools	Allen Elementary School	Beasley Elementary School	Beck Elementary School	Bennett Elementary School	Brown Elementary School	Donner Springs School	Double Diamond Elementary School	Hunter Lake Elementary School	Maxwell Elementary School	Alice Smith Elementary School	Sun Valley Elementary School	Van Gorder Elementary School	Verdi Elementary School	Westergard Elementary School	# of Schools/Occurrences Where Finding is Noted
-------------------------	--------------------	-------------------------	---------------------------	------------------------	---------------------------	-------------------------	-----------------------	----------------------------------	-------------------------------	---------------------------	-------------------------------	------------------------------	------------------------------	-------------------------	------------------------------	---

Audit Issue

Potential Risk

Questions were not answered or were answered incorrectly on the Principal's Monthly Checklist .	Lack of adequate oversight of Student Activity Funds resulting in the misappropriation of funds.	3	1	1			1	1	1	1	1	1	1	1		11
Cash Receipts																
Bank deposits were not made in accordance with the timeframes established in the SAFPM.	Misappropriation of funds.	2	1	1	1	1	1	1	1	1			1	1		12
The registrar/secretary or bookkeeper verifies funds alone.	Misappropriation of funds.	2	1									1	1			3
Funds turned in to the office for deposit were not verified or were not receipted in a timely manner.	Misappropriation of funds.	2										1	1			2
Funds collected in the classroom were not turned in to the office in a timely manner.	Misappropriation of funds.	2	1		1	1	1	1	1	1		1		1		10
Receipts are not provided to teachers turning in funds to the office.	Misappropriation of funds. Insufficient audit trail.	3	1													1
Cash Count Slips were not completed in their entirety.	Lack of adequate audit trail resulting in misappropriation of funds.	3	1			1	1						1			4

SAF Audit Issues Summary for Elementary Schools

Elementary Schools Audited in 2016

Audit Issue Ranking (A)	Elementary Schools	Allen Elementary School	Beasley Elementary School	Beck Elementary School	Bennett Elementary School	Brown Elementary School	Donner Springs School	Double Diamond Elementary School	Hunter Lake Elementary School	Maxwell Elementary School	Alice Smith Elementary School	Sun Valley Elementary School	Van Gorder Elementary School	Verdi Elementary School	Westergard Elementary School	# of Schools/Occurrences Where Finding is Noted
-------------------------	--------------------	-------------------------	---------------------------	------------------------	---------------------------	-------------------------	-----------------------	----------------------------------	-------------------------------	---------------------------	-------------------------------	------------------------------	------------------------------	-------------------------	------------------------------	---

Audit Issue	Potential Risk															
Cash Count slips were not used.	Lack of adequate audit trail resulting in misappropriation of funds.	2					1									1
Cash Count Slips lack documentation to support funds collected.	Misappropriation of funds.	2		1									1			2
The total of all funds for deposit are not reconciled to the Cash Count Slips. The Bank Deposit Summary was not completed in its entirety.	Insufficient audit trail. Misappropriation of funds.	2				1	1						1			3
Incoming checks were not restrictively endorsed when received.	Checks could be obtained by illegal means and cashed by persons other than the intended recipient.	2	1	1												2
Receipts were not completed in their entirety.	Insufficient audit trail.	3							1				1	1	1	4
Cash Disbursements																
Check Authorization Forms were incomplete or not prepared for disbursements.	Funds spent without proper approval.	2	1		1		1								1	4

SAF Audit Issues Summary for Elementary Schools

Elementary Schools Audited in 2016

Audit Issue Ranking (A)	Elementary Schools	Allen Elementary School	Beasley Elementary School	Beck Elementary School	Bennett Elementary School	Brown Elementary School	Donner Springs School	Double Diamond Elementary School	Hunter Lake Elementary School	Maxwell Elementary School	Alice Smith Elementary School	Sun Valley Elementary School	Van Gorder Elementary School	Verdi Elementary School	Westergard Elementary School	# of Schools/Occurrences Where Finding is Noted
-------------------------	--------------------	-------------------------	---------------------------	------------------------	---------------------------	-------------------------	-----------------------	----------------------------------	-------------------------------	---------------------------	-------------------------------	------------------------------	------------------------------	-------------------------	------------------------------	---

Audit Issue	Potential Risk															
Check Authorization Forms and Pcard Authorization Forms were not used or did not reflect the authorization signature of the teacher/activity advisor and/or the principal.	Funds spent without teacher/activity advisor knowledge or approval.	2			1								1			2
Cash disbursements were made directly from cash collections.	Misappropriation of funds.	1				1		1								2
Disbursements were not supported by adequate documentation.	Inappropriate expenditures or invalid reimbursements.	2	1				1									2
Individuals authorized to sign checks signed checks made out in their name.	Misappropriation of funds.	2				1										1
Checks were issued directly to students for scholarship payments.	Possibility that scholarship monies are not spent on the purposes for which the funds were raised.	2				1										1
Gift cards purchased for distribution to non-district employees were not accounted for using the Gift Card Distribution List found in the SAFPM.	Misappropriation of gift cards.	2														1

SAF Audit Issues Summary for Elementary Schools

Elementary Schools Audited in 2016

Audit Issue Ranking (A)	Elementary Schools	Allen Elementary School	Beasley Elementary School	Beck Elementary School	Bennett Elementary School	Brown Elementary School	Donner Springs School	Double Diamond Elementary School	Hunter Lake Elementary School	Maxwell Elementary School	Alice Smith Elementary School	Sun Valley Elementary School	Van Gorder Elementary School	Verdi Elementary School	Westergard Elementary School	# of Schools/Occurrences Where Finding is Noted
-------------------------	--------------------	-------------------------	---------------------------	------------------------	---------------------------	-------------------------	-----------------------	----------------------------------	-------------------------------	---------------------------	-------------------------------	------------------------------	------------------------------	-------------------------	------------------------------	---

Audit Issue

Potential Risk

Sales tax was included in checks issued to individuals for reimbursement of expenditures.	Unnecessary waste of student activity funds.	3						1								1
Merchandise purchased for school use was shipped to an activity advisor's home address.	Misappropriation of funds.	2	1				1									2
Blank checks were pre-signed by the principal.	Management override of internal controls.	1	1			1										2
Check stock contains only one signature line.	Misappropriation of funds.	3	1	1	1											3
Only two individuals' signatures were found on certain checks and the corresponding Check Authorization Forms.	Misappropriation or theft of funds.	2	1													1
An excessive amount of the Principal's Discretionary Fund within Student Activity Funds was spent on school staff incentive awards and office lunches.	Projects a negative image to taxpayers and the general public.	3	1			1				1				1		4

SAF Audit Issues Summary for Elementary Schools

Elementary Schools Audited in 2016

Audit Issue	Potential Risk	Audit Issue Ranking (A)	Elementary Schools														# of Schools/Occurrences Where Finding is Noted	
			Allen Elementary School	Beasley Elementary School	Beck Elementary School	Bennett Elementary School	Brown Elementary School	Donner Springs School	Double Diamond Elementary School	Hunter Lake Elementary School	Maxwell Elementary School	Alice Smith Elementary School	Sun Valley Elementary School	Van Gorder Elementary School	Verdi Elementary School	Westergard Elementary School		
Other fixed assets that do not meet the requirements for a District asset ID tag but which have a high potential for loss or theft because of its attractiveness are not tagged, documented, or inventoried.	Misappropriation of assets.	2			1													1
Total Audit Issues			23	5	15	6	13	11	10	9	10	4	11	7	12	7		143
# and % of recurring issues			6	2	3	3	4	7	7	3	5	2	6	0	6	5		41%
Report Status (B) (C)			B	B	B	B	B	B	B	B	B	B	B	B	B	B		

(A) Audit Issue Ranking:

1 High Exposure to Loss. Issue is serious and deserves the attention of the area superintendent. Corrective action is required within six months.

2 Moderate Exposure to Loss. Issue to be reported to and corrected by the principal. Issue may be material and, if not resolved, could result in inefficient management or ineffective oversight of student activity funds.

3 Low Exposure of Loss. Issue is to be reported to the principal and should be resolved in due manner. The issue is a minor risk to student activity funds and management of such is generally efficient and effective.

(B) The school has provided a written response to each audit issue noted including the corrective action to be taken, if applicable. The response is deemed acceptable and addresses all issues adequately. A follow-up to the audit response may be performed in 12-18 months to determine that appropriate action has been taken.

(C) The school has yet to provide a written response to each audit issue noted including the corrective action to be taken, if applicable. Upon receipt, the response will be reviewed to determine if all issues are adequately addressed. A follow-up to the response may be performed in 12-18 months to determine that appropriate action has been taken.