

Town of Wayland

Agreed Upon Procedures for
Student Activity Funds

June 30, 2011 and June 30, 2012

TABLE OF CONTENTS

	<u>PAGE</u>
LETTER OF TRANSMITTAL	1
BACKGROUND	3
<u>FINDINGS AND RECOMMENDATIONS:</u>	
1. Maintain Complete Accounting Systems	4
2. Account Reconciliations	4
3. Receipts Documentation	5
4. Support for Disbursements	6
5. Activities with Deficit Balances	7
6. Valid Student Activity Accounts	8

Attachment:

High School Accounts by Activity 2011 and 2012



MELANSON HEATH & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT ADVISORS

10 New England Business Center Drive • Suite 107

Andover, MA 01810-1096

(978) 749-0005 • Fax (978) 749-0006

www.melansonheath.com

Wayland Public Schools
41 Cochituate Road
Wayland, MA 01778

We have applied agreed upon procedures as discussed below to the accounting records of the Wayland School Department Student Activity Funds for the High School, Middle School and Elementary Schools. Our procedures included the following:

- We interviewed the Student Activity Administrators of each school to document the internal control procedures.
- We evaluated the effectiveness of the internal controls and the completeness of records.
- We tested selected receipt and disbursement transactions for reasonableness, adequacy of audit trail, compliance with applicable Massachusetts' statutes, and compliance with internal control procedures.
- We performed analytical procedures to activity accounting records.
- We verified the checking account bank reconciliations.
- Where available, we verified the reconciliation of account activity balances to cash balances.

Because the above procedures do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items referred to above. Had we performed additional procedures or made an examination of the financial statements in accordance with generally accepted auditing standards, additional matters might have come to our attention that would have been reported. This report relates only to the accounts and items specified above, and does not extend to any financial statements of the Town of Wayland or School Department taken as a whole.

Additional Offices:

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

We are presenting for your consideration our findings and recommendations regarding the accounting procedures and systems of internal accounting control for the Wayland School Department Student Activity Funds. The recommendations were developed during the course of our performing agreed upon procedures.

Melanson, Heath + Company P.C.
January 3, 2013

BACKGROUND

Prior to fiscal 2013, the Wayland School Department delegated the Student Activity Accounts to the individual schools. Bank accounts were set up in accordance with Massachusetts General Law 71:47 which provides for deposits into a savings account at the Town Treasurer's office and checking accounts maintained by the individual schools based on authorized transfers from the savings account. Checks signed at the individual schools required co-signature by the Town Treasurer if in excess of \$1,000. The schools also maintained bank accounts for the Principal's Discretionary Accounts (PDA's). Those accounts were not under the supervision and control of the Treasurer's office. The PDA accounts were closed in the spring of 2011, and balances were transferred to the bank accounts under the control of the Town Treasurer.

The High School had a complete accounting system using a common financial accounting software package. Other schools used similar software, but were not all completely implemented. One of the Elementary Schools did not maintain accounting records.

In September of 2012, the Wayland Public Schools issued a new set of guidelines which prohibited use of unauthorized bank accounts, clarified the types of activities permissible to be included in the student activity accounts, set for the accounting requirements and detailed documentation requirements.

The findings noted below represent activity prior to the implementation of the new Student Activity Guidelines. The School responses to the findings detail how the finding has been remediated with adoption of the new guidelines and policy changes.

We have attached a schedule of the student activity funds activity and balances for the High School. The other schools were not able to provide reports with balances by activity.

FINDINGS AND RECOMMENDATIONS:

1. Maintain Complete Accounting Systems

Most of the schools maintained their activity on Quicken financial software systems. However, the extent that each school used the system varied widely. The High School was the only school that had all activities entered into the Quicken system and was able to print out accounts by activity and balances.

Most schools maintained an account register in Quicken, but did not have all activities entered into the system and were not able to produce reports by activity including activity balances which could be reconciled to the bank accounts. Some of the schools kept track of the activities on spreadsheets.

One of the Elementary Schools did not maintain any accounting records.

Recommendation

All schools should fully set up accounts by activity. Monthly reports should be run which show the transactions and balances by activity. Copies of the reports by activity should be provided to the applicable faculty advisors on a monthly basis.

School Response

All schools are now (FY13) set-up uniformly using Quicken 2012 edition software. The School Committee approved and voted the list of activities for each school in accordance with the new guidelines and procedures adopted September 10, 2012. The new guidelines contain very specific requirements for monthly Quicken reports to be distributed to each student activity advisor each month.

2. Account Reconciliations

The most important control related to student activity funds is the reconciliation between the total of the activity balances and the balance in the bank accounts. There were reconciliations performed between the Town MUNIS system and the student activity bank accounts under the control of the Treasurer's office. One problem is that the bank statements did not cut-off at

the end of the month so that there was substantial work necessary to create reconciliations at the end of each month.

Another problem is that the Town's MUNIS system does not keep track of the student activity accounts by activity so that even if reconciled at the Treasurer's office, there is no assurance that the balances by activity reconciled.

The High School was the only school that could produce a report of activity balances that reconciled to the bank. Some work needed to be done because the school reconciliation was as of June 20th between the bank statements and the check register at that date. After accounting for the timing differences the reconciliation worked without variance.

The following table summarizes the status of accounting systems and reconciliations at each school.

	Maintains a register?	Software Used?	Separate activities maintained?	Able to access account balances?	Performs reconciliation?	Bank and register reconciled without variance
High School	YES	QUICKEN	YES	YES	YES	YES
Middle School	YES	QUICKEN	YES	NO	NO	N/A
Happy Hollow	YES	QUICKEN	YES	NO	YES	YES
Claypit Hill	YES	EXCEL	YES	YES	YES	YES
Loker	NO	NONE	N/A	N/A	NO	N/A

School Response

The chart above can now be filled with a Yes for every school in every category, except for column 3, which can now be filled with the name Quicken. Each school now maintains a register through Quicken, maintains separate activities, is able to access account balances, performs a monthly reconciliation, and has reconciled for three consecutive months to their bank statement.

3. Receipts Documentation

The recording and documentation of receipts was inconsistent between schools. Most schools entered receipts into the Quicken systems, but did not maintain a receipts log or retain any documentation regarding the receipts.

Documentation of amounts collected can be maintained in many different forms:

- A class roster documents who has paid for certain events like class trips
- Ticket sales can be used for events that have attendance such as dances and performance type events
- Registration or order forms are used for many events such as yearbook sales
- In the absence of other documents we suggest that two people count the money and sign a transmittal form

Recommendation

We recommend that documentation be retained supporting the amount of receipts collected and that the documentation be retained a minimum of three years after the accounts have been audited.

School Response

The new guidelines require use the use of Form A, which can be seen here:

http://www.wayland.k12.ma.us/UserFiles/Servers/Server_1036352/File/Business/Documents/Student_Activity_Account_Guidleines_9-10-12.pdf .

Form A requires the signed acknowledgement of the receipt of all cash and checks from the advisor by the school secretary. Form A also requires that the advisor list the source of the receipts.

4. Support for Disbursements

Most of the schools had receipt slips for amounts expended, but the quality of the receipt slips was inconsistent as was the pre-authorization to approve payment in the way of a disbursement request forms.

There were some disbursements tested that were not supported by valid invoices. Some of the schools used disbursement request forms, but even when used, did not always contain an authorized signature.

There were large advances made to faculty members for class trips for which we were not provided an accounting of how the proceeds were used and what if any balance was left over.

Recommendation

All payments from student activity funds need to be supported by valid invoices or receipt slips. A document request form documents prior approval for a disbursement but is not a substitute for an invoice evidencing the transaction.

Class trips need to be documented including all of the costs associated with the trip and an accounting of any advances made as to how the advance was spent and the disposition of any balance remaining.

School Response

Reference Accounting Systems, Forms and Record Keeping in the new guidelines. Invoice Processing and Payment, Appendix B is a section within the guidelines which requires the presentation of invoices for payment. Purchase Request Approval Form C is also required for items over \$5,000, including a co-signature from the Town Treasurer. Field trips, although not specifically addressed, follow the same procedures as any other purchase. The Business Office, given the time and resources, will explore further enhancements to the guidelines to ensure that each principal is requiring and documenting all costs related to field trips.

5. Activities with Deficit Spending

We noted that during the year and sometimes at the end of the year some of the student activities went into a negative balance. As student activities belong to various student groups by definition, a deficit in any student group represents an unauthorized borrowing from another student group.

Because some of the schools did not maintain accounting records by activity or run balances by activity, there is the risk that surplus balances from one student activity was used to cover deficits in another activity.

Recommendation

All schools need to keep track of each student activity separately and prohibit the payment of a bill out of an activity when there is no balance in the account

to cover the activity. The school needs to cover all student activity accounts that remain in deficit.

School Response

In addition to the requirement and approval of all activities previously explained, it is a requirement in the new guidelines that no individual activity be allowed to go into deficit (see Invoice Processing and Payment, Appendix B, #6).

6. Valid Student Activity Accounts

Student activity accounts are funds that are raised by students and spent by the students to benefit the group for which the funds were raised. Further guidance can be obtained from the Massachusetts General Laws, the MASBO Guide to Student Activity Funds and the Wayland Student Activity Guidelines and Procedures. We found examples of activities that did not meet that definition including athletic activities.

Recommendation

We recommend the Business Office review activity in all of the student activity funds and eliminate any accounts that do not meet the requirements of a student activity fund.

School Response

The School Committee has approved all activities including certain athletic activities under the new guidelines. These are strictly for student activities related to these sports for use by students only. The Athletic Department and the school principal have been advised of the limits of these activities which resulted in the movement of some activity to the Athletic revolving account. Given the time and resources, this office will follow-up on this matter to ensure compliance. Outside consultation may be employed to assist.

**Wayland High School
Student Activity Funds
FY 2011**

Activity	Beginning Balance 7/1/2010	Recelpts	Payments	Ending Balance 6/30/2011
06, CLASS OF	2.50	-	-	2.50
07, CLASS OF	350.00	-	-	350.00
09, CLASS OF	706.58	-	-	706.58
10, CLASS OF	8,650.61	328.11	(5,644.45)	3,334.27
11, CLASS OF	(1,752.39)	40,918.00	(38,952.82)	212.79
12, CLASS OF	729.54	19,936.67	(19,842.38)	823.83
13, CLASS OF	4,974.03	6,100.60	(7,181.14)	3,893.49
14, CLASS OF	-	10,983.32	(8,943.67)	2,039.65
* A CAPELLA CLUB	73.34	-	(73.34)	-
* ACADEMIC SUPPORT	2,613.14	-	(310.21)	2,302.93
* AMICITIAE	(89.03)	125.00	(35.97)	-
AMNESTY	2,198.62	-	-	2,198.62
* AP	1,694.66	29,972.00	(30,264.23)	1,402.43
ARC	955.15	-	-	955.15
* ART	431.61	-	(431.61)	-
* ASIAN CULTURES	487.66	79.60	(79.60)	487.66
* ATHLETICS	240.10	5,053.17	(5,293.27)	-
* AUDIO VISUAL	1,191.96	-	-	1,191.96
* BAND	4,308.83	1,739.00	(2,348.01)	3,699.82
BASEBALL	-	-	-	-
BASKETBALL-BOYS	670.04	2,177.00	(2,571.69)	275.35
BASKETBALL-GIRL	(798.69)	4,130.00	(3,331.31)	-
BEST BUDDIES	31.80	-	-	31.80
* BOOKS	(261.97)	1,181.49	(919.52)	-
* BUS	698.23	11,017.00	(11,835.55)	(120.32)
BUSINESS CAREER	751.63	1,815.00	(2,469.96)	96.67
* BUSINESS DEPARTMENT	-	300.00	(300.00)	-
* CALCULATORS	86.87	788.31	(875.18)	-
* CAPA	(1,851.61)	2,609.00	(757.39)	-
CHARITIES	2,232.33	11,136.50	(10,213.73)	3,155.10
CHEERLEADERS	590.99	10,051.00	(9,921.61)	720.38
CHESS CLUB	(349.35)	-	-	(349.35)
* CHORUS	3,709.26	38,562.85	(43,471.16)	(1,199.05)
* CLASSICAL STUDY	825.88	-	(825.88)	-
CLIMATE COMM.	711.71	-	-	711.71
CLOSEUP	(344.73)	-	-	(344.73)
COMMUNITY SERV	1,117.49	-	-	1,117.49
* CONFERENCES	577.00	-	(577.00)	-
CROSS COUNTRY, GIRLS	3,994.64	2,403.00	(150.00)	6,247.64
* DIVERSITY	200.00	-	-	200.00

Activity	Beginning Balance 7/1/2010	Receipts	Payments	Ending Balance 6/30/2011
DOC FILM CLUB	126.05	-	-	126.05
* DRAMA	17,785.40	17,165.87	(5,801.58)	29,149.69
EBM	1,489.94	11,889.85	(11,242.25)	2,137.54
* ENGLISH CLASS	398.06	1,075.00	(1,473.06)	-
ENVIRONMENT	1,004.40	-	(250.00)	754.40
FIELD HOCKEY	(387.21)	-	-	(387.21)
FOOTBALL	(531.62)	28,286.40	(27,744.65)	10.13
* FRENCH CLASS	809.55	720.00	(1,529.55)	-
FRENCH CLUB	(296.56)	296.56	-	-
GAY-STRAIGHT	(74.11)	-	-	(74.11)
* GILLESPIE	170.00	-	-	170.00
* GREENHOUSE	90.99	-	-	90.99
* GUIDANCE	17,878.87	10,439.00	(3,981.00)	24,336.87
* HOLDING	6,252.00	1,837.76	(8,089.76)	-
* INTEREST	16,332.72	5,981.18	(18,692.54)	3,621.36
LACROSSE-BOYS	261.10	5,197.50	(4,739.56)	719.04
LACROSSE-GIRLS	960.73	1,083.00	(682.30)	1,361.43
LANGUAGE CLUB	-	610.03	(628.48)	(18.45)
* LANGUAGE DEPT	178.43	-	(178.43)	-
LATIN CLUB	154.03	-	(481.00)	(326.97)
* LEARNER TRAVELSHIP	2,894.62	275.00	(1,000.00)	2,169.62
* LIBRARY COPIER	909.86	-	(909.86)	-
* LIBRARY FINES	5,854.77	-	(5,854.77)	-
LITERARY MAG	(21.78)	-	-	(21.78)
METCO	312.94	-	-	312.94
* MUSIC	2,228.50	3,453.00	(3,252.00)	2,429.50
NEW CLUBS	201.00	-	-	201.00
NEWSPAPER	(101.88)	-	-	(101.88)
* ORCHESTRA	1,985.27	1,434.32	(654.17)	2,765.42
OUTING CLUB	4.60	-	-	4.60
PAWS	594.72	-	-	594.72
* PHOTOGRAPHY	5,005.51	-	-	5,005.51
* PRINCIPALS	(2,533.78)	3,836.29	(1,302.51)	-
* PSAT	97.50	5,500.00	(5,315.00)	282.50
RECYCLING	359.56	-	-	359.56
ROBOTICS	1,508.24	5,222.00	(6,494.63)	235.61
SADD	151.61	84.30	-	235.91
SAILING TEAM	-	9,022.00	(13,168.86)	(4,146.86)
* SCIENCE TEAM	(51.49)	-	(26.51)	(78.00)
SCRIPT TO SCREEN	-	840.00	(359.88)	480.12
* SIGN FUND	1,525.00	-	(1,525.00)	-
SKI	123.30	-	-	123.30
SOCCER-BOYS	367.82	3,370.30	(3,729.43)	8.69
SOCCER-GIRLS	1,183.70	11,410.00	(12,241.72)	351.98
* SOCIAL STUDIES	949.20	-	(949.20)	-

Activity	Beginning Balance 7/1/2010	Receipts	Payments	Ending Balance 6/30/2011
SPANISH CLUB	610.03	-	(610.03)	-
* SPANISH EXCHANGE	8,383.66	67,029.99	(73,181.45)	2,232.20
* STOMP	(500.00)	1,698.82	(799.07)	399.75
STUDENT AWARE	0.49	-	-	0.49
STUDENT COUNCIL	775.65	1,100.00	(2,159.86)	(284.21)
SWIMMING	1,007.39	15,619.00	(13,292.22)	3,334.17
* TECH ED	207.46	-	(207.46)	-
TENNIS	2,262.50	-	(669.00)	1,593.50
TRACK-BOYS	235.06	-	(332.88)	(97.82)
TRACK-GIRLS	609.14	-	(582.87)	26.27
VOLLEYBALL, GIRLS'	103.44	-	-	103.44
WARRIOR COUNCIL	1,974.86	-	-	1,974.86
WATER WARRIORS	-	4,367.00	(4,072.42)	294.58
* WHSPO	(592.86)	592.86	-	-
WHY	127.05	-	-	127.05
WRESTLING	1,174.01	5,590.00	(3,740.79)	3,023.22
WSPN	1,278.65	12,776.23	(9,123.98)	4,930.90
YEARBOOK	279.80	29,735.00	(29,680.00)	334.80
YOUNG DEMOCRATS	99.05	-	-	99.05
TOTAL	144,545.37	468,944.88	(488,370.41)	125,119.84

* ACTIVITY WAS PART OF THE PRINCIPAL DISCRETIONARY ACCOUNT PRIOR TO BEING CLOSED OUT

**Wayland High School
Student Activity Funds
FY 2012**

Activity	Beginning Balance 7/1/2011	Receipts	Payments	Ending Balance 6/30/2012
06, CLASS OF	2.50	-	(2.50)	-
07, CLASS OF	350.00	-	(350.00)	-
09, CLASS OF	706.58	-	-	706.58
10, CLASS OF	3,334.27	-	(3,334.27)	-
11, CLASS OF	212.79	2,745.71	(2,958.50)	-
12, CLASS OF	823.83	37,085.20	(29,350.58)	8,558.45
13, CLASS OF	3,893.49	27,965.10	(30,413.63)	1,444.96
14, CLASS OF	2,039.65	8,790.22	(8,226.50)	2,603.37
15, CLASS OF	-	5,346.50	(3,410.37)	1,936.13
* A CAPELLA CLUB	-	-	-	-
* ACADEMIC SUPPORT	2,302.93	-	(2,302.93)	-
AMNESTY	2,198.62	1,372.56	-	3,571.18
* AP	1,402.43	29,981.00	(28,730.30)	2,653.13
ARC	955.15	-	(955.15)	-
* ASIAN CULTURES	487.66	-	-	487.66
* ATHLETICS	-	1,000.00	(1,000.00)	-
* AUDIO VISUAL	1,191.96	-	-	1,191.96
* BAND	3,699.82	3,813.00	(2,890.46)	4,622.36
BASEBALL	-	-	-	-
BASKETBALL-BOYS	275.35	5,755.00	(4,718.62)	1,311.73
BASKETBALL-GIRL	-	2,135.30	(615.00)	1,520.30
BATHE	-	1,162.85	-	1,162.85
BEST BUDDIES	31.80	-	(31.80)	-
* BUS	(120.32)	37,621.30	(37,562.66)	(61.68)
BUSINESS CAREER	96.67	-	-	96.67
CHARITIES	3,155.10	4,457.62	(2,766.00)	4,846.72
CHEERLEADERS	720.38	5,434.00	(6,145.21)	9.17
CHESS CLUB	(349.35)	105.94	-	(243.41)
* CHORUS	(1,199.05)	1,206.00	(162.50)	(155.55)
CLIMATE COMM.	711.71	-	(711.71)	-
CLOSEUP	(344.73)	344.73	-	-
COMMUNITY SERV	1,117.49	-	-	1,117.49
CROSS COUNTRY, GIRLS	6,247.64	1,106.77	(3,179.00)	4,175.41
* DIVERSITY	200.00	-	(200.00)	-
DOC FILM CLUB	126.05	-	(126.05)	-
* DRAMA	29,149.69	13,641.84	(6,320.56)	36,470.97
EBM	2,137.54	16,258.41	(16,547.27)	1,848.68
ENVIRONMENT	754.40	284.05	(1,038.45)	-
FIELD HOCKEY	(387.21)	280.13	-	(107.08)
FOOTBALL	10.13	20,644.90	(20,575.56)	79.47

Activity	Beginning Balance 7/1/2011	Receipts	Payments	Ending Balance 6/30/2012
FOR THE CHILDREN	-	80.47	(80.47)	-
GAY-STRAIGHT	(74.11)	300.00	-	225.89
* GILLESPIE	170.00	-	-	170.00
* GREENHOUSE	90.99	-	(90.99)	-
* GUIDANCE	24,336.87	8,091.20	(21,415.00)	11,013.07
* INTEREST	3,621.36	833.90	(4,944.00)	(488.74)
LACROSSE-BOYS	719.04	2,972.00	(3,177.05)	513.99
LACROSSE-GIRLS	1,361.43	556.00	-	1,917.43
LANGUAGE CLUB	(18.45)	2,414.25	-	2,395.80
LATIN CLUB	(326.97)	656.25	-	329.28
* LEARNER TRAVELSHIP	2,169.62	700.00	(1,139.00)	1,730.62
LITERARY MAG	(21.78)	21.78	-	-
METCO	312.94	-	(312.94)	-
* MUSIC	2,429.50	4,397.00	(2,755.24)	4,071.26
NEW CLUBS	201.00	-	-	201.00
NEWSPAPER	(101.88)	101.88	-	-
* ORCHESTRA	2,765.42	235.50	(693.15)	2,307.77
OUTING CLUB	4.60	-	(4.60)	-
PAWS	594.72	-	-	594.72
* PHOTOGRAPHY	5,005.51	-	(5,005.51)	-
* PSAT	282.50	5,025.00	(5,100.50)	207.00
RECYCLING	359.56	1,038.45	-	1,398.01
ROBOTICS	235.61	6,246.75	(5,160.61)	1,321.75
SADD	235.91	15.12	(181.00)	70.03
SAILING TEAM	(4,146.86)	12,311.50	(9,310.06)	(1,145.42)
* SCIENCE TEAM	(78.00)	78.00	-	-
SCRIPT TO SCREEN	480.12	526.05	(207.94)	798.23
SKI	123.30	15,234.05	-	15,357.35
SOCCER-BOYS	8.69	3,222.96	(2,700.00)	531.65
SOCCER-GIRLS	351.98	13,083.00	(11,517.31)	1,917.67
* SPANISH EXCHANGE	2,232.20	-	(2,100.00)	132.20
* STOMP	399.75	2,479.00	(1,128.00)	1,750.75
STUDENT AWARE	0.49	-	(0.49)	-
STUDENT COUNCIL	(284.21)	3,817.00	(2,285.00)	1,247.79
SWIMMING	3,334.17	12,073.00	(12,779.50)	2,627.67
TENNIS	1,593.50	-	-	1,593.50
TRACK-BOYS	(97.82)	155.00	(95.56)	(38.38)
TRACK-GIRLS	26.27	155.00	(140.83)	40.44
VOLLEYBALL, GIRLS'	103.44	1,530.00	(90.00)	1,543.44
WARRIOR COUNCIL	1,974.86	66.00	-	2,040.86
WATER WARRIORS	294.58	1,574.19	(3,312.00)	(1,443.23)
WHY	127.05	569.50	-	696.55
WRESTLING	3,023.22	6,650.00	(3,945.68)	5,727.54
WSPN	4,930.90	10,014.05	(11,980.10)	2,964.85
YEARBOOK	334.80	21,716.48	(14,661.88)	7,389.40

Activity	Beginning Balance 7/1/2011	Receipts	Payments	Ending Balance 6/30/2012
YOUNG DEMOCRATS	99.05	-	(99.05)	-
TOTAL	125,119.84	367,478.46	(341,039.04)	151,559.26

* ACTIVITY WAS PART OF THE PRINCIPAL DISCRETIONARY ACCOUNT PRIOR TO BEING CLOSED OUT