

Board Office Use: Legislative File Info.	
File ID Number	20-2497
Introduction Date	12/7/2020
Enactment Number	
Enactment Date	



Memo

To Oakland Unified School District Audit Committee

From Lisa Grant-Dawson, Chief Business Officer

Committee Meeting Date December 7, 2020

Subject Examples of School District Audit Committee Reports

Chair Jelks,

During the October 5, 2020 Audit Committee meeting, we discussed options for future audit committee topics for November and December 2020. For the December meeting, I recommended that the committee be provided with examples of reports submitted to the Governing Board from other school district audit committees. This would allow the committee to review, research, and determine its style of communication to the board regarding the 2019-20 Audit report.

It should also be noted that the District has taken significant steps to support the completion of a timely audit to submit to the Alameda County Office of Education by the statutory December 15th deadline and has maintained tight communication with Nathan Edelman and our audit team at Eide Bailly, LLC. The state has however, amended the statutory audit deadline due to the pandemic to March 31, 2021. Audits have required in person engagements at the clients office to review documents; however, the review has required to more electronic submission and limited scheduling of in person visits, which has slowed the review process.

For your edification, the Ed Code citation is as follows: Section 41020.9(b). (b) Notwithstanding subdivision (h) of Section 41020 or subdivision (m) of Section 47605, for audit reports for the 2019-20 fiscal year, a local educational agency shall file an annual audit report with the county superintendent of schools of the county in which the local educational agency is located, the Superintendent, the Controller, and, if applicable, to its chartering authority, by March 31, 2021, and notwithstanding subdivision (k) of Section 41020, the county superintendent of schools shall submit the required certification to the Superintendent and the Controller by July 15, 2021

The District is anticipating that the audit will be complete by mid-January 2021 and anticipates presenting it to the board at either the February 24, 2021 or March 10, 2021 meeting.

For the committees review and deliberation please find the attached documents:

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Attachments

- San Diego Unified School District
 - December 2015 Report to the Board regarding the 2014-15 Annual Financial Statements
 - December 2019 Report to the Board regarding the 2018-19 Annual Financial Statements
 - September 2018 Report to the Board regarding the 2017-18 Associated Student Body Funds
- Washoe County School District
 - August 2018 Report to the Board regarding the 2017-2018 Audit Report
 - December 2016 Report to the Board regarding the 2017-18 Associated Student Body Funds



Agenda Item Details

Meeting	Dec 08, 2015 - Regular Meeting, 4:30 P.M.
Category	H. DISTRICT OPERATIONS
Subject	1. Annual Financial Statements for Fiscal Year 2014-15; BUDGETED: N/A
Type	Action
Fiscal Impact	No
Budget Source	Not applicable

RECOMMENDATION: Accept and approve the external auditor's financial statements for Fiscal Year 2014-15, as prepared by Crowe Horwath LLP.

FISCAL IMPACT: Pursuant to the board-approved agreement with Crowe Horwath LLP, the fee for the 2014-15 external audited financial statements, \$214,500.00 (amount includes District Audit and Bond Audit fees).

PRIOR YEAR FISCAL IMPACT: \$284,646.00 for Fiscal Year 2013-14.

IMPACT TO DISTRICT STAFFING: None.

CONSULTATION WITH BOARD ADVISORY COMMITTEE: On Monday, November 30, 2015, the Audit and Finance Committee unanimously agreed to recommend that the board accept and approve, the Independent Auditors Report for 2014-15, and concurs with the recommendations contained in the audit findings.

BACKGROUND: Agreement between Crowe Horwath LLP and the San Diego Unified School District was approved by the Governing Board at its meeting on December 9, 2014. The term of this Agreement is January 1, 2015 through December 31, 2017, or until the completion of the Fiscal Year 2016-17 audits, whichever is later.

Crowe Horwath LLP, the district's external auditor, has completed an in-depth examination of the annual financial statements for Fiscal Year 2014-15. Crowe Horwath LLP met with the Audit and Finance Committee on November 30, 2015, to present the draft report; it was approved with no additional changes. The Audit and Finance Committee will subsequently forward a commentary to the Board of Education. Both the Chairperson of the Audit and Finance Committee and a senior auditor from Crowe Horwath LLP will be available to address the board on December 8, 2015.

The audited financial statements confirm that the district is fiscally sound, as defined by the State Controller's Office, with a closing 2014-15 General Fund balance of \$164,194,104.

[Originator/Contact: Jodie Macalos, Controller, 619.725.7588, jmacalos@sandi.net; Jenny Salkeld, Chief Financial Officer, 619.725.7667, jsalkeld@sandi.net]

[Annual Financial Statements for Fiscal Year 2014-15.pdf \(758 KB\)](#)

[Audit Committee Letter to Board 120815.pdf \(193 KB\)](#)

Workflow

Workflow

Oct 19, 2015 5:33 PM :: Submitted by Christina Lember. Routed to Jodie Macalos for approval.

Dec 3, 2015 10:17 AM :: Approved by Jodie Macalos. Routed to Jenny Salkeld for approval.

Dec 3, 2015 12:27 PM :: Final approval by Jenny Salkeld

Last Modified by Josefina Viorato on December 3, 2015



Audit and Finance Committee

December 8, 2015

Members of the Board of Education
San Diego Unified School District
4100 Normal Street, Room 2231
San Diego, California 92103

Dear President Foster and Members of the Board of Education,

On behalf of the members of the Audit and Finance Committee, I am pleased to present the Audit and Finance Committee response to the district Report on Audit of Financial Statements and Supplementary Information Including Reports on Compliance for Fiscal Year 2014-15.

The Audit and Finance Committee met five times between January and December 2015. The Committee received progress reports on the 2014-15 External Audit and Internal Audit reports. Reports on special topics such as the Internal Audit Hotline were also heard. Audit Recommendations from previous years are tracked and periodic implementation reports have been provided to the Committee.

We have reviewed a draft of the final 2014-15 audited financial statements and discussed the management response to each of the three findings of the External Audit team. The district has been diligent in implementing solutions resolving findings from prior years. Out of six prior year (FY 2013-14) findings, four have been fully addressed and solutions implemented, and the remaining two items – ASB (2015-002) and Attendance Reporting (2015-003) – were carried over to the 2014-15 audit report. Although there are repeat items, compared to prior years, the magnitude of the findings have shown marked improvement on the financial impact to the district. It is the Committee's goal to eliminate such findings altogether and we continue to urge staff to make this goal a priority by creating stronger controls and providing a plan of action to this Committee for review.

The Committee commends the district finance staff for receiving an **unmodified opinion** of the district's financial statements from the external auditors, which is **the best opinion a school district** can receive, as well as completing the audit on time and meeting state deadlines for the eleventh year in a row.

This is the first year working with the new audit firm, Crowe Horwath, LLP, and the committee members and district staff are extremely pleased with their work. Although the audit findings outline certain internal control and state compliance issues, we are pleased to report that for the fifth consecutive year the auditors did not find any instances of Federal noncompliance. This shows significant improvement over prior years' audits.

Letter to the Board of Education

Page 2 of 3

December 8, 2015

While there are other areas that need correction, the steady progress made by staff over the past five years has shown a significant decrease in the findings by the external audit firm. The auditors did find a significant deficiency regarding the restatement of accreted and accrued interest on the general obligation bonds. This deficiency resulted in an understatement on the government wide financial statements of over \$104 million, however this deficiency does not impact the general fund and will be corrected as of June 30, 2015.

The Committee is particularly impressed with the decreased number of findings in the ASB accounts. The Finance Department and Internal Audit staff have implemented multiple training classes and resource materials for school staff and students over the past year, to insure the proper procedures and district policies are followed. It is the expectation of this Committee that with continued training and staff support the managers, employees, and student representatives will continue to show improvement when taking on their responsibilities.

On Monday, November 30, 2015, the Committee unanimously agreed to recommend that your Board accept and approve, the Independent Auditors Report for 2014-15 and concurs with the recommendations contained in the audit findings.

Sincerely,



Dan McAllister
Chair

Attachment

2015 Audit Findings

- 2015-001 Significant Deficiency—Restatement of Accreted and Accrued Interest on the General Obligation Bonds (**New**)
- 2015-002 Internal Control—Associated Student Body (ASB) (**Repeat**)
- 2015-003 State Compliance—Attendance Reporting (**Repeat**)

Comparison of Prior Years' Audit Findings

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
ASB Internal Controls	X	X	X	X	X	X	X
Use of Purchase Orders	X	X					
Cash Receipting in Facilities	X						
Cash Receipting at Jefferson CDC	X						
Cold Storage Inventory	X						
Fixed Assets	X						
Closing Procedures – Cafeteria Fund	X						
Human Resources Files	X						
Personnel Time Accounting for Federal Programs	X	X					
Cash Receipting at CDC's		X	X	X			
Site Administration of Timekeeping Function		X					
PPO Inventory and Work Order Internal Control			X	X			
Attendance Accounting			X			X	X
Short-Term Independent Study			X	X		X	
Kindergarten Retention			X				
Accounts Payable Accrual				X	X		
ASES Program				X	X	X	
Kindergarten Continuance					X	X	
School Accountability Report Card					X		
PPO Inventory						X	
Restatement of Accreted and Accrued Interest							X



Agenda Item Details

Meeting	Dec 10, 2019 - Regular Meeting, 5:00 p.m.
Category	H. District Operations
Subject	4. External Auditor Annual Financial Statements for Fiscal Year 2018-19; BUDGETED: N/A
Type	Action
Budget Source	Not Applicable

RECOMMENDATION: Accept and approve the external audit of the district's Financial Statements for Fiscal Year 2018-19, as prepared by Crowe LLP.

FISCAL IMPACT: None.

PRIOR YEAR FISCAL IMPACT: None.

IMPACT TO DISTRICT STAFFING: None.

CONSULTATION WITH BOARD ADVISORY COMMITTEE: On Thursday, November 21, 2019, the Audit and Finance Committee reviewed the Independent Auditors Report for 2018-19, and concurred with the recommendations contained in the audit findings.

BACKGROUND: On December 9, 2014, the board approved an Agreement with Crowe LLP to provide professional financial auditing services for the district and bond programs for a term of January 1, 2015 through December 31, 2017.

On November 14, 2017, the board approved an Amendment extending the agreement for two additional years through December 31, 2019, or until the completion of the Fiscal Year 2018-19 audits, whichever is later.

Crowe LLP, the district's external auditor, has completed an in-depth examination of the Annual Financial Statements for Fiscal Year 2018-19. Crowe LLP met with the Audit and Finance Committee on November 21, 2019, to present the draft report; it was approved with no additional changes. The Audit and Finance Committee will subsequently forward a commentary to the Board of Education. Both the Chairperson of the Audit and Finance Committee and a senior auditor from Crowe LLP will be available to address the board on December 10, 2019.

The audited financial statements confirm that the district is fiscally-sound, as defined by the State Controller's Office, with a closing 2018-19 General Fund balance of \$130,452,105.00.

[Originator/Contact: Jodie Macalos, Controller, Finance Division, 619.725.7171, jmacalos@sandi.net]

[SDUSD-6.30.2019-Financial Statement Audit-Final.pdf \(1,466 KB\)](#)

[Audit Committee Letter to Board 121019.pdf \(264 KB\)](#)

Workflow

Workflow

Nov 19, 2019 3:26 PM :: Submitted by Tina Tran. Routed to Jodie Macalos for approval.
Dec 5, 2019 3:04 PM :: Approved by Jodie Macalos. Routed to Debbie Foster for approval.
Dec 5, 2019 4:13 PM :: Approved by Debbie Foster. Routed to Greg Ottinger for approval.
Dec 5, 2019 4:59 PM :: Final approval by Greg Ottinger

Last Modified by Melissa Hamilton on December 10, 2019



Audit and Finance Committee

December 10, 2019

Members of the Board of Education
San Diego Unified School District
4100 Normal Street, Room 2231
San Diego, California 92103

Dear President Whitehurst-Payne and Members of the Board of Education,

On behalf of the members of the Audit and Finance Committee, I am pleased to present the Audit and Finance Committee response to the district Report on Audit of Financial Statements and Supplementary Information Including Reports on Compliance for Fiscal Year 2018-19.

The Audit and Finance Committee met five times between January and December 2019. The Committee received regular progress reports on the 2018-19 External Audit.

We have reviewed a draft of the final 2018-19 audited financial statements with the External Audit team. This is the fifth year working with the audit firm, Crowe Horwath, LLP. The audit firm has expressed their intention to issue an unmodified opinion, which means that they believe the financial statements present fairly in all material respects the financial position of the district.

Out of six prior year (FY 2017-18) findings, three have been fully addressed and solutions implemented and the remaining items - ASB (2018-001); Attendance Reporting (2018-003); Kindergarten Continuation (2018-006) – were carried over to the 2018-19 audit report. Two of these findings show issues for compliance on reporting attendance for state programs. While the State compliance issues reported appear immaterial, it is the Committee's goal for staff to eliminate all internal control findings and we continue to urge staff to make this goal a priority by continuing to create stronger controls and providing periodic updates to this Committee.

In particular, with respect to the findings regarding ASB accounts, the Committee continues to monitor findings in that area, however, it is pleased with the response to these findings by the District's Finance Division staff. Additionally, ASB findings decreased from 11 sites in 2017-18 to five sites in 2018-19. The District Controller's Office has implemented multiple training classes over the past few years and updated resource materials for school staff and students have been added to the District's webpage for easy reference. The web resources include Fiscal Crisis and Management Assistance Team (FCMAT) manuals, Frequently Asked Questions (FAQs) guides, and additional job aids to ensure procedures and district policies are followed. It is the expectation of this committee that with continued training and staff support the managers, employees, and student representatives will continue to show improvement when taking on their responsibilities.

The Committee commends the District for moving forward with the process to hire an audit firm to conduct internal audits based upon the Enterprise Risk Assessment that was prepared by Christy White and Associates.

The Committee would like to note the District's total net position for the year ending June 30, 2019 was (\$284.70) million, compared to (\$397.82) million for the year ending June 30, 2018. The significant change in total net position is mainly due to an increase in revenue of \$126.9 million and a slight increase in expenditures of \$27.95 million as compared to the previous year, for a total change in net position of \$98.98 million.

Expenditures for CALSTRS, CALPERS and OPEB will continue to increase to address unfunded liabilities and the Committee commends the District for identifying solutions to be able to fund these liabilities on both a short-term and long-term basis.

The Committee continues to stress the importance of maintaining strong reserve balances and would ideally like to see it at five to six percent in the near future. Currently the District reserve is at the minimum suggested level of two percent.

The Committee reviewed the draft of the final 2018-19 audit at their November 21, 2019, Committee meeting, and agreed to recommend that your Board accept and approve, the Independent Auditors Report for 2018-19 and concurs with the recommendations contained in the audit findings.

Sincerely,



Dan McAllister
Chair

Attachment

**Agenda Item Details**

Meeting	Aug 27, 2018 - Audit Committee Meeting
Category	2. DISCUSSION, PRESENTATION, AND ACTION ITEMS (Public comment: any individual may address the public body concerning any item listed below. A completed "Citizen's Right to Speak" card must be submitted to the public body at the meeting. During the discussion of each item on the agenda, the Chair will invite the individual to come forward to speak. Individuals are limited to three minutes per item.)
Subject	2.09 Discussion and Possible Action to Forward to the Board of Trustees for Their Consideration and Acceptance the Annual Report of the Audit Committee pursuant to the Audit Committee Bylaws that State the Audit Committee, Through its Chair or Designee, Shall Report Annually to the Board Describing Their Composition, Responsibilities, How Their Responsibilities Were Carried Out, and Any Other Information Requested By the Board (For Discussion and Possible Action)
Type	

[2.09_2018 Annual_Report to the Audit Committee.pdf \(580 KB\)](#)

**WASHOE COUNTY SCHOOL DISTRICT
AUDIT COMMITTEE**

2018 ANNUAL REPORT

I. EXECUTIVE SUMMARY

The Audit Committee (the "Committee") of the Washoe County School District (the "District") has prepared this Annual Report (the "Report") to provide to the Board of Trustees of the District (the "Trustees") and the public a synopsis of the oversight support initiatives of the Committee from July 2017 through June 2018. The Report also includes a description of the Committee's continuing work plans and recommendations.

II. AUDIT COMMITTEE GOVERNANCE

A. COMMITTEE MISSION STATEMENT

The Committee is a standing committee that functions to assist the Trustees in fulfilling their oversight responsibilities relating to the District's financial and other reporting obligations, internal control processes, and compliance with laws, regulations, and ethics policies.

B. COMPOSITION AND MEMBERSHIP

The Committee is currently comprised of seven members. Those members include Tom Doyle, Jay Goldberg, Patty Miller, Terri Avansino, Randy Brown, Todd Shipley, and Russ Ruiz. And we would like to thank Catherine Thompson and Elizabeth Wicks for their service as they retired from the Committee at the end of 2017. The community representatives bring to the Committee experience in public and private financial management, accounting, business, regulatory compliance and investigation, school administration, and public and private law.

C. ORGANIZATION AND PROCESS ASSESSMENT

The Committee also is required by best practices to engage in an ongoing evaluation of internal audit oversight procedures. This review is important to make sure the Committee is providing the proper level of oversight and direction to the Internal Audit Department.

The Committee maintains and publicly reviews reporting and task processes to transparently manage to completion the various issues and programs it administrates.

The Committee met on June 28, 2018, February 8, 2018, November 9, 2017, and September 7, 2017. These meetings were open to the public and conducted in accordance with the Nevada Open Meeting Law.

III. REVIEW OF KEY AUDITS AND RECAP OF RESULTS

Annual WCSD Financial Statements Presented by CPA Firm Eide Bailly (11/9/2017 Meeting) – Very positive report on the District with cooperation and assistance from Finance team. During the Audit Committee meeting, it was discussed that the WCSD share of the unfunded PERS retirement obligation is \$741 million based on a projected annual return on investment of 8%. Also, new accounting standards require recording of retiree health insurance obligations, which will require funding in excess of \$100 million for future benefits. The Independent Auditors identified no material weaknesses in the Compliance and Control assessment of the CAFR.

Information Technology – Follow Up Audit (9/7/2017 Meeting) – While the IT management team made progress in increasing security, eliminating rogue devices & old accounts, and improving infrastructure, several issues remained

unresolved. These included formalizing IT Security, improving risk mitigation, and improving network protection. IT advised on concerns with their budget constraints and the challenges with ever-changing technology and managing over 70,000 users. IT remains a high risk area for the District.

Nutrition Services Audit – (6/28/2018 Meeting) – Nutrition Services Audit had several key findings as follows:

- Unpaid Lunch Balances – In an effort to serve our students, WCSD did not deny any child food service; however, this policy resulted in high unpaid balances due from parents. As a result of the audit and positive action by the Board and Nutrition Services team, steps have been taken to enforce compassionate collection efforts to reduce the unpaid balances, which can often be in vicinity of \$80,000 annually.
- **Community Eligibility Provision, or CEP** - CEP is a federal program that allows schools to serve meals to all students at no charge while eliminating the burden of collecting household applications. Schools are eligible based on the categorical eligibility of their student population, which is updated annually and reported through the Nevada Department of Agriculture (NDA). Previously, there was limited analysis done to determine if CEP would be financially beneficial to WCSD. Internal Audit determined the revenue impact was over \$450,000 from July 1, 2016 – October 31, 2017. CEP enables individual schools to have all children qualify for nutrition assistance, resulting in higher federal reimbursement and reduced tracking costs. WCSD has moved forward with application for CEP for two schools – if successful, use of CEP may be expanded.

Transportation Audit – Updated (6/28/2018 Meeting) - Twenty-seven recommendations were issued. Fourteen of the recommendations were fully implemented, seven were considered partially implemented, and six were not implemented. Most issues involve establishing clear policies, including some tough decisions that need to be made on allocation of vehicles.

- One controversial topic was the take-home vehicle practices in place for management (about 20 vehicles). This policy is still under review by the Board and should be adopted in near future.
- Recommendations were also made to enhance improvements over athletic transportation funds and suggestions on how to overcome budget shortfalls.
- Findings to ensure that employees with WCSD vehicles refuel at government locations as required rather than using other refueling sites will also result in savings.

Athletic Gates Audit - Follow Up Audit (11/9/2017 Meeting) – Key recommendations were implemented. Several proposals to update policies and forms remained as tasks to be completed.

Human Resources – Wage Inaccuracies Audit (2/8/2018 Meeting) – Internal Audit conducted this audit at the request of the Superintendent. Over 100 administrators or teachers were overpaid or underpaid. Issues (40%) involved input errors and often related to lack of training and lack of secondary reviews. HR has taken steps to reduce errors with process changes, additional reviews, and more training.

Employee Overpayment and Collection Process – Follow Up Audit (9/7/2017 Meeting) – Recommendations have been substantially implemented, focused on an improved collection process. At time of the meeting, 256 employees still owed the district over \$100,000.

Property Control Audit – Follow Up Audit (2/8/2018) – Most recommendations implemented. One item of key concern was WCSD's inability to automate the asset tracking process due to current software limitations (BusinessPLUS).

Management Controls Over District's Purchasing Card - Follow Up Audit (9/7/2017 Meeting) – Recommendations were substantially implemented, closing out the audit.

Ongoing Internal Audit Activities:

- Internal Audit completed Student Activity Fund Audits, mostly focused on improving documentation and cash handling controls.
- Successful evaluations and methodology for performance reviews for the Chief Auditor were adopted.
- February 8, 2018 meeting included a presentation to the Committee on the Open Meeting Law.
- Internal Audit continues monitoring the hotline for “Fraud, Waste, and Abuse.” In 2014, the hotline program was moved in-house from a vendor at an annual savings of \$8,000.

IV. REVIEW OF FUTURE AUDIT PLANS AND CHIEF AUDITOR

Chief Auditor Paula Ward – The Audit Committee would like to thank Paula Ward for her commitment and excellent work for the Washoe County School District. After many years of public service, Paula will be retiring at the end of August. Thanks Paula and we wish you all the best and a great retirement.

Audit Planning – Annually, the Committee supports the Internal Audit Department's development of a plan to allocate internal audit resources. The Committee applies a four-factor test to determine recommended use of internal audit resources directed to examination of District operational functions. These factors are:

- ✓ The importance of the operational function to the central mission of the District.
- ✓ The relative financial resources dedicated to the operational function.

- ✓ The degree to which the operational function could be subject to possible undisclosed risks of loss or abuse.
- ✓ The length of time since the operational function has been audited or involved in another accountability evaluation.

The Chief Auditor formulated an audit plan recommendation for next year. Note that the audit of Capital Projects, which is critically important and includes use of WC-1 funds, is highly dependent on receiving approval to open a requisition for the Construction Auditor position in the Internal Audit Department and finding a suitable candidate to fill it. The Committee has reviewed the plan and identified the following key audits for fiscal year 2019:

Preliminary Audit Plan Fiscal Year 2019			
New Audits			
	Department	Priority Area	Preliminary Objectives
1	Nutrition Services	Financial	Review of supporting documents to the financial statements provided by management company.
2	Risk Management	Healthcare	Review of rising health care costs--self-funded vs. fully funded.
3	Human Resources	Sick Leave Bank	Process in place to ensure sick leave bank hours are available prior to approval.
4	Education Alliance	Attestation	2017-18 Financial Statement review.
5	Transportation	Random Drug Testing	Processes in place to ensure adequate random drug testing is performed timely, consistently, and without bias.
6	3 High Schools, 1 Middle School, & 1 Elementary School	Student Activity Funds	Compliance with the Student Activity Fund Procedure Manual and district policy and regulations.
Ongoing Audits			
	Department	Priority Area	Objectives
1	Capital Projects	Construction	Construction Manager at Risk, Process Lifecycle, gaps in pre-construction activities and district's responsibilities.
Carryover Audits			
	Department	Priority Area	Objectives
1	Risk Management	Workers' Comp	Analysis of cost and injury trends to assess and mitigate risk.
2	Student Support Services	WestEd Audit Follow-up	Review of corrective action one year after put in place by Student Support Services.



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

March 29, 2017

Paula J. Ward, CPA
Chief Auditor

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: WCSD 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
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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	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																			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																				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
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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 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
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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															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																				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					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				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 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
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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					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	

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
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Audit Issue	Potential Risk																										
Purchase Order Forms and Purchase Order Log lack required information.	Misappropriation of funds.	3			1																						1
The minimum requirements for school purchase orders were not met.	Misappropriation of funds.	3						1																			1
Check stock contains only one signature line.	Misappropriation of funds.	3									1	1	1														3
Cash advances were paid to activity advisors.	Inappropriate spending of Student Activity Funds.	2	1																								1
Total Audit Issues			6	4	9	10	16	12	8	12	19	23	6	14	6	13	11	10	9	10	4	11	7	12	7		239
# of recurring issues			1	0	6	0	9	3	3	6	7	6	2	3	3	4	7	7	3	5	2	6	0	6	5		39%
Report Status (B) (C)			B	B	B	B	B	B	B	B	B	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 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.

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	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
<p>* Data Source: WCSD Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2016.</p> <p>** Data Source: NDE 2015-2016 Accountability Report</p>						

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	Deपोali 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	DePoali 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	Domner 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														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	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
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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
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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
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 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											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							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
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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
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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.	1	1	1												2
Receipts were not completed in their entirety.	Insufficient audit trail.	2						1				1	1	1		4
Receipts were not completed in their entirety.	Insufficient audit trail.	3	1													1
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
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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.
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