

WESTON PUBLIC SCHOOL DISTRICT
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES APPLICABLE TO
FIELD ELEMENTARY SCHOOL
STUDENT ACTIVITY FUNDS

JUNE 30, 2013



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To the Honorable School Committee and
Management of Weston Public School District
Weston, Massachusetts 02493

We have performed the procedures enumerated below, which were agreed to by the Weston Public School District (District), solely to assist the District in evaluating the systems of internal controls and compliance with the Massachusetts Student Activity Law (Massachusetts General Law [MGL] Chapter 71, Section 47) related to the Field Elementary School's student activity funds for the period July 1, 2012 through June 30, 2013. The District is responsible for the administration and system of internal controls surrounding the student activity funds. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Procedures:

1. *Conduct interviews and review policies and procedures in order to gain an understanding of the internal control structure.*
2. *Review the Programs for compliance with MGL Chapter 71, Section 47 Athletic Programs; School Organizations; and Student Activity Accounts.*
3. *Test a sample of transactions in the receipt cycle for the purpose of determining if:*
 - a. *Receipts are being processed in accordance with management's directives.*
 - b. *Deposits are being made in a timely manner.*
 - c. *Receipts are being recorded accurately.*
 - d. *Receipts are in compliance with MGL Chapter 71, Section 47.*
4. *Test a sample of transactions in the disbursement cycle for the purpose of determining if:*
 - a. *Expenditures are being processed in accordance with management's directives.*
 - b. *Expenditures are appropriate and supported by adequate documentation.*
 - c. *Vendor invoices are paid timely.*
 - d. *Expenditures are in compliance with MGL Chapter 71, Section 47.*
5. *Review reconciliations of cash to program activities and obtain acknowledgments of balances from the program directors.*
6. *Review management reports for accuracy, form and content.*
7. *Make recommendations for changes in the internal control structure to minimize the risk of inappropriate activity and/or enhance operations.*

Findings and Recommendations:

The District has adopted a detailed set of student activity guidelines and policies; which include setting maximum bank balances for principal checking accounts, acceptable use of interest earned, monthly reconciliations, procedures for the establishment of new student activity accounts and procedures for the disposition of remaining class funds upon graduation. However, we noted the following instances where the school was not in compliance with the adopted policies:

- The student activity subsidiary ledgers are not reconciled to the Town's general ledger or to the bank statements. Furthermore, the school was not provided with bank statements for the agency account throughout the year. The agency account together with the checking account, comprise the total bank balance which should be reconciled to the supporting records. The policies require each principal to maintain subsidiary ledgers that match deposits and expenditures to individual student activities. The subsidiary accounts should then be balanced on a regular basis to the total activity of the checking and Agency accounts, as shown in the Town's general ledger and to the corresponding bank accounts. As of June 30, 2013, the adjusted bank balances for the Field School totaled approximately \$14,000; the general ledger balances totaled approximately \$5,100, and the subsidiary ledgers totaled approximately \$8,200.
- Interest is earned on the student activity agency account. However, the interest is not recorded in the student activity records maintained by the school department. The policies require interest earned on each student activity account to remain in the account and to be recorded as a separate line item by the building principal.
- The Field School is maintaining class accounts for the classes of 2018 and 2019 totaling approximately \$3,200 and \$1,300, respectively. The policies stipulate that these class year accounts should have been transferred to the next school, following the class of students. As of June 30, 2013, the class account for the class of 2018, at a minimum, should have been transferred to the Middle School.
- With the exception of the class accounts, the Field School uses one student activity account to account for all other activities, which consisted of several different field trips for fiscal year 2013. Therefore, they do not maintain a record of the revenues, expenses, or balance for each individual trip, and there is no record to indicate if the fees charged covered the cost of the trip. Each principal is responsible for maintaining subsidiary ledgers that match deposits and expenditures to individual student activities. Comingled accounts are not permitted.
- The principal for the Field School is bonded for \$2,000. The school's student activity accounts recorded approximately \$14,000 in annual receipts. The policies stipulate that the bond should be given "in such amount as the treasurer shall determine to secure the principal's faithful performance of his duties in connection with such account." The school and the treasurer should consider the amount of the bond based on the account's activity. The appropriate value of the bond should be reconsidered periodically with any substantial changes in the activity of the account.

We recommend the school implement procedures to:

- Reconcile the student activity account records maintained in the subsidiary ledgers at the school to the corresponding bank accounts and to the Town's general ledger on a monthly basis. To accomplish this, the school should be provided with a copy of both the checking and the agency bank account statements and the activity recorded to the agency account on the general ledger. Variances should be identified and corrected in a timely manner and a record of the reconciliation should be maintained by the school.
- Maintain a student activity interest earned line item in the school's records.
- Annually transfer the balances of class accounts to the middle school to follow the class.
- Maintain separate line items within the subsidiary ledgers to account for each individual student activity.
- Consider increasing the value of the principal's bond, as deemed necessary by the treasurer, to secure the principal's faithful performance of his duties in connection with the account.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the cash and student activity balances. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of Weston Public Schools and is not intended to be and should not be used by anyone other than these specified parties.

Powers & Sullivan LLC

March 7, 2014