

**WESTON PUBLIC SCHOOL DISTRICT**  
**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING**  
**AGREED-UPON PROCEDURES APPLICABLE TO**  
**WESTON HIGH 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 Weston High 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 detailed 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 corresponding bank accounts. As of June 30, 2013, the bank balance totaled approximately \$382,000; the general ledger agency fund balance totaled approximately \$181,000; and the subsidiary ledgers totaled approximately \$202,000.
- There were several occasions where the checking account bank balance exceeded the \$50,000 limit designated in the school committee's policies. The balance is not only above the limit set by the school committee, this is also an indication that funds have, at some point, been deposited directly into the checking account; which is in violation of both the policies and the MGL.
- Interest was 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.
- There was no annual school committee approval authorizing each student activity during fiscal year 2013 as stipulated in the school committee's policies. The most recent vote provided to us was taken on September 27, 2011. The vote taken on September 27, 2011 did not include several student activities with balances, including:

- |                                    |                             |
|------------------------------------|-----------------------------|
| -Chorus Club                       | -Varsity                    |
| -P.E. Locks                        | -Lady Souljaz               |
| -Weston Model U.N. Club            | -Literary Magazine          |
| -Scuba Club                        | -SALSA                      |
| -Art field trip                    | -Pralines                   |
| -Foreign Language field trip       | -Uganda Trip                |
| -English field trip                | -Natural Disaster Awareness |
| -History/Social Studies field trip | -Junior State of America    |
| -Library                           | -Cheerleading               |
| -Music Club                        | -KARE                       |
| -Outdoor                           | -Baking for the Needy       |
| -SEA Club                          | -Table Tennis Club          |

- Twelve of these accounts carried a balance and had no activity during the year, indicating that the activity may be inactive. School committee policies require the dissolution of activities that are inactive for more than two years.

- The requests to reimburse the checking account for approximately \$21,000 of expenditures were denied because they did not contain adequate supporting documentation. The majority of these payments were for reimbursement for various field trip expenditures. Proper documentation is essential to verify that expenditures are allowable. Also, not providing adequate support with reimbursement requests can lead to deficit balances in the student activity accounts because expenditures have been paid without a source to replenish the account.
- The principal for the High School is bonded for \$2,000. The school's student activity accounts recorded approximately \$375,000 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.
- Adhere to the school committee policy of maintaining the checking account at a balance not to exceed \$50,000. This would be accomplished by maintaining the checking account strictly on a reimbursement basis since funds would only be reimbursed to the checking account after funds had been spent.
- Maintain a student activity interest earned line item in the school's records.
- Provide the school committee with a listing of all student activity accounts maintained by the high school for annual approval. Any accounts not receiving the approval of the school committee should be discontinued.
- Review inactive student activity accounts and take steps to close out inactive activities in accordance with the school committee's policies.
- Maintain all supporting documentation for expenditures and provide copies with the reimbursement requests to replenish the accounts. In the event that expenditures have been made and supporting documentation cannot be located, the school department should consider the circumstances and make a determination on how the checking account should be replenished.
- Consider increasing the value of the principal's bond, as deemed necessary by the treasurer, to secure the principal's faithful performance of his or her 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