

**OFFICE OF THE SUPERINTENDENT
BISHOP UNIFIED SCHOOL DISTRICT
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December 12, 2018

Response to Audit Observations for Internal Control Improvement

ASSOCIATED STUDENT BODY (ASB)

Home Street Middle School

Observations

1. Based on the review of the cash receipting procedures, it was noted that four of 13 deposits tested were not deposited in a timely manner. The delay in deposit ranged from approximately 11 to 21 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.
2. One of the disbursements tested was unallowable as it was a donation to a charitable organization.
3. During testing of cash disbursements, the auditor noted that four of 25 disbursements tested were not pre- approved. The expenditure approval was dated after the invoice.

Recommendations

1. The ASB should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site.
2. If the ASB decides to donate money to a charitable organization, they need to hold a fundraiser specifically for that reason, have the fundraiser approved by the Board, and donate the money directly to the organization and not deposit the money in the ASB bank account.
3. In order to ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council and has a proper purchase order or requisition to go with it. This would allow the reviewing administrator and/or the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.

District Actions:

1. School Site ASBs will be advised and monitored to assist with weekly deposit compliance. Maximum cash level advisory will be set at \$1,000.00. Cash exceeding that level should be forwarded to the District Office for safekeeping until such a time that the deposit can be completed.
2. School Site ASBs have been advised that specific charity fundraisers must be disclosed and reported independently of all other fundraisers. Money for such fundraisers will not be deposited into ASB accounts.
3. School Site ASBs have been advised of proper procedures for disbursements including preapproval and ensuring funds are available to complete the purchase.

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