

CHELMSFORD PUBLIC SCHOOL DISTRICT

***REPORT ON APPLYING AGREED-UPON PROCEDURES
IN RELATION TO THE MCCARTHY MIDDLE SCHOOL
STUDENT ACTIVITY FUNDS***

YEAR ENDED JUNE 30, 2020

CHELMSFORD PUBLIC SCHOOL DISTRICT
REPORT ON APPLYING AGREED-UPON PROCEDURES
IN RELATION TO THE MCCARTHY MIDDLE SCHOOL
STUDENT ACTIVITY FUNDS

JUNE 30, 2020

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**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES IN RELATION TO THE
MCCARTHY MIDDLE SCHOOL STUDENT ACTIVITY FUNDS**

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

We have performed the procedures enumerated in the Massachusetts Department of Elementary and Secondary Education's (DESE) "Agreed-Upon Procedures and Audit Guidelines: Student Activity Funds", which were agreed to by the Chelmsford Public School District (District), solely to assist the District with an evaluation of the systems of internal controls and compliance with the Massachusetts Student Activity Law (Massachusetts General Law [MGL] Chapter 71, Section 47) as related to the McCarthy Middle School student activity funds for the period July 1, 2019, through June 30, 2020. 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 in the Massachusetts Department of Elementary and Secondary Education's "Agreed-Upon Procedures and Audit Guidelines: Student Activity Funds" either for the purpose for which this report has been requested or for any other purpose.

We have listed our comments and the corresponding agreed-upon procedures in the accompanying Schedule of Comments.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on 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 use of the Chelmsford Public School District and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

May 27, 2021

Student Activity Schedules

SCHEDULE OF STUDENT ACTIVITY BALANCES - CASH BASIS

June 30, 2020

ASSETS

Cash and cash equivalents..... \$ 23,492

STUDENT ACTIVITY BALANCES

Band.....	\$ 3,281
Chorus.....	1,575
Cross Country.....	118
Drama.....	12,195
General Student Body Fund.....	868
Grade 5 and Field Trips.....	890
Grade 6 and Field Trips.....	327
Grade 7 and Field Trips.....	1,814
Grade 8 and Field Trips.....	57
Orchestra.....	677
Project 300.....	276
Student Council.....	963
Yearbook.....	<u>451</u>

TOTAL STUDENT ACTIVITY BALANCES..... \$ 23,492

SCHEDULE OF ACTIVITIES - CASH BASIS

June 30, 2020

Receipts:	
Student activities.....	\$ <u>28,581</u>
Disbursements:	
Student activities.....	<u>46,451</u>
Increase (decrease) in student activity balances.....	(17,870)
STUDENT ACTIVITY BALANCES AT BEGINNING OF YEAR.....	<u>41,362</u>
STUDENT ACTIVITY BALANCES AT END OF YEAR.....	\$ <u><u>23,492</u></u>

SCHEDULE OF SUPPORT, RECEIPTS AND DISBURSEMENTS - CASH BASIS

June 30, 2020

	Beginning Balances	Receipts	Disbursements	Transfers In (Out)	Receipts Over (Under) Disbursements	Ending Balances
Band.....	\$ 1,548	\$ 4,030	\$ 2,297	\$ -	\$ 1,733	\$ 3,281
Chorus.....	960	3,067	2,452	-	615	1,575
Cross Country.....	759	375	1,016	-	(641)	118
Drama.....	20,391	254	8,450	-	(8,196)	12,195
General Student Body Fund.....	3,133	445	2,845	135	(2,265)	868
Grade 5 and Field Trips.....	2,261	-	1,371	-	(1,371)	890
Grade 6 and Field Trips.....	2,342	789	2,804	-	(2,015)	327
Grade 7 and Field Trips.....	3,086	3,325	4,597	-	(1,272)	1,814
Grade 8 and Field Trips.....	4,012	200	3,942	(213)	(3,955)	57
Orchestra.....	1,113	1,588	2,024	-	(436)	677
Project 300.....	776	-	770	270	(500)	276
School Store.....	405	-	-	(405)	(405)	-
Student Council.....	(235)	6,629	5,644	213	1,198	963
Yearbook.....	811	7,879	8,239	-	(360)	451
Totals.....	\$ 41,362	\$ 28,581	\$ 46,451	\$ -	\$ (17,870)	\$ 23,492

SECTION IV. – REVENUE, RECEIPTS AND DEPOSITS**School Deposits**DESE Guideline

The receipts process is most susceptible to theft and abuse since cash collections for student activities are normally decentralized, and individuals collecting cash are often young students inexperienced with cash handling.

Agreed Upon Procedures

Make a selection of receipts to test. This sample population should be a representative sample of receipts that are made from the school deposit slips. Upon determination of the samples to be tested, perform the following procedures on each sample:

1. Determine if pre-numbered receipts are used.
2. Determine if funds are remitted within twenty-four hours or within the next business day (if a weekend day) to the principal's office.

Comments

We noted that all transactions selected for testing did not have pre-numbered receipts or tickets, student listings, and/or any supporting documentation that indicated who collected the funds and when the funds were collected. Because information regarding the collection of funds was not maintained, we were unable to determine the timing between when the monies were collected and when they were turned over to the principal's office for deposit.

We recommend that the District implement procedures that provide an audit trail for the funds collected by the advisor prior to turning the funds over to the Principal's office.

This comment is substantially the same comment made in our December 31, 2018, report.

SECTION V. – PURCHASING AND DISBURSEMENTS**School Disbursements**DESE Guideline

MGL 71, Section 47 gives the responsibility for the establishment of student activity accounts to the School Committee and the enforcement of School Committee policies to the School Principals; such is the case with purchasing and disbursements. It is important that disbursement policies are sound, controlled, and designed to benefit only the students.

Agreed Upon Procedure

Make a selection of disbursements to test. This sample population should be a representative sample of disbursements selected from the school check register.

Upon determination of the samples to be testing, perform the following procedure on each sample:

1. Was the disbursement approved by the Principal? How was the Principal's approval evidenced?

Comment

In a sample of 25 transactions, there were two transactions recorded to reimburse a teacher for a purchase made from a vendor, where the vendor could have been paid directly out of the student activity account. For one of the transactions noted, the reimbursement was over \$1,000.

We recommend that the School mitigate purchases with personal credit cards. If reimbursement cannot be avoided, we recommend that for any reimbursements that will total over \$1,000, the advisor obtain prior approval of the disbursement from the Principal.