Auxiliary Operations

District Level Oversight

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Auxiliary Operations

The Series:

1. The Basics - August 2012
2. Extracurricular Activities Fees Tax Credits - October 2012
3. District-level Oversight - Today

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Why focus on Auxiliary Operations?

Increased risk of loss or misuse due to:

- **Decentralized operations**
- **Cash vs. checks**
- **Bank accounts**

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Review Tool

- Designed for Business Managers
- Provides an overview
- Microsoft Word document
  - Use in parts or all at once
  - Modify sample sizes
  - Customize to fit your needs
- Use anytime or at year-end
- Document review by campus

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Comparisons
p.2

- **Assess changes in data from period to period**

- **Small variances are to be expected**

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Comparisons
p.2

	Prior Period (month, year)	Current Period (month, year)	$ Change	% Change	Are Changes Reasonable? (Yes/No)
Bookstore Revenues					
Sales					
Fees					
Donations (tax credit)					
Athletic Program Revenues					
Gate (ticket sales)					
Concession sales					
Fees					
Bookstore Expenses					
Nonpayroll					
Payroll					
Athletic Program Expenses					
Nonpayroll					
-Concessions					
-Other					
Payroll					
Inventory on Hand (fiscal year end)					
Bookstore (FY End)					
Concessions (FY End)					
Other area: _____					

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Comparisons
p.2

Parking Permit Fees ($10 per parking permit)

	Aug-Sept 2011	Aug-Sept 2012	Change	% Change	Are Changes Reasonable? (Yes/No)
Bookstore Revenues					
Parking Sales	$1,210	$40	($1,170)	(97%)	No
# of permits issued	121	130	9	7%	Yes

Change for Sales = NOT Reasonable

Balance = Fraud

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Comparisons
p.2

Detect Change, <u>NOT</u> Accuracy of Account Balances

	Prior Period FY 2011	Current Period FY 2012	$ Change	% Change	Are Changes Reasonable? (Yes/No)
Bookstore Revenues					
Sales	$156,000	$143,500	($12,500)	(8%)	No
Bookstore Expenses					
Nonpayroll	$100,000	$110,000	$10,000	10%	No

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Revenues

List the Auxiliary Operations activities based on the method used to document sales:

Issuing tickets (e.g., sport event admission, dance admission, etc.)
1.
2.

Issuing receipts without using a cash register (e.g., fees collected in the school office or library, yearbook sales, etc.)
1.
2.

Using a cash register to issue receipts (e.g., bookstore sales, concessions, etc.)
1.
2.

Ticket/ Receipt Sales

Activity Description _dance ticket and yearbook sales_

Sales Report #	Report Date	Name of Ticket Seller/ Receipt Issuer	Next Ticket / Receipt # to be issued	Beginning Ticket / Receipt # Issued	For Ticket Sales Only		Total Sales
					Total # of Tickets Sold	Ticket Price	
5	2/12/13	John M	4029	3876	153	$3	$459
12	2/20/13	Donna B	1320	1210	n/a	n/a	$2,200

- Total sales
- Review & signature
- Overages & shortages resolved
- Ticket numbers
- Receipt book

> Sales Report #4 (previous report)
> Varsity Football Game
> Next Ticket # to be Issued: 3500

Difference = 376

Cash Register Sales

Select _5_ events/dates from the district's calendar of scheduled events/ business days and document the following information based on a review of the applicable Daily Sales Reports.

Activity Description _concession sales_

Daily Sales Report				Register Total Tape	
Report #	Date	Cashier	Total Sales	Tape #	Total Sales
57	3/15/13	David	$250.00	Z-0651	$298.00
65	3/27/13	David	$175.00	Z-0660	$175.00

- Audit tape
- Mathematical accuracy
- Total sales
- Over rings/cancelled sales
- Daily Cash Collections Summary Report

3/26/13 = Z-0658
Z-0659 = missing

Deposits

Select _5_ days and document the following information based on review of the applicable days' Daily Cash Collection Summaries.

Daily Cash Collection Summary			Validated Deposit Receipt	
Report #	Date	Total Cash Collected	Deposit Date	Deposit Amount
574	2/18/13	$828.25	3/4/13	$828.25

Deposit is 2 weeks after received

Daily Cash Collection Summary Report #574				
Sales Report #	Date	Account Code	Description	Total Cash
1094	2/18/13	1750	JV Football Concession Sales	$278.25
1096	2/18/13	1790	Tax Credit	$550.00

= $828.25

- Review total cash collected
- Deposited within 7 days
- Accounting records

Where is sales report # 1095?
Snow cone sales
$150
Never deposited!

Expenditures

Select **5** payments from the District's auxiliary operations bank account check register and document the following information based on review of the check register.

Check #	Date	Amount	Payee Description
3568	1/23/13	$254.28	Staples
3580	2/11/13	$48.57	Jane Smith

- **Supporting documentation**
- **Purchase order**
- **Check register**
- **2 authorized signatures**
- **Approved vender**
- **Proper procurement**
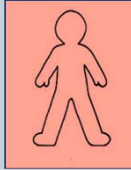
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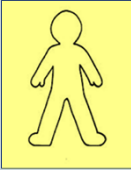# Separation of Responsibilities

Cash-handling
Receiving Cash and Preparing Checks

Recordkeeping
Recording Transactions in the Accounting Records

Authorization
Approving Documentation and Signing Checks

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Separation of Responsibilities

Revenue

Same Color= Compatible

Responsibility	Assigned Employee	Actual Employee
Issues change fund and verifies change fund upon return		
Issues receipt book or tickets, logs numbers, and verifies upon return		
Collects cash and issues receipt/ticket		
Counts cash and prepares Daily Sales Report- Cash Collected portion		
Recounts cash, determines total sales, and completes Daily Sales Report		
Safeguards cash until deposited		
Prepares Daily Cash Collection Summary Report		
Prepares and makes deposit daily if significant or at least weekly		
Compares Sales Reports to Daily Cash Collection Summaries and total cash collected to the validated deposit documentation		
Records revenue in the accounting records		

Expenditure

Different Colors= Not Compatible

Responsibility	Assigned Employee	Actual Employee
Prepares Purchase Requisition		
Approves Purchase Requisition		
Prepares Purchase Order (PO)		
Approve PO		
Places order		
Receives and verifies items		
Prepares check/ payment (has access to unused checks)		
1st check signer(may record expenditure after 2nd signature)		
2nd check signer, issues check, and records expenditure		

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Separation of Responsibilities

Revenue	Assigned Employee	Actual Employee
Issues change fund and verifies change fund upon return	Sam	Sam
Issues receipt book or tickets, log numbers, and verifies upon return	Sam	Sam
Collects cash and issues receipt/ ticket	Debbie	Debbie
Counts cash and prepares Daily Sales Report- Cash Collected portion	Debbie	~~Sam~~
Recounts cash, determines total sales, and completes Daily Sales Report	Sam	Sam
Safeguards cash until deposited	Sam	Sam
Prepares Daily Cash Collection Summary Report	Sam	Sam
Prepares and makes deposit daily if significant or at least weekly	Sam	Sam
Compares Sales Reports to Daily Cash Collection Summaries and total cash collected to the validated deposit documentation	Joe	Joe
Records revenue in the accounting records	~~Sam~~	Sam

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Bank Accounts

Accounts Must Be Authorized by the Governing Board

- *1 AO Fund Bank Account per __District__*

- *1 AO Fund __Revolving__ Bank Account per __Campus__*

Bank Accounts

Select _3_ months' bank reconciliations and review reconciliations and supporting documents to determine:

Month 1	Month 2	Month 3
August 2012	October 2012	January 2013

- Independently reviewed
- Prepared within a reasonable amount of time
- Compared to supporting documentation
- Bank transfers were investigated
- No cash withdrawals (ATM or otherwise)

Inventory

Inventory Area:		Date of last inventory:		
			Circle response below	
Does the District maintain Perpetual or Periodic inventory records?			Perpetual	Periodic
If Perpetual, was an inventory completed within the last 3 years?			Yes	No
If Periodic, was an inventory completed within the last year?			Yes	No
Does the District's Inventory List include:				
Item/ Unit Description			Yes	No
Purchase Document Number			Yes	No
Quantity on Hand			Yes	No
Unit Cost			Yes	No
Extended Cost			Yes	No
Page Totals and Grand Total			Yes	No

Inventory

Inventory Area: __Concessions__

Select _5_ items _from the District's stock of items for sale_ and agree them to the District's Inventory List.

Compare to List		Does the Description and Quantity on Hand Agree to the Inventory List? (Yes/No)
Item/Unit Description	Quantity on Hand	
Soda cups (Medium)	214	Yes

Select _5_ items _from the District's Inventory List_ and agree the following information for each item to the District's stock of items for sale and/or to related purchase documentation.

Compare to Items on Hand		Compare to P.O.		Agreed Information to stock on hand and/or PO (Yes/No)
Item/Unit Description	Quantity on Hand	Unit Cost	PO #	
Cans of Nacho Cheese	5	9.15	10456	Yes

Questions

Get the Auxiliary Operations Review Tool @
http://www.azauditor.gov/ASD/Webinar/School_District_Webinar.htm

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