

# **INVESTIGATIVE AUDIT REPORT**

**Cannon County High School  
Cannon County School System  
July 1, 2003, through June 30, 2004**



## **State of Tennessee**



**Comptroller of the Treasury  
Department of Audit  
Division of Municipal Audit**



STATE OF TENNESSEE

John G. Morgan  
Comptroller

COMPTROLLER OF THE TREASURY

STATE CAPITOL  
NASHVILLE, TENNESSEE 37243-0260  
PHONE (615) 741-2501

December 19, 2005

Director of Schools and Members of the  
Board of Education  
Cannon County School System  
301 West Main Street  
Woodbury, TN 37190

Director of Schools and Board Members:

Presented herewith is the report on our investigative audit of the records of the activity funds of Cannon County High School, Cannon County School System. This investigative audit focused on the period July 1, 2003, through June 30, 2004. However, this scope was expanded if warranted.

Section 49-2-110, *Tennessee Code Annotated*, provides for student activity funds and establishes responsibility for those funds. This section requires local school systems to adopt the *Internal School Uniform Accounting Policy Manual* (prepared and approved as set forth in this code), and to maintain all activity fund books and records in accordance with the requirements of the manual. The purpose of our audit was to determine the extent of the school's compliance with certain laws and regulations, including those in this manual.

Our investigative audit revealed that Patti Chappell, former bookkeeper of Cannon County High School failed to deposit school collections totaling at least \$1,785.30 into a school bank account. This matter was referred to the local district attorney general. In January 2005, Ms. Chappell was indicted by the Cannon County Grand Jury for Theft over \$1,000 from the Cannon County Youth Association. She received a two-year sentence which was suspended except for 16 days that she was ordered to serve. Ms. Chappell was also ordered to pay restitution of \$9,841. The scope of this report is prior to the date that Ms. Chappell received her sentence related to the Cannon County Youth Association matter.

The findings and recommendations in this report present those conditions that we believe warrant the attention of the school's officials and other responsible individuals. As a result, the responses to each of the findings and recommendations are included in the report.

Director of Schools and Members of the  
Board of Education  
Cannon County School System  
December 19, 2005

Copies of this report are being forwarded to Governor Phil Bredesen, the State Attorney General, the District Attorney General, certain state legislators, and various other interested parties. A copy is available for public inspection in our office.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

John G. Morgan  
Comptroller of the Treasury



**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
DIVISION OF MUNICIPAL AUDIT**

**John G. Morgan**  
Comptroller of the Treasury

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**Dennis F. Dycus, CPA, CFE, Director**  
Division of Municipal Audit

December 19, 2005

Mr. John G. Morgan  
Comptroller of the Treasury  
State Capitol  
Nashville, TN 37243

Dear Mr. Morgan:

As part of our on-going process of examining the records of the activity and cafeteria funds of schools, we have completed our investigative audit of the records of the activity funds of Cannon County High School, Cannon County School System. This investigative audit focused on the period July 1, 2003, through June 30, 2004. However, this scope was expanded if warranted.

Section 49-2-110, *Tennessee Code Annotated*, provides for student activity funds and establishes responsibility for those funds. The board of education is responsible for providing reasonable regulations, standards and procedures, and adopting an activity fund accounting manual. The director of schools is responsible for ensuring that laws and rules of the state and of the board of education are faithfully executed. The principal's responsibilities include accounting for the safekeeping and handling of money collected for and raised by student activities and school services and events. State law specifically excludes funds raised by parent-teacher and parent-student support type organizations from accounting and recordkeeping requirements. Therefore, these funds were not included in our audit.

Student activity funds must be accounted for according to the *Internal School Uniform Accounting Policy Manual*. This manual was prepared by the Tennessee Department of Education and approved by the Comptroller of the Treasury and the Commissioner of Finance and Administration, in accordance with Section 49-2-110, *Tennessee Code Annotated*. The purpose of our audit was to determine the extent of the school's compliance with certain laws and regulations, including those in this manual.

Mr. John G. Morgan  
Comptroller of the Treasury  
December 19, 2005

Our investigative audit revealed that Patti Chappell, former bookkeeper of Cannon County High School failed to deposit school collections totaling at least \$1,785.30 into a school bank account. This matter was referred to the local district attorney general. In January 2005, Ms. Chappell was indicted by the Cannon County Grand Jury for Theft over \$1,000 from the Cannon County Youth Association. She received a two-year sentence which was suspended except for 16 days that she was ordered to serve. Ms. Chappell was also ordered to pay restitution of \$9,841. The scope of this report is prior to the date that Ms. Chappell received her sentence related to the Cannon County Youth Association matter.

Our investigative audit also resulted in findings and recommendations related to the following:

1. Deposits not made within three banking days, deposit slips not itemized, and form of collection (cash or check) not always indicated on teacher receipts
2. Prenumbered receipts not issued to teachers or other individuals remitting money
3. Collection records incomplete
4. Inadequate controls over ticket sales
5. Change not accounted for correctly
6. Inadequate accounting for vending operations
7. Lack of documentation for travel advances
8. Failure to obtain and maintain written fundraiser authorizations
9. Failure to maintain fundraiser summary reports and profit analysis
10. No board of education approval of ending accounts payable

Because state law assigns specific responsibilities for school activity funds to the members of the board of education, the director of schools, and the principal, they were asked to respond to each finding. When appropriate, other responsible individuals were also asked to respond. The responses are included in this report.

Mr. John G. Morgan  
Comptroller of the Treasury  
December 19, 2005

If after reviewing the report you should have any questions, I will be happy to provide any additional information which you may request.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis F. Dycus". The signature is fluid and cursive, with a large, stylized initial "D" and "F".

Dennis F. Dycus, CPA, CFE, Director  
Division of Municipal Audit

**INVESTIGATIVE AUDIT OF SELECTED RECORDS OF  
CANNON COUNTY HIGH SCHOOL  
CANNON COUNTY SCHOOL SYSTEM  
FOR THE PERIOD JULY 1, 2003, THROUGH JUNE 30, 2004**

**LEGAL ISSUE**

1. **ISSUE: Apparent misappropriation of school collections totaling at least \$1,785.30**

Our investigative audit revealed that during the period July 1, 2003, through June 30, 2004, the former bookkeeper of Cannon County High School failed to deposit school collections totaling at least \$1,785.30 into a school bank account. School personnel responsible for the initial collection of this money stated that they had remitted these collections to the former bookkeeper. School personnel also stated that the former bookkeeper was ultimately responsible for receiving, recording, receipting, and depositing school collections.

This matter was referred to the local district attorney general. In January 2005, the former school bookkeeper, Patti Chappell, was indicted by the Cannon County Grand Jury for theft over \$1,000 from the Cannon County Youth Association. Ms. Chappell received a two-year sentence which was suspended except for 16 days that she was ordered to serve. Ms. Chappell was also ordered to pay restitution of \$9,841. The scope of this report is prior to the date that Ms. Chappell received her sentence related to the Cannon County Youth Association matter.

**FINDINGS AND RECOMMENDATIONS**

1. **FINDING: Deposits not made within three banking days, deposit slips not itemized, and form of collection (cash or check) not always indicated on teacher receipts**

The former bookkeeper did not always deposit school collections within three banking days, and did not itemize checks on the deposit slips. In addition, teacher collection receipts did not always list the form of collection (cash or check).

School records indicated some dues collected in August 2003 were not deposited until February 2004. We also noted several instances in which collections were held up to four weeks before being deposited into a school bank account. During the months of November 2003 and March 2004, the bookkeeper made only one deposit, even though collections were generally made daily while school was in session.

The *Internal School Uniform Accounting Policy Manual*, Page 4-17, states:

Student activity and other internal school fund money must be deposited intact (in the form and amount in which collected) in banks within three banking days after the money is received. When possible, school money should be deposited daily.

Page 6-2 of the manual further states that

Collections should be deposited daily, if possible, but not more than three days after the initial collection. . . . No collections should be withheld from the deposit for any reason. . . . All checks should be listed individually on the deposit slip or an attached list, itemizing the name of the payer and the amount.

**RECOMMENDATION:**

To safeguard funds, school personnel should deliver all collections to the bookkeeper at least daily. The principal should ensure that the bookkeeper complies with state law and deposits all school collections intact within three days of initial collection. In addition, to ensure that funds are deposited in the form and amount collected, each original collection log and/or receipt should indicate the form of payment as well as the amount. Checks should be listed individually on the deposit slip or attached list, and receipt numbers comprising the deposit should be listed on the deposit slip.

**MANAGEMENT'S RESPONSE:**

**Director of Schools and Members of the Board of Education:**

Director and supervisory personnel will periodically consult with bookkeeper and principal to provide assistance as needed.

**Principal:**

I concur. Teachers have been instructed to turn in their collections daily and indicate on receipts if cash or check. Then the bookkeeper is to make deposits daily and return receipts to teachers. This will enable the teachers to check deposit made and reconcile their records. The principal will inspect records weekly to ensure that the school is complying with state law.

**Bookkeeper:**

Response is the same as that of the principal.

2. **FINDING: Prenumbered receipts not issued to teachers or other individuals remitting money**

For many collections, the former bookkeeper did not timely issue prenumbered receipts or give copies of the receipts to teachers or other individuals who remitted money to her. As noted in the Legal Issue, school collections totaling at least \$1,785.30 were not deposited into a school bank account. The investigative audit revealed that the former bookkeeper did not issue prenumbered receipts for some of these collections and for other collections, issued prenumbered receipts for amounts less than teachers stated that they remitted.

School personnel stated that they did not always receive prenumbered receipts from the bookkeeper when they remitted money. Our review of receipts located in the bookkeeper's files and recorded in the school's accounting records, revealed that when the former bookkeeper did issue prenumbered receipts, the receipts were sometimes issued weeks or in a few instances, months after the collection had been remitted, based on original collection records. We also noted that receipted amounts sometimes did not accurately reflect the amount collected (both over and short), although school files contained no documentation that these discrepancies were reconciled by either the former bookkeeper or by school personnel who remitted the money.

The *Internal School Uniform Accounting Policy Manual*, Page 5-7, requires that "(a) The cashier must count the money and issue a prenumbered receipt at the time the money is remitted." Pages 5-9–10 of the manual state:

The bookkeeper should obtain all applicable collection documentation from the cashier, such as the bookkeeper's copies of the receipts and any other supporting documentation . . . Prior to posting to the cash receipts journal, the bookkeeper should determine that the amounts and totals on the collection logs and other documentation are mathematically correct and that the corresponding receipts agree. . . . All collection documentation should be filed in a manner which allows the bookkeeper to easily find requested documentation.

**RECOMMENDATION:**

To provide records for documenting that all school collections have been recorded and deposited, the bookkeeper should immediately issue and provide a copy of a prenumbered receipt to the individual who counted and remitted the money. School personnel who remit money should ensure that the amounts of money listed on the receipts received from the bookkeeper agree with the amounts of money remitted. Any discrepancies should be documented and resolved.

**MANAGEMENT’S RESPONSE:**

**Director of Schools and Members of the Board of Education:**

Director and supervisory personnel will periodically consult with bookkeeper and principal to provide assistance as needed.

**Principal:**

I concur. The bookkeeper will immediately issue a receipt and give to the individual who counted and remitted the money. School personnel who remit the money will be told to check that the amounts of money listed on their receipts agree with the amount remitted. Documentation will be filed appropriately.

**Bookkeeper:**

Response is the same as that of the principal.

3. **FINDING: Collection records incomplete**

School files did not include all collection logs or complete collection records for several school activities. Although teacher collection logs were used to document some collections, our investigative audit revealed that in most instances, teachers used prenumbered receipts to document collections from students for fundraisers, field trips, and other school activities. According to school personnel, one copy of each receipt was placed in a collection envelope along with the money. The teacher then recorded the amount collected on the envelope and remitted it to the bookkeeper. However, we were unable to locate the bookkeeper’s copies of several receipts, collection logs, and collection envelopes. In addition, we were unable to locate and account for all receipt books issued to teachers. As a result, we could not determine if these receipt books had been used and if associated collections had been deposited.

The *Internal School Uniform Accounting Policy Manual*, Pages 5-3–5, state:

Teachers/others who collect money should prepare a collection record (prenumbered receipt, collection log, ticket reconciliation, signed recorded count, etc.) for each separate activity. All collections by teachers/others should be remitted to the cashier daily or more frequently, if necessary. . . . All prenumbered receipt books must be controlled by a designated individual, who issues the books sequentially. . . . The receipt book used should contain at least three-part prenumbered receipts. The first copy is written and given to the payer. The second copy is taken to the cashier along with the related collections, and the third copy is for the

teacher/other. . . . The cashier must count the money and issue a prenumbered receipt to the teacher/other at the time the collections are remitted.

Page 1-4 of the manual also states, “Each school must maintain adequate records and follow acceptable procedures to properly account for all internal school funds.”

**RECOMMENDATION:**

To adequately document all collections, teachers/others who collect and handle money at the school should record all collections on collection records prescribed by the principal. If prenumbered receipts are used, the principal should ensure that all requirements outlined in the *Internal School Uniform Accounting Policy Manual* are followed. The bookkeeper should require and ensure that all collections remitted by school personnel are accompanied by correct and complete records, and that these records are maintained in the school files.

**MANAGEMENT’S RESPONSE:**

**Director of Schools and Members of the Board of Education:**

Director and supervisory personnel will periodically consult with bookkeeper and principal to provide assistance as needed.

**Principal:**

I concur. Collections remitted by school personnel will be accompanied by correct and complete records, which will include prenumbered receipts and ticket reconciliation. These records will be maintained in the school files.

**Bookkeeper:**

Response is the same as that of the principal.

4. **FINDING: Inadequate controls over ticket sales**

The principal failed to ensure that adequate procedures were followed regarding ticket sales and reconciliations. We were unable to locate any original ticket reconciliation forms for home football and basketball games in the school’s files. A review of available copies of ticket reconciliation forms revealed that many amounts listed on the forms had apparently been altered and several forms were not signed by the ticket sellers. Some ticket numbers were unaccounted for, and procedural interviews with gate workers indicated that for most games, they did not count the change issued and could not verify the accuracy of the amount listed on the form. We were unable to locate any

reconciliation form for one home basketball game. The *Internal School Uniform Accounting Policy Manual*, Pages 5-5–6, state:

A ticket reconciliation form is required for all events, such as athletics or entertainment, for which a fee is charged . . . All admission tickets should be prenumbered. . . . The principal is responsible for accounting for all tickets and ensuring the safekeeping of the ticket inventory. Prior to the tickets and ticket reconciliation form being given to the ticket seller, a designated individual other than the ticket seller will record the beginning ticket number and the amount of change to be given to the ticket seller. The ticket seller should initial this information to document verification of the information on the form. . . . When the event's ticket sales are complete, the ticket seller and the principal or principal's designee should count the cash and complete and sign the ticket reconciliation form. One of the responsible persons will retain a copy of the original ticket reconciliation and the original should accompany the money and unsold tickets. The cashier should issue the official receipt to one of the persons signing the ticket reconciliation. If a discrepancy between the ticket reconciliation and the official receipt exists, the principal should be notified in writing so that the principal may determine necessary action.

**RECOMMENDATION:**

To ensure all school event collections are properly accounted for, the principal should establish adequate procedures related to ticket sales as set forth in the *Internal School Uniform Accounting Policy Manual*, and ensure that school personnel follow these procedures.

**MANAGEMENT RESPONSE:**

**Director of Schools and Member of Board of Education:**

Director and supervisory personnel will periodically consult with bookkeeper and principal to provide assistance as needed.

**Principal:**

I concur. School personnel will verify change issued and complete a ticket reconciliation form for all events for which a fee is charged. Prenumbered tickets for admission will be used. Official receipt and a copy of reconciliation form will be given to one of the persons signing the ticket reconciliation.

**Bookkeeper:**

Response is the same as that of the principal.

5. **FINDING:**    **Change not accounted for correctly**

The former bookkeeper did not correctly account for money used for change. Checks for change were issued payable to the bank, instead of to the individual responsible for the change. When change was returned, the former bookkeeper failed to identify the exact amount on the deposit slip or mark the deposit slip “Redeposit.” In at least one instance, an \$800 change check was transacted, but related documentation indicated that only \$650 was returned, leaving an unexplained difference of \$150. The *Internal School Uniform Accounting Policy Manual*, Page 5-7, states:

When additional money is needed for the purpose of providing change for events, a check should be written to the individual responsible for the change. . . . The exact amount of the change should be redeposited as soon as feasible and the deposit slip marked “Redeposit.”

**RECOMMENDATION:**

To establish responsibility for change funds, the bookkeeper should follow procedures set forth in the *Internal School Uniform Accounting Policy Manual*. Checks for change should be issued to the responsible individual. Each time change is turned over to another individual (ticket seller, concession operator, etc.), the money should be counted and the count documented by both persons. The exact amount of the change should be redeposited as soon as feasible, and the deposit slip clearly marked “redeposit.”

**MANAGEMENT’S RESPONSE:**

**Director of Schools and Members of the Board of Education:**

Director and supervisory personnel will periodically consult with bookkeeper and principal to provide assistance as needed.

**Principal:**

I concur. Checks for change will be issued to the responsible individual. Each time change is turned over to another individual, the money will be counted and documented. The exact amount of change will be redeposited and clearly marked on deposit.

## **Bookkeeper**

Response is the same as that of the principal.

### 6. **FINDING: Inadequate accounting for vending operations**

The principal did not require school personnel to adequately account for vending operations. Although many vending machines were full-service machines on which the school received a commission check, school personnel stated that the money in the vending machines located in the Ag Shop area was collected by a school employee. The employee did not separately document the amount of vending machine collections. Instead, these collections were commingled with other Ag Shop collections before being turned over to the bookkeeper. In addition, a profit analysis was not performed to determine if expected profits were made.

The *Internal School Uniform Accounting Policy Manual*, page 4-27, states:

For ongoing resale activities such as bookstores, concessions, vending, etc., monthly profit analysis reports must be completed to document collections, expenses, and any losses of money or product. . . . The school must maintain detailed records to support all amounts recorded on these forms.

Page 5-3 of the manual also states:

Teachers, assistants, volunteers, and support staff who handle money should be made aware of the requirement for maintaining accurate and systematic records of all cash collected. . . . Teachers/others who collect money should prepare a collection record (prenumbered receipt, collection log, ticket reconciliation, signed recorded count, etc.) for each separate activity.

### **RECOMMENDATION:**

To provide adequate accountability for vending collections and inventory, the principal should require that

- a) adequate records are kept of vending items purchased, received, sold, given away, and left on hand;
- b) inventory is safeguarded and stored in a secured area;
- c) collections are counted and recorded by two people before being turned over for deposit, and the count is recorded by the persons counting;

- d) a monthly vending profit analysis report is completed by a designated employee to determine if expected collections are being deposited; and
- e) any variance from expected collections is investigated.

**MANAGEMENT’S RESPONSE:**

**Director of Schools and Members of the Board of Education:**

Director and supervisory personnel will periodically consult with bookkeeper and principal to provide assistance as needed.

**Principal:**

I concur. The principal will require that adequate records are kept of vending items purchased, received, sold, given away, and left on hand. This will be done through the use of a vending profit analysis report. Collections will be counted and recorded by two people before being turned over for deposit. Any variance from expected collections will be investigated by the principal.

**Bookkeeper:**

Response is the same as that of the principal.

7. **FINDING: Lack of documentation for travel advances**

The school’s files did not contain adequate supporting documentation for travel advances. Teachers who received the travel advances did not provide a reconciliation of expenses and documentation was not available to determine how much money, if any, was returned. The *Internal School Uniform Accounting Policy Manual*, Pages 5-20–21, state:

. . . The board of education is responsible for establishing all travel policies pertaining to school personnel. . . . Advances given to school personnel for authorized school activities (such as to teachers for class or club trips) must be made by a check payable to and given directly to the responsible individual. . . . Within three days after returning from the trip, a travel expense claim should be completed and submitted to the bookkeeper, along with invoices and other supporting documentation. Unexpended balances of advances and unused traveler’s checks should be remitted to the cashier for receipt when the travel expense claim is submitted to the bookkeeper. The bookkeeper should reconcile all travel advances with the related travel claim and prenumbered receipts to ensure all school money has been properly accounted for.

**RECOMMENDATION:**

To ensure that all school money is properly accounted for, the principal should require that within three days after returning from school-paid trips, school personnel complete and remit to the bookkeeper travel expense claims, along with invoices and other supporting documentation and unexpended balances of advances. The bookkeeper should reconcile all travel advances with related claims, documentation and money returned. Any discrepancies should be reported to the principal and immediately followed up.

**MANAGEMENT’S RESPONSE:**

**Director of Schools and Members of the Board of Education:**

Director and supervisory personnel will periodically consult with bookkeeper and principal to provide assistance as needed.

**Principal:**

I concur. Within three school days after returning from school-paid trips, school personnel will remit to the bookkeeper travel expense claims, invoices, and other supporting documentation and unexpended balances of advances. The bookkeeper will reconcile all travel advances with related claims; discrepancies will be reported to the principal and followed up on.

**Bookkeeper:**

Response is the same as that of the principal.

8. **FINDING: Failure to obtain and maintain written fundraiser authorizations**

Although school records revealed that the school conducted numerous resale and fundraising activities, the school’s files did not include written approval from the director of schools and/or principal for these activities. The *Internal School Uniform Accounting Policy Manual*, Page 4-26, states:

The principal must obtain written approval from the director of schools or designee for all fundraising activities that involve participation of the general student population in the marketing process of the fundraising effort. . . . Authorizations should include the following information:

1. a list of the proposed fundraising activities;
2. purpose of the fundraising activity;

3. proposed uses of funds raised;
4. expected student involvement in fundraising activity (school-wide or individual class or club)

**RECOMMENDATION:**

The principal should ensure approval is obtained from the director of schools for all fundraising activities that involve participation of the general student population in the marketing process of the fundraising effort. The principal should approve all other fundraisers and resale activities not intended to generate a profit, unless otherwise provided by board policies. Written authorization for all fundraisers and resale activities should be maintained in the school files.

**MANAGEMENT'S RESPONSE:**

**Director of Schools and Members of the Board of Education:**

The director and central office supervisory staff will support the bookkeeper and principal in their daily attention to these matters to do the utmost to prevent any future occurrences.

**Principal:**

I concur. A fundraiser request form will be completed and submitted to the principal and director of schools for all fundraising activities involving the participation of the general student population. Written authorization for all fundraisers and resale activities will be maintained in the school files.

**Bookkeeper:**

Response is the same as that of the principal.

9. **FINDING: Failure to maintain fundraiser summary reports and profit analysis**

The school did not prepare and maintain profit analysis reports for resale activities or fundraiser summary reports for applicable fundraising activities. The *Internal School Uniform Accounting Policy Manual*, Page 4-27, states:

For ongoing resale activities . . . monthly profit analysis reports must be completed to document collections, expenses, and any losses of money or product . . . The school must maintain detailed records to support all amounts recorded on these forms. If the profit analysis report indicates a shortage, an explanation must be

given for the shortage. If no reasonable explanation can be given, each subsequent day's activities must be recorded and evaluated until the reason for the shortage has been identified and corrected. For . . . activities that are not perpetual in nature, profit analysis reports may be completed at the conclusion of the activity.

Regarding fundraiser summary reports, page 4-27 of the manual also states:

To document that profits from fundraising activities conducted for designated purposes were expended for the purposes for which they were raised, a designated employee should prepare a fundraiser summary report. This report would include a summary of the expenditures showing how the profit was used. This form should be prepared and filed in the school office as close as possible to the time that the money is expended.

**RECOMMENDATION:**

For each resale activity, the principal should require the account sponsor or other designee to prepare an accurate profit analysis. Discrepancies in expected profits should be immediately reported to the principal and evaluated, and the reason for the shortage identified and corrected. For applicable fundraisers, the principal should require a responsible individual to prepare a fundraiser summary report showing how the profit was used. An independent person should verify the information contained in these reports, including the amount of collections reported. A designated school official should review all reports and take the necessary steps to ensure deficiencies in resale/fundraiser operations are eliminated.

**MANAGEMENT'S RESPONSE:**

**Director of Schools and Members of the Board of Education:**

Director and supervisory personnel will periodically consult with bookkeeper and principal to provide assistance as needed.

**Principal:**

I concur. An accurate profit analysis will be completed for each resale activity, along with a fundraiser summary report showing how the profit was used. The principal will review all reports and take the necessary steps to correct deficiencies.

**Bookkeeper:**

Response is the same as that of the principal.

10. **FINDING:** No board of education approval of ending accounts payable

We found no documentation that indicated that the local board of education or the board's designee approved year-end accounts payable and the subsequent related expenditures. We noted that during the 2003-04 school year, the school paid at least \$3,200 related to the prior school year. The *Internal School Uniform Accounting Policy Manual*, Page 5-16, states, "The local board must approve accounts payable that will not be liquidated during the current fiscal year."

**RECOMMENDATION:**

To ensure the board of education is aware of the school's financial circumstances, the principal should submit a list and obtain board approval for outstanding invoices at year-end, and for the subsequent related disbursements.

**MANAGEMENT'S RESPONSE:**

**Director of Schools and Members of the Board of Education:**

The director and central office supervisory staff will support the bookkeeper and principal in their daily attention to these matters to do the utmost to prevent any future occurrences.

**Principal:**

I concur. The principal will submit a list and obtain board approval for outstanding invoices at year end, and for the related disbursements.

**Bookkeeper:**

Response is the same as that of the principal.