

**SCHOOL DISTRICT OF ESCAMBIA COUNTY
INTERNAL AUDITING DEPARTMENT**

REVIEW OF

**BOOKER T. WASHINGTON HIGH SCHOOL
CHEERLEADING BOOSTER ASSOCIATION, INC.**

PROJECT #2003-05

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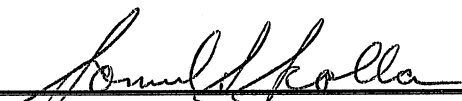
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Field Work Conducted By:



Auditor

Report Issued By:



Director, Internal Auditing

APPROVED
School Board of Escambia County

APR 17 2003

JIM PAUL
Superintendent of Schools

**SCHOOL DISTRICT OF ESCAMBIA COUNTY
BOOKER T. WASHINGTON HIGH SCHOOL
CHEERLEADING BOOSTER ASSOCIATION**

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REVIEW REPORT

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Scope

We have conducted a limited scope review of the Booker T. Washington High School (BTWHS) Cheerleading Booster Association's financial records for the fiscal year ended April 30, 2002. The Deputy Superintendent and a member of the School Board requested our work after several concerns were raised by a member of the BTWHS Cheerleading Booster Association, Inc. Our review was performed with the full knowledge and cooperation of the school's principal and the booster club's board of directors.

Background

Booster clubs are not part of the School District of Escambia County, but rather are separate and distinct entities. As such, the District exercises no direct authority over them. However, these organizations operate in the name of our schools, use school facilities and resources, operate for the benefit of our students, and solicit contributions from the general public in the name of our schools. For these reasons, the District has a fiduciary responsibility to the public and the students it serves to ensure sound financial management of these organizations through monitoring and periodic examinations of financial activities. The School Board has reinforced this philosophy through the establishment of a Board policy governing such organizations.

Objectives

The objective of our review was to assess the internal controls over the financial operations of the association and to assess compliance with the association's bylaws, applicable statutes, State Board Rules, and Board policies. Audited financial statements for the fiscal year were prepared and issued by a local CPA. That report contained an unqualified opinion with no reportable conditions, however we have not relied upon their work. Our review was conducted in accordance with Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors.

Methodology

We reviewed financial records of the booster club including bank statements, a check register, deposit slips (for the first half of the year), cancelled checks, treasurer's reports, disbursement records including invoices and receipts, and other various financial statements and documents. Additional information was obtained through inquiry of the school principal, cheerleading sponsors, 2002-03 booster club officers, and others involved with the booster association.

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Conclusions

The booster club did not maintain adequate accounting records or detailed subsidiary ledgers including those for individual student accounts. Some of the expenditures incurred were unsubstantiated by a receipt or invoice, and there was no documentation (other than deposit slips from half of the year) to support the nature and source of funds deposited into the association's checking account. Dual controls over collections and other cash controls were not evident, and written receipts were not issued for monies collected as required by association bylaws.

Without adequate support documentation and an adequate system of internal controls, we are unable to verify whether all of the funds generated by the booster club were deposited into the club's bank account, nor can we confirm that all of the disbursements from the account were for appropriate expenditures of the organization. Furthermore, the lack of detailed subsidiary ledgers precludes us from determining whether all student accounts and other obligations were reflected at year-end.

Findings

Many invoices paid by the association were often addressed and issued to the school with no mention made of the booster club. Some disbursements also included items that were ordered, received, and distributed by school personnel.

The booster club does not appear to be complying with its bylaws in following Robert's Rules of Order regarding the approval of meeting minutes and treasurer's reports. There also appears to be a conflict with the association bylaws regarding the make-up of the booster club's audit committee and the completion of the annual audit. During the 2001-02 annual audit, the duly appointed booster club's audit committee was removed from the audit, and the financial records were subsequently turned over to a CPA without the committee or general membership's knowledge. Additionally, a violation of Florida Statutes may have occurred when a member of the booster club's audit committee requested and was denied access to records of the club as authorized in Florida Statute 617.1602.

Based on interviews with officers of the booster club, we learned that a cheerleading sponsor (a district employee) had been directly compensated by parents for conducting the required annual summer camp. Such compensation should have been paid on a supplemental timesheet through the District's payroll system. In addition, the cheerleading sponsor was conducting candy fundraisers without accounting for those activities through the booster club or the school's internal funds.

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During our review, a concern was expressed regarding the linking of student grades in the Dance Repertory class, a mandatory course for all cheerleaders, to a requirement to participate in extra curricular cheerleading activities. A review of the cheerleading application and the Dance Repertory course syllabus revealed that sponsors were simply attempting to deter unexcused absences and tardiness from the team oriented events. The requirements to participate in extra-curricular activities can also be justified from the course description provided by the Florida Department of Education, which makes reference to requirements for extracurricular performances and rehearsals.

Recommendations

Based on the results of our review, we recommend the BTWHS Cheerleading Booster Association, Inc. establish operating procedures and minimum accounting records including accounting ledgers and subsidiary student account ledgers. Adequate documentation such as receipts or invoices should be required to support expenditures, and pre-numbered receipts should be issued to support funds deposited in the account. To simplify the bookkeeping and reporting process, we recommend the purchase and use of an inexpensive, computerized accounting software.

Robert's Rules of Order should be followed which requires the approval of meeting minutes and treasurer's reports before they are officially published. Duties of the officers should be segregated to allow for someone other than a signatory authority to perform the bank reconciliation of the bank account in order to enhance the internal control structure.

To resolve disputes amongst members that occurred as a result of the 2001-02 official audit, we recommend amending the bylaws for clarification on who will conduct the association's annual audit. At a minimum, the bylaws should require an annual audit to be conducted by a qualified CPA or competent members of the group who are not officers of the booster club.

A clear distinction should be made between school and booster club activities regarding the ordering of merchandise or otherwise incurring debt. Cheerleading sponsors should be ordering, receiving, and distributing only those items that are to be invoiced to the school. School and booster correspondence should be carefully worded to *encourage* (not require) parental involvement and membership in the booster association. All payments to school district employees for services provided should be processed through the District's payroll system to ensure adequate federal income tax reporting and to comply with rules of the Florida High School Activities Association.

A separate report (Management Letter) has been issued to the officers and directors of the booster club that provides additional detail and recommendations.