

INTERNAL AUDITING

Memorandum



"Making a Positive Difference"

TO: Mr. Andy Gott, Assistant Principal
Carver/Century K-8 Elementary School

FROM: Mr. David Bryant, Director
Internal Auditing

SUBJECT: Carver/Century K-8 Sports Booster Organization

DATE: October 2, 2006

We have concluded our analysis of the July 2004 – July 2006 financial records of the Carver/Century K-8 Sports Booster Organization.

The *Objective* of our analysis was to determine if the handling of funds by the booster organization treasurer was free of misappropriation and the realm of transactions were consistent with those of a sports booster organization. We also reconciled the month-end balances on the bank statements.

The *Scope* of review for the July 2004 – July 2006 period included examination of bank statements, cash receipts, check registers, and discussions with the booster club treasurer, Peggy Barrow.

The *Results* of our analysis are summarized as follows:

We attempted to vouch each transaction on the bank statements to supporting documentation. The deposits were verified to deposit slips that indicated the source of funds and the check register. Check amounts were verified to receipts which detailed items purchased and the check register. There were seventeen deposits where the deposit slip did not show the source of funds. Eleven checks either did not have supporting receipts or the receipt did not document the detail of the expenditure.

There were ten check transactions (\$133.82) in which the receipt showed part of the funds spent were for personal use. We were unable to determine if these funds were returned to the booster account. Also, there were five checks (\$287.03) for which the payee could not be determined. Per a conversation with the treasurer, she thought the missing payees were checks written to "cash" and used to purchase concession supplies.

There were forty-five transactions from the bank statements that were not documented in the check register. The register also showed two deposit amounts that we were unable to verify.

There were an additional eighteen cash receipts that were not documented on the bank statement or in the check register. We were able to determine the use of these funds by examination of the receipt but not the source of the funds.

The *Comments* of our analysis are as stated below:

Overall, it appears the items purchased with booster funds were generally consistent with those necessary for this type of organization. It does not appear funds were misappropriated. However, it should be noted that funds from the checking account should never be used for personal use.

Concern is warranted in the fact that all transactions were not accurately documented and supporting paperwork was not always provided. When a check is written from the account, a detailed receipt should be obtained. A deposit transaction should show the source of the funds and itemization.

It appears the register was not utilized to its full potential. All transactions should be recorded individually in the register on the appropriate date and with a detailed description. Consistent record keeping will make reconciling the monthly bank statement a more fluid function.

The *Recommendations* of our analysis are as indicated below:

We understand that the financial records for the Carver/Century K-8 Sports Booster Organization will be managed by a new treasurer due to the resignation of the treasurer who maintained the records under review. Thus, we recommend that the new treasurer perform a reconciliation of the bank statement on a monthly basis. This process will ensure accurate record keeping and help to clear any discrepancies in a timely manner.

We further recommend funds within the checking account not to be used for personal reasons at any time. All monies spent and received should be in accordance with the bylaws of the organization.

As stated, we have concluded our analysis of the financial records of the Carver/Century K-8 Sports Booster Organization. Please do not hesitate to contact us if you have any additional questions or concerns. If you would like to issue a response, please submit it to our office before October 16, 2006. After this time, a final report will be issued to the Audit Committee.