

# Concerns of Mismanagement of Agency Funds at a Secondary School

Audit Plan Code: 22.00-18.N



Assurance | Insight | Objectivity

Final Investigation Report  
November 18, 2022

Two secondary school sponsors did not follow proper cash management, record-keeping, fundraising and donation practices as required by Campus Accounting Manual guidelines. As such, we cannot provide assurance the collection, reporting, and depositing of all monies by the two sponsors are complete and accurate.



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ASSURANCE • INSIGHT • OBJECTIVITY

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## Internal Audit Investigation Report

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## Abbreviations

|       |                                     |
|-------|-------------------------------------|
| EPISD | El Paso Independent School District |
| CAM   | Campus Accounting Manual            |
| CAP   | Corrective Action Plan              |
| CN    | Criteria Number                     |



# Executive Summary

ASSURANCE • INSIGHT • OBJECTIVITY

We have completed an investigation of concerns over the management of agency fund activities at a secondary school. The objectives of the investigation were to:

1. Determine if the alleged concerns of activity fund mismanagement reported by campus management can be substantiated.
2. Determine if club activity (aka Agency Funds) is reasonably controlled for purposes that comply with local school district policy and procedures. Specifically:
  - Sponsors follow District guidelines and procedures as stewards of their respective club activity and within their fiduciary responsibilities (to a reasonable extent).
  - Club activities are supported by adequate documentation.
3. Evaluate if Campus Accounting internal controls are working as intended or need to be strengthened to minimize, prevent, or detect irregularities in the future.

The scope of this investigation was limited to the specific fundraising activities and athletic physicals involving the Librarian and a Football Coach sponsor, which occurred during the 2021-2022 school year.

The Internal Audit Investigation Report that follows includes detailed findings, recommendations, background information, and the investigation methodology.

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## What We Found

The allegations of club activity fund mismanagement by the librarian and the football coach were substantiated. Evidence is sufficient to determine that both employees (sponsors) did not manage club activities (aka Agency Funds) per their fiduciary responsibilities. In addition, we determined both sponsors did not follow proper cash management, record-keeping, fundraising, and donation practices as required by the District's Campus Accounting Manual (CAM). As such, we cannot provide assurance the collection, reporting, and depositing of all monies by both sponsors for the related club activities are complete and accurate.

It should be noted that both sponsors said they received financial training annually and for multiple years. According to campus records, their latest training was on July 30, 2021.

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## What We Recommend

Before finalizing this report, both employees (Librarian and Football Coach) separated from the District. As such, recommendations for the campus principal to determine the appropriate action to address the investigation results with the Librarian and Football Coach are no longer relevant. However, we have made recommendations to improve (a) sponsor accountability with fundraisers and (b) sponsor handling of athletic physicals when they are conducted on District property (schools).

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## **Management's Corrective Action Plan**

District management and leadership submitted a Corrective Action Plan (CAP) outlining six (6) activities to be implemented. The four (4) recommendations made by Internal Audit were incorporated into the CAP. The CAP appears to be sufficient to address the findings outlined in this report.

Internal Audit will conduct follow-up reviews to validate CAP activities have been implemented.



# Investigation Report

ASSURANCE • INSIGHT • OBJECTIVITY

## Objective and Scope

The **objectives** of the investigation were to:

1. Determine if the alleged concerns of activity fund mismanagement reported by campus management can be substantiated.
2. Determine if club activity (aka Agency Funds) is reasonably controlled for purposes that comply with local school district policy and procedures. Specifically:
  - Sponsors follow District guidelines and procedures as stewards of their respective club activity and within their fiduciary responsibilities (to a reasonable extent).
  - Club activities are supported by adequate documentation.
3. Evaluate if Campus Accounting internal controls are working as intended or need to be strengthened to minimize, prevent, or detect irregularities in the future.

The **scope** of this investigation was limited to the specific concerns we received from Human Resources, campus management, and our observations. The concerns are related to the activities described below, which occurred during the 2021-2022 school year.

### Library Club (Librarian Sponsor)

1. Book fair sales with fundraising activity code 2195-201.
2. Admission sales to a Halloween Haunted House fundraiser with fundraising activity code 2195-203.
3. Concession sales with fundraising application code 2195-204.
4. Donations associated with fundraising activity 2195-204.
5. Accounting and management of the library duplication process.

### Football Club (Football Coach Sponsor)

1. Admission sales to a Halloween Dance fundraiser with fundraising activity code 2613-204.
2. Concession sales during the Halloween Dance fundraiser.
3. Accounting and management of athletic physicals.



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# Results

## 1. Library Club Findings

### Finding 1.1

There were inconsistencies in the management and reporting of concession sales (2195-204) conducted by the librarian

The librarian misrepresented key fundraising data and did not maintain adequate records to support the fundraising recap. This led us to conclude that the total amount of sales reported, collected, and deposited cannot be relied on to be complete and accurate. In addition, the librarian made a cash disbursement from the cash fundraising proceeds s/he was collecting. The use of cash in this manner is not allowed by CAM guidelines.

1. The librarian knowingly submitted an inaccurate fundraising recap. The librarian admitted that s/he did not list the correct selling price(s) and the correct number of items sold on the recap. The librarian explained s/he “fixed” the selling price(s) or the quantities sold for certain items to “make it equal” to the cash on hand. The librarian said s/he had “too much money” to account for at the end of the event. According to the Texas Administrative Code (TAC) §247.2 Code of Ethics and Standard Practices for Texas Educators Standard 1.6.” The educator shall not falsify records, or direct or coerce others to do so.
2. The librarian submitted an incomplete recap. The librarian said to have reported all items sold. However, we noted the following items were not reported on the recap.
  - a. Pastries. The librarian purchased 96 individual pastries at the cost of about 25 cents per item. The librarian remembers selling these items but said that s/he forgot or “missed” including them in the recap. The librarian said that s/he probably sold them for 50 cents but did not remember the exact selling price. The librarian said s/he combined the monies from these pastries with the admission sales fundraiser.
  - b. Popcorn. The librarian sold popcorn s/he said s/he donated and purchased with his/her own personal funds. According to Campus Accounting records, there is no donation letter from the librarian. S/he does not remember how much s/he made or how many bags of popcorn s/he sold at the \$1/bag selling price. The librarian said that some of the popcorn was not sold for various reasons, and some (unknown quantity) was left after the event.
  - c. Sodas. The librarian did not report the re-supply of sodas s/he sold during the event. The librarian said s/he sold sodas for \$1 but does not remember how many s/he sold or how many were left over. According to the employee who purchased the re-supply of sodas, s/he said: “maybe 200, 250 sodas” were purchased. See #3 below for additional details.
  - d. Cotton candy. The librarian sold cotton candy s/he said s/he donated and purchased with his/her own personal funds. S/he does not remember how much s/he made or how much s/he sold at the \$1/bag selling price. The librarian said some of the cotton candy was not sold for various reasons.
3. The librarian made an unauthorized cash disbursement. The librarian said s/he used cash from the concession sales to purchase a re-supply of sodas

during the event. The librarian reimbursed an employee the cost of the sodas but said s/he did not have the receipt or remember how much cash s/he reimbursed him/her. However, the employee who purchased the sodas provided evidence the cost was about \$95. The employee said s/he was reimbursed in cash by the librarian. S/he further explained that the librarian had asked him/her if s/he could go purchase the sodas, and s/he agreed to help.

4. The librarian knowingly did not report leftover concession items on the recap as required. Although the librarian does not remember exactly how much was left, s/he remembers some of the items were chips, cookies, and drinks. The librarian said s/he decided not to report leftover items to avoid having the principal determine what to do with them. The librarian said that s/he knows principals can decide to use leftover items at their discretion. The librarian said s/he planned to use the leftover items for future library events but not for resale.

## Finding 1.2

The librarian did not follow the proper accounting and record-keeping guidelines to account for duplication fees

The librarian said s/he deposited and tracked all duplication fee collections during the year. However, the designated account (2197) to track these collections shows no deposits made during the year. According to the librarian, s/he collects and records duplication fees using library fine logs and deposits them into the library fine account instead. The librarian's practice of commingling these two sources on the same log is not a practice outlined in the CAM guidelines.

1. Librarians are allowed to charge students duplication fees to recover part of the toner costs. According to the librarian, s/he has (i) charged students 10 cents for a black and white copy and 50 cents for a color copy, (ii) deposited the duplication fees in the library fine account (2195) instead of the duplication account (2197), and (iii) followed this practice for several years.
2. When asked for the required logs to record duplication fees, s/he provided the library fine money logs instead. A review of the library fine logs did not provide enough detail to differentiate between fines and duplication fees.
3. The commingling of two sources of fees on the same log without a distinct explanation of what the money is for leads to a loss of transparency and accountability. It also does not provide accurate and reliable data needed to perform completeness or reasonable tests over the collection of fees in case of an audit or analysis.

## 2. Football Club Findings

### Finding 2.1

There were inconsistencies in the management and reporting of the Halloween dance fundraiser (2613-204) conducted by the football coach

The coach did not maintain an accurate account of all the dance entry wristbands sold. Based on the evidence obtained, the total amount of sales reported, collected, and deposited by the coach cannot be relied on to be complete and accurate.

1. The total number of wristbands reported to have been sold is based on a calculated estimate provided by the coach. The coach said the end sequence number was calculated from the cash-on-hand instead of the number of wristbands issued by him/her. Typically, the total number of wristbands issued multiplied by the selling price should be what is reported, deposited, and reflected on the recap.
2. The discrepancy between the advertised wristband prices and what was reported by the coach was not fully clarified. The football coach reported that all tickets (via wristbands) were sold at \$5. However, according to a flyer provided by campus management, the selling price at the door was advertised as \$7. The football coach did not report any sale of wristbands on the fundraising recap for \$7, as the flyer advertised.
  - a. The coach did not track wristbands sold at the door. The recap does not distinguish between pre-sales and door sales at the higher price. According to one of the employees who helped sell wristbands at the door, s/he remembers selling “maybe 20 or 30” at \$5. According to two employees helping the coach sell wristbands at the door, they sold them at \$5. One employee said s/he sold them at \$3 but was not certain after being asked to identify the wristband color.
  - b. When we asked the coach what happened to the monies from the wristbands sold at the door, s/he responded that “all money was deposited” and added that s/he was unsure if the price per ticket was raised and sold as advertised.

### Finding 2.2

The football coach conducted an unapproved fundraising concession sale during the Halloween dance

The coach did not maintain key data or provided a sufficient level of information to determine the total amount that should have been collected from this unapproved concession fundraiser. Furthermore, the football coach made a cash disbursement from the cash proceeds, which is not allowed by CAM guidelines.

1. The coach acknowledged that s/he did not have an approved fundraising application for these concession sales as required by the CAM. S/he also said s/he decided to run this concession stand to “cover the cost” of the photo booth vendor, which s/he contracted to provide services during the dance.
2. The coach said s/he deposited and reported the monies from the unapproved concession sales with the monies from the Halloween dance admission ticket sales. However, the coach did not report any concessions sales on the Halloween dance fundraising recap (2613-204).
3. The total amount that should have been collected from these concession sales could not be determined based on the information provided by the coach. The coach remembers selling nachos, cups of noodles, chips, candy, sodas, and water. However, the coach:



- a. Did not know or document the beginning inventory of the items sold.
  - b. Did not track the concession items sold.
  - c. Did not provide the selling prices of the items. When asked to provide the selling prices, the coach said, "I can't remember that."
4. The coach said the concession items were leftover products from donations made by parents for the football concessions. However, according to Campus Accounting records, there is no donation letter(s) where the coach is requesting acceptance of concession items on behalf of the club.
5. The coach made an unauthorized cash disbursement. The coach said s/he used "close to \$500" in cash from the concession sales to pay the photo booth vendor s/he contracted for the Halloween dance. The coach explained that s/he did this because "there was not enough time to get a check." An invoice exists with vendor PartyoMatic LLC for photo booth services to be provided at the secondary school on October 29, 2021. The invoice has the football coach's name and shows a payment of \$450 in cash.

### Finding 2.3

The football coach conducted an unapproved athletic physical fundraiser at the beginning of the 2021-2022 school year, and the amount collected could not be determined

1. The coach said s/he conducted athletic physicals on campus and collected \$20 per athlete. According to Campus Accounting guidelines, this type of activity requires a fundraising application when proceeds are divided 50/50 with the vendor performing the physicals.
2. The coach completed a donation letter instead of providing a fundraising application and recap of the activity. A donation letter dated September 13, 2021, signed by the coach, states the physician who conducted the physicals donated \$360 in cash. Financial club records show a deposit made for this amount to the football club.
3. The coach said s/he used a receipt book to track the physical fee payments but that it was not a District-approved receipt book as required. When asked to provide it, the coach said s/he had it on campus at one point but could no longer find it.

The total amount collected for the physicals could not accurately be determined due to the missing receipt book. When asked to provide an estimate of how many physicals were performed, the coach did not remember. Instead, the football coach referred us to the donation letter dated September 13, 2021. The football coach said we could calculate how many students paid based on the amount donated since the vendor is supposed to donate half of what was collected.

## Finding 2.4

Unreceipted cash (a total of \$309.99) was found in a storage room used to store football items and money from football fundraising activities, and the football coach could not explain the source of the cash

According to the coach, even if other people managed cash for football activities, all the money collected was turned in to him/her at the end. This explanation would indicate that the football coach should know the source(s) of all monies collected for football activities, including the unreceipted cash.

1. The unreceipted cash was found during our on-site visit on April 29, 2022. The storage room is inside the boys' locker room. The football coach said s/he uses the storage room to secure items related to football activities (e.g., concession items, footballs, t-shirts, etc.). According to the coach, the cabinets inside the storage room are used to store money from football games and dance(s).
2. The football coach said s/he did not know there was money in the cabinets and could not provide answers to our questions regarding the unreceipted cash. The football coach said the cabinet would have been locked if s/he had known there was money in it.

Campus Accounting receipted the cash on April 29, 2022, with receipt #1852. The unreceipted cash was deposited to the campus' general fund account since the source of the money is unknown but was found on campus grounds.

## Observation

During this investigation, we made the following observation about the utilization of fundraising profits. Specifically, when fundraising book fairs are conducted with Scholastic as the fundraising vendor.

There is no process in the Campus Accounting Manual for a librarian to inform and obtain approval from the principal when using the book fair profits (aka Scholastic Dollars). For example, we noted the librarian spent \$3,615.20 from the Scholastic Dollars Catalog without principal approval. Typically, sponsors must seek principal approval to use the fundraising profits using a disbursement voucher. However, since the District has historically allowed book fair profits to be maintained in a Scholastic account to maximize the profit percentage that can be earned, the book fair profits do not go thru the disbursement approval process of the District's campus accounting system.

1. According to the principal, s/he did not remember giving approval to the librarian to spend the profits from the book fair. The librarian spent \$3,615.20 from the Scholastic Dollars Catalog according to order number #13047957.
2. According to the Principal, s/he did not have full access to the Scholastic account as the librarian had. There is a risk that if the librarian is not available, the principal/financial clerk may not be able to readily and fully manage the account for the campus at the moment needed.

## Recommendations

Before finalizing this report, both employees (Librarian and Football Coach) separated from the District. As such, recommendations for the campus principal to determine the appropriate action to address the investigation results with the Librarian and Football Coach are no longer relevant. However, we have made recommendations to improve (a) sponsor accountability with fundraisers and (b) sponsor handling of athletic physicals when they are conducted on District property (schools).

1

We recommend the Financial Services Department consider adding two Campus Accounting Manual (CAM) requirements related to concession fundraisers. Due to the nature of campus concession fundraisers being so fluid and requiring the handling of cash, we recommend the following to minimize cash irregularities and increase accountability.

- 1.1 Require club sponsors to submit the prices (or "price list") they will use to charge for concession items before the sale (up-front). This price list will be attached to the fundraising application submission request. The club sponsor could record the prices on the fundraising recap form if practical.
- 1.2 Require club sponsors to record the beginning inventory of the items for sale before the sale begins. If practical, the count of these items could be recorded on the fundraising recap form.

These requirements aim to:

- Assist the sponsor in planning and calculating expected profits before starting.
- Increase the reliability of the information provided on the fundraising recaps. The selling prices of items sold stated on the fundraising recaps will be expected to match those of the submitted price list.
- Assist the sponsor in maintaining the data required to complete the fundraising recap.
- Prevent club sponsors from manipulating (increasing/decreasing) selling prices and quantities to match the funds collected.

**Management and Leadership Response:** Agreed with the recommendation and incorporated it into the CAP as activity one (1).

**Persons(s) Responsible:** Executive Director, and Campus Accounting & Compliance Manager, Financial Services

**Implementation Date:** March 31, 2023

2

We recommend the Financial Services Department consider developing and adding two CAM requirements related to book fair fundraisers. More specifically, book fairs with Scholastic as the fundraising vendor.

- 2.1 Require sponsors to provide campus principals and/or the financial clerk with the appropriate access to view, manage, and/or approve disbursements from the online Scholastic account.

- 2.2 Require sponsors to inform and obtain the principal's written approval before using the profits maintained in their assigned Scholastic account(s) (i.e., Scholastic Dollars).

These requirements aim to:

- Improve the transparency and accountability over the management and use of the Scholastic Dollars earned from Scholastic book fairs.
- Align the use of Scholastic Dollars to the requirement in the CAM of obtaining approval from the principal before utilizing fundraising profits (i.e., disbursements).

**Management and Leadership Response:** Agreed with the recommendation and incorporated it into the CAP as activity two (2).

**Persons(s) Responsible:** Executive Director, and Campus Accounting & Compliance Manager, Financial Services

**Implementation Date:** March 31, 2023

3

In consultation with the Financial Services Department, Athletics should review and update current athletic physical procedures to ensure they align with the CAM. Specifically, ensure the cash receipting procedures are clearly stated and require sponsors to keep records in a manner consistent with record retention and record-keeping policies.

Subsequently, Athletics should inform and explain the new updated procedures to all District staff involved in the process. This communication/training should be provided in the most effective and efficient way possible until it becomes a consistent practice by the District staff involved in conducting athletic physicals on campus.

**Management and Leadership Response:** Agreed with the recommendation and incorporated it into the CAP as activities three, five, and six (3, 5, and 6).

**Persons(s) Responsible:** Athletics Director, and Campus Accounting & Compliance Manager, Financial Services

**Implementation Date:** March 31, 2023, and April 14, 2023

4

If not already provided, Campus Accounting should provide additional training to all sponsors at the secondary school and, at a minimum, cover the following focus areas:

- Proper cash management and receipting practices.
- Accurate completion of the fundraising recap.
- Proper use of collection logs and when to use them.
- Best practices when planning general fundraising activities.
- Best practices when planning concession sale fundraising activities.
- Proper record-keeping and retention of campus accounting records.
- Donation process to include what sponsors may need to do to document their own personal donations to their clubs or the campus.

**Management and Leadership Response:** Agreed with the recommendation and incorporated it into the CAP as activity four (4).

**Persons(s) Responsible:** Campus Accounting & Compliance Manager, Financial Services

**Implementation Date:** March 31, 2023



### Background

According to the Institute of Internal Auditors' professional standards and related recommended guidance, Internal Audit should maintain an active role that relates to both promoting and assessing ethics throughout the District. Internal Audit's responsibilities, outlined in Board Policy CFC (Exhibit), include investigating reported alleged occurrences of fraud, theft, waste, and the like and recommending controls to prevent and/or detect such occurrences (for example, hotline reports).

Internal Audit received notification that campus management had concerns over the management of club activities (agency funds) by the librarian and a football sponsor at a secondary school. The initial evaluation of the concerns was handled by campus management with guidance from Human Resources. Internal Audit began a preliminary analysis of the documents and witness statements collected by campus management to determine whether to initiate an investigation. The preliminary analysis of the evidence provided enough indicators (aka red flags) of inconsistencies and accounting irregularities for Internal Audit to proceed with an investigation. In addition to reviewing evidence, the investigation also included an on-site visit to the campus. The results of the investigation are provided to management for final resolution. The results also include related recommendations to various levels of management for consideration and implementation.

This project was approved as part of the contingency and consulting hours in the 2021-2022 and 2022-2023 Internal Audit Plans.

### Methodology

To achieve our investigation objectives, we:

1. Researched relevant Board policies and the Campus Accounting Manual,
2. Interviewed the librarian and football coach in person,
3. Obtained, reviewed, and analyzed relevant emails for the scope of the review,
4. Performed an on-site campus visit to view and/or obtain related evidence,
5. Communicated with the principal to obtain documents and related information,
6. Obtained, reviewed, and analyzed related records from the Campus Accounting office,
7. Contacted a representative from Scholastic (vendor) to obtain a basic understanding of the book fair process and book fair activity transactions, and
8. Contacted the Athletics Director to obtain a basic understanding of the District's athletic physicals process.

### Limitations

Because of the inherent limitations in a system of internal controls, there is a risk that errors or irregularities occurred and were not detected. Due professional care requires the internal auditor to conduct examinations and verifications to a



reasonable extent. Accordingly, an auditor can provide reasonable but not absolute assurance that procedures and internal controls are followed and adhered to in accordance with federal, state, and local policies and guidelines. This investigation was limited to the areas stated in this report's Objectives and Scope section.

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## **Disclosure of Reliance on Work of Others**

The initial investigation was performed by campus management under the guidance of Human Resources. At the request of Human Resources, Internal Audit assisted with the investigation in the areas associated with campus accounting processes and procedures. The initial work included administrative interviews and document gathering at the campus level. We relied on the initial work to (i) determine our scope, (ii) develop follow-up fieldwork interview questions, and (iii) corroborate evidence or statements. However, we further collected and expanded on the initial information gathered by conducting our own interviews, on-site observation, documentary reviews, vendor clarifications, and email analysis.



# Appendix B: Criteria

ASSURANCE • INSIGHT • OBJECTIVITY

| Criteria No.<br>CN# | Criteria Source<br>(Only applicable criteria is listed)  |
|---------------------|--|
| 1                   | <p><b><i>Texas Administrative Code §247.2 Code of Ethics and Standard Practices for Texas Educators</i></b></p> <p>(F) Standard 1.6. The educator shall not falsify records, or direct or coerce others to do so.</p> <p>(G) Standard 1.7. The educator shall comply with state regulations, written local school board policies, and other state and federal laws.</p>  |
| 2                   | <p><b><i>Board Policy CFD (LOCAL) (October 13, 2021 Update 118) Accounting - Activity Funds Management</i></b></p> <p><u>Fiduciary Responsibility:</u> The Superintendent, principal, and sponsor, as applicable, shall be responsible for the proper administration of District and campus activity funds and student activity funds in accordance with state law and local policy, District accounting practices and procedures as outlined in the campus accounting manual, and the Texas Education Agency (TEA) Financial Accountability System Resource Guide.</p> <p><u>Use and Expenditure:</u> Funds collected by student groups shall be used only for purposes authorized by the student club or organization. The principal and sponsor shall manage and approve all disbursements. Except as provided in this policy, all funds raised by student clubs or organizations must be expended for the benefit of the students.</p> <p><u>Approval:</u> Approval from the immediate supervisor or designee shall be obtained prior to a disbursement being made to any employee, including the principal. The principal shall approve disbursement to all other campus employees.</p>   |
| 3                   | <p><b><i>EPISD Campus Accounting Manual (April 2021):</i></b></p> <p><u>Section 4 - Library Accounts</u></p> <p>4.7 Due To Other Groups (2190 Accounts)<br/>These accounts are used to record the transactions for the following activities:</p> <ul style="list-style-type: none"> <li>The Library Account (2195) is used to record fines and expenditures (except for duplication services) associated with the operation of the campus library.</li> <li>Library Duplication Account (2197) is used to record revenues and expenditures associated with the operation of library duplication services.</li> </ul> <p><u>Section 7 - Cash Receipts</u></p> <p>7.1 Description and General Operating Procedures<br/>All transactions that involve the collection of cash must be supported with adequate documentation. The financial clerk (and all others collecting cash on behalf of the District) MUST issue receipts (electronic or manual) for cash collected at the collection point. Only District approved forms should be used.</p> <p>7.2 Miscellaneous and SFO Receipts<br/>Only the campus financial clerk can issue an SFO receipt. The principal and trained alternate may issue office receipts. Trained District employees accepting cash (sponsors, coaches, librarians, bookroom clerks, etc.) issue Miscellaneous Receipts. If the financial clerk is assisting a club sponsor</p> |

by receipting monies for yearbook, fund raising projects, etc. directly from students or parents then the financial clerk must provide the sponsor with copies of the receipts.

#### 7.3 Collection Logs

A Fine Collection Sheet is required for library fine collections.

Employees using a log will submit the log and funds to the campus financial clerk.

#### 7.8 Authorized Agent

Employees (including yearbook sponsors) are/restricted from using receipts other than those issued by the campus financial clerk.

#### 7.9 Cash Control/Training

The principal must ensure that training on this section of the Manual is provided to the following employees: sponsors, bookroom clerk, librarian, registrar, alternate, and any other employee the principal designates to accept and record cash from students, parents, community, etc. These employees should receive a copy of this section.

### Section 15 – Fund Raising Activities

#### 15.1 General Information

All fund raising activities must be approved prior to ordering or receiving product/services.

The District:

- Reserves the right to stop payment on all fund raising activities in which the sponsor/vendor neglected to follow District policy. In these cases, a contract exists between the vendor and employee.

Failure to adhere to the fund raising guidelines and procedures illustrated in this Manual may adversely affect the school's/club's ability to continue having fund raising activities. Please note that:

- All non-compliance issues will be presented to administration for corrective action.
- Fund raising activities and supporting documentation are subject to unannounced audit.

#### 15.3 Sponsor Responsibility

The sponsor is fiscally responsible for all facets of the fund raising activity. He/she may be held liable for all unapproved fund raising activities and for any shortages identified if District policy has not been followed.

Properly completes the Fund Raising Application (FRA) (Exhibit E). This application must be approved before entering into any agreement and/or receiving product from a vendor. The sponsor, not the District, will be liable for product delivered and amount due if sponsor fails to obtain prior approval.

Maintains the data required to complete the Fund Raising Recap, Page 1 (Exhibit F) and Page 2 (Exhibit G). This data includes but is not limited to a perpetual inventory (including extra incentive product), funds received, a list of delinquent accounts and outstanding product.

Obtains the principal's approval on Page 2 of the Fund Raising Recap, for the disposal of all surplus/damaged product. Surplus product is given away by the principal and not the sponsor.

The sponsor must ensure that all club receipts and disbursements are processed in accordance with District guidelines and procedures.

Utilization of profits to buy goods or services is considered a separate activity which requires that a DV be processed. The sponsor should ensure that the club fund raising activities are not commingled with other club activities.

#### 15.4 Fund Raising Application Form

The Fund Raising Application (FRA) and Fund Raising Recap, page 1 and page 2 are used by the sponsor to request permission to have a fundraising activity and to account for the activity. This form must be filled out in its entirety to include time of day, portion size and nutritional content of food items.

#### 15.5 Fund Raising Application Instructions

The sponsor and campus financial clerk must ensure that the application is properly completed before submitting to the Campus Accounting Office.

**15.7 Fund Raising Recap Instructions – Page 2**

The sponsor should note that it is the responsibility of the sponsor, and not the campus financial clerk, to:

- Submit the application on time
- Maintain adequate records which support the data required on Page 1 and 2 of the Recap
- Complete Page 1 and 2 of the Recap, and
- Collect outstanding amounts.

**15.10 On-Going Fund Raising & No Cost/Vendor Activities**

No cost/vendor activities are activities such as, a-thons, one-day event ticket sales, athletic ticket sales, dances with no cost involved (i.e. disco), etc. They could include donated product and or services. These activities have no cost associated with them, therefore, must generate a 100 percent profit margin. The following guidelines apply to these activities:

- These activities may start immediately after the principal's approval.
- The Fund Raising Application must be sent to the Campus Accounting Office for accounting purposes.

**15.13 Fund Raising Cash Receipts**

The sponsor is not authorized to use cash collected to make purchases. If additional supplies are needed for the fund raising activity, then the sponsor should obtain a check from the campus financial clerk.

**15.14 Fund Raising Cash Disbursements**

Fund raising cash disbursements are not authorized.

**15.21 Proms, Plays, Concerts, Concessions, Athletic Physicals, Scholastic Book Fair, Other**

Major activities which include but are not limited to proms, homecoming dances, other events (such as school dances with expenses), middle school yearbooks, etc. must submit a fund raising application for review.

Please note activities such as dances, proms, plays, concerts, etc. require that two-part pre-numbered tickets be sold. The sponsor is required to submit the second part of the ticket to the financial clerk for accounting purposes. These are subject to unannounced audit. The recap should include first ticket sold and ticket remaining on the roll and all related expenses. The number of tickets multiplied by the admission price should equal ticket sales revenue on the recap.

Concession activities are expected to generate a profit margin which approximates 100 percent (donated product) and 45 percent - 50 percent for activities where product is purchased. Activities which generate a margin less than those illustrated above may be submitted to Administration for review. Disposal of product not sold must be approved by the principal.

Athletic physicals, where proceeds are split, require a fundraising application be submitted. A minimum 45 percent profit margin is required and the provider must be on the District's approved vendor list. All collections must be recorded on a collection log (\$10 or under) or in a Miscellaneous Receipt book (over \$10).



## **El Paso ISD Board**

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## **Internal Audit**

Assurance | Insight | Objectivity

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