



Office of Missouri State Auditor  
**Nicole Galloway, CPA**

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**FOLLOW-UP REPORT ON AUDIT FINDINGS**

**Waynesville R-VI School District  
Cash Handling Internal Controls**

Report No. 2017-034

May 2017

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Waynesville R-VI School District  
Cash Handling Internal Controls  
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\*Includes selected findings



**NICOLE GALLOWAY, CPA**  
**Missouri State Auditor**

To the Board of Education  
Waynesville R-VI School District

We have conducted follow-up work on certain audit report findings contained in Report No. 2016-073, *Waynesville R-VI School District Cash Handling Internal Controls*, issued in September 2016, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the district about the follow-up review on those findings.
2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:
  - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
  - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
  - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
  - Not Implemented: Auditee has not implemented the recommendation and has no specific plans to implement the recommendation.

As part of the AFTER work conducted, we reviewed written policies and procedures, documentation provided by district officials, and held discussions with officials to verify the status of implementation for the recommendations. This report is a summary of the results of this follow-up work, which was substantially completed during April 2017.

Nicole R. Galloway, CPA  
State Auditor

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# Waynesville R-VI School District

## Cash Handling Internal Controls

### Follow-Up Report on Audit Findings - Status of Findings

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#### Introduction

To follow-up on the status of findings, we reviewed the procedures the district developed to address MAR finding number 1. To determine if these procedures were implemented, we visited the Waynesville High School, Tiger Joe's coffee shop (inside the high school), the Waynesville Middle School, one elementary school, and the Waynesville Career Center. At each location, we performed cash counts and reviewed segregation of duties and supervisory reviews; receipting and depositing procedures; and the handling of petty cash funds. Our status and comments also address select recommendations to the Board of Education in MAR finding numbers 2 through 8, including:

- Adequately segregate accounting duties or ensure documented supervisory or independent reviews of accounting records are performed.
- Ensure monies are properly receipted, transmitted, and deposited timely and intact; receipt slips indicate the method of payment; and receipts are reconciled to the composition of deposits. Also, the Board should ensure supporting documentation is submitted with all transmittals and checks are restrictively endorsed upon receipt.
- Ensure handling of petty cash funds adheres to district procedures.

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#### 1. Districtwide Policies and Procedures

The district did not have sufficient policies and procedures to ensure monies receipted were secure and accounted for properly.

The district did not have comprehensive cash handling policies and procedures. The district's written policies and procedures only addressed petty cash funds. Our review determined cash handling procedures varied significantly by location and only one school developed guidance for staff.

#### Recommendation

The Board of Education should establish sufficient policies and procedures to ensure all monies are receipted and deposited, and petty cash funds are properly handled.

#### Status

##### **In Progress**

The district implemented a new Business Procedure Manual (manual) effective at the beginning of the 2016-2017 school year. The manual contains comprehensive cash handling procedures including cash receipting and depositing, as well as procedures for properly handling petty cash. District staff, including teachers, office staff, and librarians, received training at the beginning of the 2016-2017 school year on the new manual. The district is also providing ongoing training at various levels. In the future, district staff plan to perform site visits at various schools to ensure cash handling procedures are implemented.



Waynesville R-VI School District  
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Follow-up Report on Audit Findings - Status of Findings

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During our work at various locations, we noted improvement in the segregation of the duties of receiving, recording, and depositing monies. At each location, the individual responsible for preparing deposits no longer records transactions. Also, prenumbered receipt slips are now used by office staff and librarians, the method of payment is indicated on receipt slips issued, receipt slips are reconciled to deposits, and checks are restrictively endorsed upon receipt. Based on our review of deposits, staff at the locations visited are complying with district procedures to deposit intact and weekly or when receipts equal \$500. We noted students at the coffee shop utilize a cash register for all receipts rather than using a cash box and reconcile sales records to monies collected for each deposit. Each location visited follows district petty cash procedures.

Our review identified areas still needing improvement. Teachers and program sponsors collect monies from students for various reasons including field trip dues, cap and gown sales, coffee shop sales, damaged library books, and various student fees. These monies are transmitted to the location's office staff. However, the teachers or program sponsors do not always provide supporting documentation with transmittals. Also, the office staff do not perform an independent review of the receipts to ensure all monies are transmitted or review the accuracy of the composition of transmittals.

District officials agreed that the manual is not clear on the need for independent reviews of the transmitted monies, and indicated they will update the procedures for the 2017-2018 school year.