




Agenda Item Details

Meeting	Feb 21, 2023 - REGULAR MEETING AGENDA (5:30 PM)
Category	44. Internal Auditing
Subject	A. School Internal Accounts Audit Reports
Type	Action
Fiscal Impact	No
Budgeted	No
Recommended Action	Acceptance of the school internal accounts audit reports.

Each year, we audit the internal accounts of the schools. As part of this process, a sample of schools receive audits with full procedures (financial and compliance), with the remaining schools receiving audits with limited procedures. Audits receiving full procedures are presented to the Board individually. Audits receiving limited procedures are included in the District-wide report. All audited schools are then combined into a District-wide audit report on schools internal accounts. These reports have been presented to and accepted by the Audit Committee, a standing committee of the Board. The reports are being presented to the Board for their review and entry into the minutes.

 [School Internal Accounts Audits - Elementary.pdf \(2,183 KB\)](#)

 [School Internal Accounts Audits - High.pdf \(692 KB\)](#)

 [School Internal Accounts Audits - Centers.pdf \(446 KB\)](#)

Motion & Voting

Acceptance of the school internal accounts audit reports.

Motion by Bill Slayton, second by David Williams.

Final Resolution: Motion Carries

Yes: Kevin Adams, Paul Fetsko, David Williams, Patty Hightower, Bill Slayton

Workflow

Workflow Feb 8, 2023 2:09 PM :: Submitted by David Bryant. Routed to David Bryant for approval.

Feb 8, 2023 2:12 PM :: Final approval by David Bryant

Last Modified by Holley DeWees on February 21, 2023



Jim Allen Elementary School
Audit of School Internal Accounts
For the Year Ended June 30, 2022

Office of Internal Auditing
September 2022

David J. Bryant, CPA, CIA, CFE, CGFM, CRMA
Director – Internal Auditing

Audit Team:
Ann V. McIntyre, CPA
Auditor

Preface

The Office of Internal Auditing serves to improve the fiscal accountability and enhance the public's perception of the management and operations of the Escambia County School District. This engagement strives to meet those objectives.

Audits, reviews, and other engagements are determined through a District-wide risk assessment process, and are incorporated into the annual work plan of the Office of Internal Auditing, as approved by the Audit Committee. Other assignments are also undertaken at the request of District management.

This engagement was conducted with the full cooperation of Jim Allen Elementary staff and other District personnel.

Any recommendations included in this engagement are designed to improve operations and serve as the basis for informed discussions related to policies and procedures.

This engagement was conducted in accordance with the International Standards for Professional Practice of Internal Auditing, as promulgated by the Institute of Internal Auditors.

We thank the principals, assistant principals, bookkeepers, secretaries, and various support personnel throughout the District for their cooperation and commitment.



Office of Internal Auditing
Escambia County School District
<http://ecsd-fl.schoolloop.com/iaoffice>
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Executive Summary

Jim Allen received a full audit for the 2021-2022 fiscal year.

Our office audits the internal accounts of the District's schools annually. The authority to conduct these audits is granted by the School Board of Escambia County in the Charter for the Office of Internal Auditing.

These audits are conducted on a rotating basis with a sample of schools receiving "full" audits each year, and the other schools receiving "limited" audits. For each full audit, extensive testing procedures are applied to internal funds accounts. Limited audits include cash procedures and reconciliation to independent bank confirmations. For the 2021-2022 fiscal year, Jim Allen Elementary School (Jim Allen) received a full audit. This report documents the results of the audit.

Two adjusting journal entries were recommended.

The purpose of our audit was to determine whether the financial information reported in the internal accounts reconciles with bank statements and corresponding independent bank confirmations, and to determine compliance of transactions included in those same internal accounts with the governing provisions of Florida Statutes, State Board of Education rules, and policies and procedures of the School Board. We also sought to determine whether any instances of non-compliance were severe enough to render the financial information reported by the school unreliable. We believe our audit provides a reasonable basis for our opinion, findings, and recommendations.

Our audit procedures indicated matters that required adjustment of the school's records. Two journal entries were necessary:

- To write off an uncollectible check from the school's 2019-2020 book fair.
- To correct the improper posting of a purchase for t-shirts to the General Fund account.

Our testing resulted in eight audit findings.

These journal entries were processed by the bookkeeper in the following school year.

Our testing resulted in eight audit findings:

- There was no evidence of receipt of goods verification on items shipped to the school.
- Purchases were made without prior written approval.
- Credit card statements were not reconciled, signed by the principal, or uploaded to Skyward, a system used for accounting purposes.
- The signing-in/out of credit cards was not properly completed.
- The Gift Card Log was not utilized.
- Fundraiser Request/Reconciliation Forms were not properly completed.

The school’s overall fund balance as of June 30, 2022 was \$16,207.21.

The majority of transactions included in the school’s internal accounts were processed in accordance with applicable policies and procedures.

- The Report of Saleable Inventory was not properly maintained.
- The school paid for a restricted expenditure.

The overall fund balance reported by the school at June 30, 2022 was \$16,207.21. We have determined that the financial information reported by the school reconciles with bank statements and independent bank confirmations.

In our opinion, the majority of transactions included in the school’s internal accounts were processed in accordance with all applicable Florida Statutes, State Board of Education rules, and policies and procedures of the School Board.

We have also determined that the instances of non-compliance noted above and elsewhere in this report do not have a material effect and are not severe enough to render the financial information unreliable.

This report contains recommendations. The Executive Summary is intended to highlight the various aspects of the report. The full report should be read to understand the basis of our recommendations. We will follow-up on these recommendations approximately 90 days after the school’s exit conference.

Background

Each year, our office audits the District’s schools’ internal accounts. The authority to conduct these audits is granted by the School Board of Escambia County in the Charter for the Office of Internal Auditing.

School internal funds are defined in the Internal Funds Policy Manual (the Manual) as “all monies collected and disbursed by school personnel within a school, for the benefit of the school, or a school sponsored activity.” As further explained in the Manual, “School internal funds shall be used to supplement activities approved by the school board when the District budgetary funds are not available or have been exhausted.” More plainly, internal funds include everything from money found on campus to collections from ticket sales for athletic events.

Each year, District schools receive either a “full” audit (including all procedures listed in the Methodology section below), or a “limited” audit, where only certain procedures are performed (such as obtaining third-party confirmation for all cash and investment accounts and reconciliation of bank statements and confirmations). For the 2021-2022 fiscal year, Jim Allen received a full audit.

Outside support organizations are not included in this report and are not audited by our office.

Outside support organizations (school booster clubs and parent teacher associations) affiliated with this school that operate independent of a school's internal accounts **are not included** in this report and **are not audited** by the Office of Internal Auditing.

Jim Allen last received a full audit in the 2019-2020 fiscal year. There were no matters that rose to the level of an auditing finding.

The principal was reassigned and replaced in the next school year.

The school's previous principal was reassigned at year-end, and was replaced during the next school year.

Objective

The purpose of our audit was to determine whether the financial information contained in the internal accounts reconciles with bank statements and corresponding independent bank confirmations, and to determine compliance of transactions included in those same internal accounts with the governing provisions of Florida Statutes, State Board of Education rules, and policies and procedures of the School Board. We also sought to determine whether any instances of non-compliance were severe enough to render the financial information unreliable.

We have conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditing, and have planned and performed our audit to obtain reasonable assurance that transactions were made in accordance with applicable policies and laws and that the financial information presented is reliable.

We believe our audit provides a reasonable basis for our opinion, findings, and recommendations.

Scope

The State Board of Education Redbook, Chapter 8, Section I, 1(b) states that the District School Board is responsible for the administration and control of school's internal accounts and in connection therewith shall provide an audit of those accounts. Pursuant to this rule, we have audited the financial transactions of the internal accounts of the school as of and for the fiscal year ended June 30, 2022. These accounts are the responsibility of the principal of that school.

Methodology

The audit consists of three phases: planning, fieldwork, and reporting.

Each audit consists of three phases, containing specific steps to ensure it is done in accordance with professional standards and current accepted practice.

The Planning Phase

The planning phase serves as the initial stage of an audit, where the auditor determines which schools are audited, ensures his or her independence, assesses the overall control environment and risk factors, and selects the samples of transactions to be tested.

School Sample

Rather than auditing 100% of schools each year, a system of rotation is utilized that is based primarily on school classification (i.e., elementary, middle, high).

Ensuring Independence

An independence statement is completed for each school. This statement contains the signature of each auditor certifying that there are no conflicts of interest and that they are free from bias. **No known conflicts were identified.**

No known conflicts of interest were identified.

Control Risk Assessment

At the beginning of each audit, the two prior audits and work papers, as well as any follow-up audits, are reviewed. We also determine whether there have been any significant personnel changes (i.e., principal, bookkeeper).

Each school's bookkeeper and principal are given internal control questionnaires to complete prior to their audit beginning. We review the responses, and discuss any items of concern with the appropriate staff. These questionnaires represent only a portion of our assessment of the overall control environment.

Control risk for Jim Allen has been assessed at moderate.

Based on our experience with the school, control risk is assessed at moderate. Therefore, our audit procedures are limited to those in the audit program. If control risk is assessed at a level higher than moderate, additional procedures may be performed.

Transactional Samples

Statistical sampling for attributes has been chosen. This method allows conclusions to be drawn about the population based on statistical inference. If after testing we determine the sample does not provide adequate coverage of the total population, auditor judgment and discussion with the Director of Internal Auditing are used to determine whether additional sampling methodologies are necessary (judgmental sampling, whole population, etc.).

For our purposes, exceptions of greater than or equal to 20% of the total population may exist before an audit finding is issued.

The Fieldwork Phase

The fieldwork phase involves transactional testing of the school’s internal accounts. The items in each of our samples are tested for compliance with applicable Florida Statutes, State Board of Education Rules, Board Policies, contract terms and conditions, and grantor restrictions.

While performing our testing, a percentage of transactions is allowed to contain compliance violations before it is determined to be an audit finding. For our purposes, an audit finding is a recurring issue that is present in greater than or equal to 20% of the sample. In addition, due to seriousness or materiality, a single compliance violation could also result in an audit finding.

Upon the completion of fieldwork, exit conferences to discuss the results of the audit are conducted with principals and secretaries/bookkeepers, if necessary.

The Reporting Phase

Upon the completion of the planning and fieldwork phases of an audit, the results of those phases are compiled into an easily readable and understandable format (i.e., the audit report). The report is presented to, and approved by, the Audit Committee and the School Board at the end of each audit cycle.

Financial information from full audits is combined with information from limited audits and compiled into a District-Wide Report on Internal Accounts.

Detailed Results

Summary of Fund Activity	
Beginning Cash Balance, 7/1/2021	\$ 13,609.47
Total Receipts	29,525.04
Total Disbursements	(16,670.44)
Total Net Journal Entries	<u>(10,256.86)</u>
Ending Cash Balance, 6/30/2022	\$ 16,207.21
Audit Adjustments	-
Ending Fund Balance, 6/30/2022, Per Skyward	<u>\$ 16,207.21</u>
Cash Balance per Confirmation(s)	\$ 16,542.74
Outstanding Deposits	-
Outstanding Checks	-
Other Reconciling Items	<u>(335.53)</u>
Ending Fund Balance, 6/30/2022, Per Confirmation(s)	<u>\$ 16,207.21</u>

General Ledger Review

Throughout the year and prior to the school’s closing of their records at year end, we may review various reports, transactions, and supporting documentation of the school. The purpose of this review is to recommend adjusting journal entries, reclassifications, or other necessary actions which we feel will result in more accurate reporting and/or compliance with established rules, policies, and procedures. Any recommended entries or actions are traditionally completed prior to the close of the school’s records, and are therefore included in the reported June 30 financial information, unless otherwise indicated.

Two adjusting journal entries were recommended.

As a result of our fieldwork, two additional adjusting journal entries were recommended:

- To write off an uncollectible check from the school’s 2019-2020 book fair, we recommended a journal entry be processed for \$13.90.
- To correct the improper posting of a purchase for t-shirts to the G7000 General Fund account, we recommended a journal entry be processed for \$45.00.

After fieldwork, but prior to the issuance of this report, the school implemented our recommendations to process all journal entries mentioned above.

Findings

Evidence of Receipt of Goods

One finding related to lack of evidence of receipt of goods.

Our testing indicated invoices/packing slips used as supporting documentation for expenditures did not include evidence indicating receipt of goods. This evidence would include a signature and initials indicating verification of the quantity of the items ordered, and a date indicating when the goods were received.

The Internal Funds Policy Manual gives specific guidelines regarding documentation for expenditures. Section VIII, D.4, (e) of the Manual states, “When the items purchased are received, the goods should be checked to ensure the items are correct and not damaged. The person receiving the items should initial and date the receiving slip or invoice to document their review and that all items ordered were received.”

See our recommendation in the Recommendations section below.

Prior Written Approval

One finding related to lack of prior written approval.

Our testing indicated purchases were made prior to the principal’s written approval date, as evidenced on the approval forms for both check requests and credit card purchase requests.

The Internal Funds Policy Manual gives specific guidelines regarding the prior approval of purchases. Section VIII, A.1 of the Manual states, “All disbursements require **prior written** approval of the Principal or his/her

One finding related to improper utilization of the L2121 Accounts Payable account.

designated representative. ‘Prior written approval’ may consist of a properly completed Purchase Requisition/Request for Purchase Order. This must be done **BEFORE** the item is ordered and funds are obligated.” In the case of credit card purchases, the Request Purchase Utilizing Purchasing Card approval form should be used.

See our recommendation in the Recommendations section below.

L2121 Accounts Payable

District year-end procedures require all schools to reconcile their L2121 Accounts Payable account and post final payments prior to the close of each fiscal year. As such, the balance at the beginning of each year should be zero.

In reviewing the L2121 account further, we noted various issues including no indication the account was reconciled, nor signed by the Principal and uploaded to Skyward.

The District has established an internal control whereby account sponsors are to review their account activity each month, and attest to each account’s completeness and accuracy by initialing a monthly account log. It is clear that the individual accounts did not contain all financial activity; however, the monthly log was completed by the account sponsors. It does not appear that the accounts were effectively monitored.

Section VIII, F.2(e) of the Manual states, “Once your Regions Credit Card Statement has been reconciled against the Account Ledger report and all transactions are accounted for, you must have it signed and approved by your Principal, then record the payment by journal entry in the accounting system.”

See our recommendations in the Recommendations section below.

One finding related to the documentation of the credit card sign-in/out log.

Credit Card Sign-in/out Log

Our testing indicated the documentation of the signing-in/out of credit cards was not properly completed.

The Internal Funds Policy Manual gives specific guidelines for the documentation of signing-in/out credit cards. Section VIII. E.2(i) states, “Purchase Cards must be locked up by the card manager. When a purchasing request has been approved, the card will be signed out to the cardholder and must be signed back in within 2 days after the purchase date, unless prior approval has been given by the Principal to keep the card for an extended period of time due to a particular purpose. An example would be a P-Card is needed for out of county travel or in county travel that extends past the school hours of Friday and into the weekend or until Cardholder returns from the trip. **(The card should not be checked out for the entire school year, but rather for each purchase.)**”

See our recommendation in the Recommendations section below.

One finding related to the improper utilization of the Gift Card Log.

Gift Card Log

Our testing indicated a Gift Card Log was not properly completed.

The Internal Funds Policy Manual gives specific guidelines concerning the purchases of gift cards. Sections IV, M.2 through M.5 states, “Gift cards may be purchased by check payable to the vendor. If the vendor does not accept checks, the check can be payable to the bookkeeper or the requestor. The bookkeeper or the requestor can then purchase the gift cards with the funds. The appropriate account should be charged. The receipt for the gift cards must be attached to the check stub along with the Gift Card Log. A Gift Card Log should be maintained with the date purchased, purchased by, vendor, dollar amount, gift card serial number, purpose and recipient’s name. The teacher must sign for the gift card when picked up, verifying receipt. The recipient must sign for the gift card when picked up, verifying receipt. The Gift Card Log should be kept with each group of gift cards. See Appendix A – Gift Card Log. Until disbursed, gift cards and log should be maintained in a secure, locked area.”

See our recommendation in the Recommendations section below.

One finding related to improper completion of the FRR forms.

Fundraiser Request/Reconciliation Forms – Proper Completion

Our testing indicated Fundraiser Request/Reconciliation (FRR) forms were not properly completed or present.

Chapter 8 Section III, 4.4 of the State Board of Education Rules states all fundraisers shall be planned to finance a specific objective and have the approval of the organization sponsor and the principal. In addition, the principal shall maintain control over the activity. The requirements of the rule are met through the proper completion of the Fundraising Request/Reconciliation Form.

The Fundraising Guidelines Handbook approved by the School Board explains the use of the Fundraising Request/Reconciliation Form. The Handbook states, “Completing Section I of this form will document the authorization of the fundraiser...At the conclusion of your fundraiser, complete Section II of the Fundraising Request/Reconciliation Form...Review school internal funds reports to verify accuracy of postings to your account...Evaluate the success of your fundraising activity.”

See our recommendation in the Recommendations section below.

One finding related to improper maintenance of saleable inventory.

Saleable Inventory

Our testing indicated the Report of Saleable Inventory was not properly maintained.

The Internal Funds Policy Manual gives specific guidelines regarding saleable inventory. Section IV, H.6 of the Manual states, “Inventories of

One finding related to the payment of a restricted expenditure.

merchandise in the school’s store must be maintained using the Report of Saleable Inventory and kept up-to-date for audits.” This also applies to other saleable inventory not kept in the school store.

See our recommendation in the Recommendations section below.

Restricted Expenditure

Our testing indicated the school paid for a restricted expenditure involving the purchase of class pictures from a faculty member.

The Internal Funds Policy Manual gives specific guidelines regarding restricted expenditures. Section VIII, L.8 of the Internal Funds Policy Manual states, “Direct or indirect purchase or recommendation to purchase goods or services from any business organization which an employee or immediate family member have a material interest.”

Opinion

The financial information reconciled with bank statements and independent confirmations.

The majority of the school’s transactions were processed in accordance with all applicable policies and procedures.

Our opinion is divided into two major areas: whether or not the financial information reported by the school reconciles with corresponding bank statements and independent bank confirmations; and an assessment of the compliance of transactions included in the internal accounts with the governing provisions of Florida Statutes, State Board of Education rules, and policies and procedures of the School Board. An overall assessment is also made as to whether any instances of non-compliance were severe enough to render the financial information unreliable. We believe our audit provides a reasonable basis for our opinion, findings, and recommendations.

We have determined that the financial information reported reconciles with bank statements and independent bank confirmations.

In our opinion, the majority of transactions included in the school’s internal accounts were processed in accordance with all applicable Florida Statutes, State Board of Education rules, and policies and procedures of the School Board.

We have also determined that the instances of non-compliance noted above and elsewhere in this report do not have a material effect and are not severe enough to render the financial information unreliable.

Recommendations

Review and instruct staff on policies and procedures related

Receipt of Goods

In an effort to address the lack of proper evidence for receipt of goods, we recommend the principal and bookkeeper review the Internal Funds

to evidence required to indicate receipt of goods.

Review and instruct staff on policies and procedures related to prior written approval for expenditures.

Seek assistance to reconcile the L2121 Accounts Payable account.

Monitor the L2121 Accounts Payable account to ensure these discrepancies do not reoccur.

Review and instruct staff on the policies and procedures related to the documentation of the credit card sign-in/out log.

Review and instruct staff on the policies and procedures related to the Gift Card Log.

Review and instruct staff on policies and procedures related to fundraising activities.

Review and instruct staff on the policies and procedures related to saleable inventory.

Review and instruct staff on the policies and procedures related to restricted expenditures.

Policy Manual and instruct staff on the proper procedure of documenting receipt of goods.

Prior Written Approval

In an effort to address purchases made prior to receiving written approval from the principal/designee, **we recommend the principal and the bookkeeper review the Internal Funds Policy Manual and instruct staff on the proper procedures of obtaining prior written approval for expenditures.**

L2121 Accounts Payable – Various

In an effort to determine the true balance of the L2121 Accounts Payable account and to correct any errors, **we recommend the bookkeeper seek assistance from the District.**

We also recommend that the principal and bookkeeper monitor the balance in the account to ensure these discrepancies do not continue.

Credit Card Sign-in/out Log

In an effort to address the documentation of credit cards being signed-in/out, **we recommend the principal and bookkeeper review the Internal Funds Policy Manual and instruct staff on the proper procedures related to the use of credit cards.**

Gift Card Log

In an effort to address the lack of utilizing a Gift Card Log, **we recommend the principal and the bookkeeper review the Internal Funds Policy Manual’s rules regarding the utilization and maintenance of a Gift Card Log.**

Fundraising Request/Reconciliation Forms

In an effort to address the improper completion or lack of Fundraising Request/Reconciliation forms, **we recommend the principal and bookkeeper review the Internal Funds Policy Manual and instruct staff on the policies and procedures associated with fundraising activities.**

Saleable Inventory

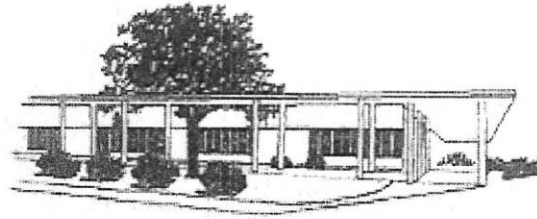
In an effort to address the improper maintenance of saleable inventory, **we recommend the principal review the Internal Funds Policy Manual and instruct staff on the proper maintenance of saleable inventory.**

Restricted Expenditure

In an effort to address the improper payment for restricted expenditures, **we recommend the principal and bookkeeper review the Internal Funds Policy Manual regarding restricted expenditures.**

We will follow-up on these recommendations approximately 90 days after the school’s exit conference.

Management Response



Shannon Cross
Principal

Susan Dorman
Assistant Principal

JIM ALLEN ELEMENTARY SCHOOL

1051 Hwy. 95-A North Cantonment, FL 32533 Phone: 937-2260

December 2, 2022

David Bryant
Director of Internal Auditing
Escambia County School District

Mr. Bryant:

I am writing in response to the Audit of School Internal Accounts for Jim Allen Elementary School for the year ending June 30, 2022. In this report there are eight audit findings. This letter will address each and the efforts which will be made in the future to prevent similar findings.

1. Receipt of Goods

As noted in the report, “there was no evidence of receipt of goods verification on items shipped to the school.” Upon investigation, we have determined that some orders are shipped in more than one container on more than one date, especially when shipped from Amazon. We will make sure that all packing slips are collected, signed, dated, and submitted to the bookkeeper. When a packing slip is missing, we will use the purchase receipt as a substitute, and sign and date the receipt with a note indicating the goods were received. The principal and the bookkeeper will also review the Internal Funds Policy Manual and instruct staff on the proper procedure of documenting the receipt of goods.

2. Prior Written Approval

The audit report indicates that some “purchases were made without prior written approval.” It was determined that all of these purchases made without prior approval were made by the media specialist despite frequent reminders of proper procedure. From now on, the media specialist will not have access

to his own purchasing card. He will make purchases through the bookkeeper and administration. In addition, the principal and the bookkeeper will review the Internal Funds Policy Manual and instruct staff on the proper procedures of obtaining prior approval for expenditures.

3. L2121 Accounts Payable - Various

The report indicates that “credit card statements were not reconciled, signed by the principal, or uploaded in Skyward.” In order to assure that this reconciliation is completed accurately each year, the bookkeeper will seek assistance from the district to ensure that she properly understands the required process. In addition, the principal and bookkeeper will meet with each account sponsor and review procedures ensuring that they understand that when they initial the monthly account log they are indicating that the balance is correct and reflects any financial activity. This will ensure effective monitoring of the accounts throughout the school year. The principal and the bookkeeper will monitor the balance in the accounts each month. At the close of the fiscal year, the bookkeeper will reconcile the L2121 Accounts Payable account against the Regions Credit Card Statement, obtain the signature of the principal, and record the payment with a journal entry in Skyward.

4. Credit Card Sign-in/Out Log

As noted in the audit report “the signing in/out of credit cards was not properly completed.” The principal and the bookkeeper will review the Internal Funds Policy Manual and instruct staff on the proper procedures related to signing in/out credit cards. The bookkeeper will ensure that this log is maintained each time a card is used for a purchase, even if the card does not leave her office.

5. Gift Card Log

The audit report indicates that a “Gift Card Log was not utilized.” Further investigation revealed that a Gift Card Log was completed to indicate when gift cards were purchased and for whom, however it was not signed by the recipient. The principal and the bookkeeper will review the Internal Funds Policy Manual’s rules regarding the utilization and maintenance of a Gift Card Log. Specifically, the principal and bookkeeper will ensure that gift card recipients sign the log upon receiving a gift card.

6. Fundraising Request/Reconciliation Forms

The report indicates that “Fundraising Request/Reconciliation Forms were not properly completed.” The specific error was not completing the purpose of the fundraiser indicating a specific objective. The principal and the bookkeeper will review the Fundraising Guidelines Handbook and the Internal Funds Policy Manual and instruct staff on the policies and procedures associated with fundraising activities. Also, the principal will ensure that a specific and appropriate purpose for the fundraiser is recorded on each Fundraising Request/Reconciliation Forms.

7. Saleable Inventory


As noted in the audit report, “the Report of Saleable Inventory was not properly maintained.” It was noted that the Report of Saleable Inventory for 2022 was misplaced. The principal and bookkeeper will review the Internal Funds Policy Manual and instruct the staff on the proper maintenance of saleable inventory. Specifically, the principal and bookkeeper will ensure that saleable inventory in all areas is accounted for before school ends in May and maintained for audit purposes through June 30 of each year.

8. Restricted Expenditure

The audit report indicates that “the school paid for a restricted expenditure.” Investigation into this finding revealed that a school district employee was paid for providing a service to the school. The principal and bookkeeper overlooked the specific guideline in the Internal Funds Policy Manual that states “Direct or indirect purchase or recommendation to purchase goods or services from any business organization which an employee or immediate family member have a material interest.” The principal and the bookkeeper will review the Internal Funds Policy Manual regarding restricted expenditures and ensure that such purchases are no longer completed.

Thank you for your time and attention to this matter.

Sincerely,


Shannon Cross
Principal

*Correct
12/5/2022*