




Agenda Item Details

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|--------------------|---|
| 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



Lincoln Park Elementary School
Audit of School Internal Accounts
For the Year Ended June 30, 2022

Office of Internal Auditing
August 2022

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

Audit Team:
Jacki H. Palmer
Internal Audit Technician

Trent Strickling
Internal Audit Intern

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 Lincoln Park 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
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Executive Summary

Lincoln Park received a full audit for the 2021-2022 fiscal year.

Our testing resulted in one audit findings.

The school's overall fund balance as of June 30, 2022 was \$7,632.99.

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

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, Lincoln Park Elementary School (Lincoln Park) received a full audit. This report documents the results of the audit.

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 testing resulted in one audit findings:

- The check in/out of P-Cards was not documented.

The overall fund balance reported by the school at June 30, 2022 was \$7,632.99. 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, Lincoln Park received a full audit.

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.

Lincoln Park last received a full audit in the 2018-2019 fiscal year. There was one matter that rose to the level of an audit finding. The finding was related to proper language not being present in donation request letters, which was determined to be addressed adequately during a subsequent follow-up audit.

The school’s principal retired in May 2022, and was replaced during the next school year. The bookkeeper resigned in August 2022. The position was immediately filled.

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

The principal retired in May 2022 and was replaced in the next school year. The bookkeeper resigned in August 2022. The role was immediately filled.

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. We 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 for Lincoln Park has been assessed at moderate.

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

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.

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.).

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 | \$ 7,419.13 |
| Total Receipts | 7,354.42 |
| Total Disbursements | (592.37) |
| Total Net Journal Entries | (6,548.19) |
| Ending Cash Balance, 6/30/2022 | \$ 7,632.99 |
| Audit Adjustments | - |
| Ending Fund Balance, 6/30/2022, Per Skyward | \$ 7,632.99 |
| | |
| Cash Balance per Confirmation(s) | \$ 7,632.99 |
| Outstanding Deposits | - |
| Outstanding Checks | - |
| Other Reconciling Items | - |
| Ending Fund Balance, 6/30/2022, Per Confirmation(s) | \$ 7,632.99 |

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.

No adjusting journal entries were recommended.

As a result of our fieldwork, no additional adjusting journal entries were recommended.

Minor instances of non-compliance are documented in the audit field notes.

During our fieldwork, we noted minor instances of non-compliance, which are not included in this report. We documented these matters in our audit field notes, which were provided to the bookkeeper and principal.

Findings

Credit Card Sign-in/out Log

One finding related to the lack of documentation of the signing-in/out of credit cards.

Our testing indicated the signing in and out of the credit card was not documented.

The Internal Funds Policy Manual, 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.)**”

Although the District does not have a specific form to document the check in/out of the internal accounts P-Card, most schools utilize the “P-Card Check Out Log” provided by the Purchasing department.

See our recommendation in the Recommendations section below.

Opinion

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.

The financial information reconciled with bank statements and independent confirmations.

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

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

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 policies and procedures related to the signing-in/out of credit cards.

Credit Card Sign-in/out Log

In an effort to address the lack of documentation of the signing-in/out of credit cards, **we recommend the principal and bookkeeper review the Internal Funds Policy Manual and utilize the “P-Card Check Out Log” provided by the Purchasing department.**

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

Management Response

LINCOLN PARK PRIMARY SCHOOL



7600 Kershaw Street/Pensacola, Florida 32534
Phone (850) 494-5620/Fax (850) 494-7481

Jobenna Lawson-Sellers, Principal
Dr. Patrice Moody, Assistant Principal

December 16, 2022

Dear Mr. Bryant,

It is with regret that I have to report on an incident found on the audit report. Below is the finding and solution that we are implementing going forward:

Finding: Purchasing Card Check Out Log

My secretary nor I were aware of the rule change to keep a Purchasing Card Check Out Log. However, now that we are aware of the process, my secretary and I will immediately implement use of the log to rectify the situation.

Respectfully Submitted,


Jobenna Lawson-Sellers
Principal

A. Aush
12/19/2022