





### 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**



**Oakcrest Elementary School**  
*Audit of School Internal Accounts*  
*For the Year Ended June 30, 2022*

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Office of Internal Auditing  
November 2022

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

Audit Team:  
**McKenzie Lane, CFE**  
*Senior Auditor*

**Ann V. McIntyre, CPA**  
*Auditor*

## Preface

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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 Oakcrest Elementary School 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  
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# Executive Summary

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

**Our testing resulted in eight audit findings.**

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 eight audit findings:

- Bank Reconciliations were not all completed properly.
- There was no evidence of receipt of goods verification on items shipped to the school.
- Checks did not include two authorized signatures.
- Request Purchase Utilizing Purchasing Card forms were not properly completed.
- Credit card statements were not signed by the principal, or reconciled.
- Deposits were not properly handled.
- Deposits were not submitted to the bank in a timely manner.
- Internal funds records lacked supporting documentation for expenditures, receipts, and deposits.

**The school’s overall fund balance as of June 30, 2022 was \$16,592.49.**

The overall fund balance reported by the school at June 30, 2022 was \$16,592.49. We have determined that the financial information reported by the school reconciles with bank statements and independent bank confirmations.

**The majority of transactions included in the school’s**

In our opinion, the majority of transactions included in the school’s internal accounts were processed in accordance with all applicable Florida Statutes,

**internal accounts were processed in accordance with applicable policies and procedures.**

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

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

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, Oakcrest Elementary 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.

Oakcrest last received a full audit in the 2019-2020 fiscal year. There was one matter that rose to the level of an audit finding. There was a finding related to the proper completion of the Fundraising Request/Reconciliation form, which was determined to be addressed adequately during a subsequent follow-up audit.

**The principal retired at year-end and was replaced in the next school year.**

The school's previous principal retired on June 30, 2022, and was replaced during the next school year. The school has had the same bookkeeper in placed since the previous audit. During the school year, the bookkeeper was promoted, replaced subsequently, and later returned to the school as the bookkeeper in May 2022.

## Objective

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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

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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

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**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 Oakcrest 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.).

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.

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

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

<b>Summary of Fund Activity</b>	
Beginning Cash Balance, 7/1/2021	\$ 13,951.94
Total Receipts	15,396.65
Total Disbursements	(8,507.36)
Total Net Journal Entries	(4,248.74)
Ending Cash Balance, 6/30/2022	\$ 16,592.49
Audit Adjustments	-
Ending Fund Balance, 6/30/2022, Per Skyward	\$ 16,592.49
Cash Balance per Confirmation(s)	\$ 16,592.49
Outstanding Deposits	-
Outstanding Checks	-
Other Reconciling Items	-
Ending Fund Balance, 6/30/2022, Per Confirmation(s)	\$ 16,592.49

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.

Findings

*Bank Reconciliations*

**One finding related to the timeliness of bank reconciliations.**

Our testing indicated bank reconciliations were not completed prior to the last day of the following month.

The Internal Funds Policy Manual gives specific guidelines for the completion of bank reconciliations. Section IX, G of the Manual states, "Bank statements should be reconciled as soon as received, and absolutely no later than the last day of the following month."

*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.

*Authorized Signatures on Checks*

**One finding related to the authorized signatures on checks.**

Our testing indicated checks did not include two authorized signatures.

The Internal Funds Policy Manual Section II, D.1 states, "The principal of each school must designate one or more person(s) in addition to himself who shall be authorized to sign checks and withdraw funds from the checking and/or savings account(s). To ensure that two signers are available at all times, it is recommended each school have more than two authorized individuals on all accounts."

See our recommendation in the Recommendations section below.

*Request Purchase Utilizing Purchasing Card forms*

**One finding related to improper completion of purchasing card forms.**

Our testing indicated Request Purchase Utilizing Purchasing Card forms were not properly completed.

The Internal Funds Policy Manual gives specific guidelines regarding documentation for internal funds credit card purchases. Section VIII, E.2 (b), (f) of the Manual states, “All purchases must be listed on the Request Purchase Utilizing Purchasing Card form and approved by the Principal prior to the purchase...If another person is making an order over the internet or phone then the ‘Authorization to Assign to Another Person to Make this Purchase’ section must be filled out and signed by the cardholder; this is for one vendor at a time only.” In addition, the account name/number to be charged and the requestor’s signature are expected to be completed.

See our recommendation in the Recommendations section below.

**One finding related to improper handling of credit card statements.**

*Regions Credit Card Statements*

Our testing indicated that credit card statements were not completed properly. The issues present included: principal failed to include signature, and there was no evidence of reconciliation.

Effective November 1, 2017, the District changed the IA P-Card from BBVA Compass Bank to Regions Bank and implemented new procedures related the handling of the credit card statements.

**One finding related to improper handling of deposits.**

*Deposits – Properly Handled*

Our testing indicated deposits did not include a separate deposit slip for each full day’s collections.

The Internal Funds Policy Manual provides specific guidelines regarding deposits. Section VI, C of the Manual states, “...Total the actual amount of cash and checks on hand. Print the Bank Deposit Journal...The total of cash, checks and money orders on hand and the total on the Bank Deposit Journal (*reports total per day*) should match. Prepare a bank deposit slip in duplicate.”

Section VI, C.3 of the Manual states, “The cash receipt, generated from the internal funds’ software, post-date should be the bookkeeper’s date listed at the bottom of the MCF, where he/she signs.” Keep in mind Skyward is date driven and there should be a separate deposit slip for each unique date. Meaning, everyday should have its own deposit slip regardless if you go to the bank or not. Most schools will run a deposit journal report at the end of the day; this report should equal the total on your deposit slip for the end of that day.”

See our recommendation in the Recommendations section below.

*Timeliness of Deposits*

**One finding related to the timeliness of deposits.**

Our testing indicated deposits were not made within five working days after receipt of funds.

Chapter 8, Section III, 1.4(c) of the State Board of Education Rules states, “All money collected must be deposited intact to a depository as frequently as feasible and as dictated by sound business practices. IN ANY EVENT, FUNDS COLLECTED MUST BE DEPOSITED WITHIN FIVE (5) WORKING DAYS AFTER RECEIPT.”

The Internal Funds Policy Manual, Section VI, C.1 states, “Funds collected shall be deposited as frequently as feasible, preferably daily. In any event, funds collected must be deposited within five (5) working days after receipt. Under no circumstances shall funds be left on the school premises except in a secure safe or vault. Any District employee who fails to remit funds each day shall be liable for any loss.”

See our recommendation in the Recommendations section below.

**One finding related to the lack of supporting documentation.**

*Supporting Documentation*

Our testing indicated a lack of supporting documentation when testing the following areas: disbursements, credit card expenditures, receipts, deposits, and journal entries.

The Internal Funds Policy Manual provides specific guidelines regarding disbursements from internal funds. Section VIII, D of the Manual states, “All internal fund expenditures must be supported by documentation including a detailed description of the items purchased such as vendor invoices, cash register receipts, or other receipts. A statement alone does not constitute adequate support for a payment.”

The Internal Funds Policy Manual gives specific guidelines regarding documentation for internal funds credit card purchases. Section VIII, E.2(b),(f) of the Manual states, “All purchases must be listed on the Request Purchase Utilizing Purchasing Card form and approved by the principal prior to the purchase...if another person is making an order over the internet or phone, then the ‘Authorization to Assign to Another Person to Make this Purchase’ section must be filled out and signed by the cardholder; this is for one vendor at a time only.” In addition, the account name/number to be charged and the requestor’s signature are expected to be completed.

The Internal Funds Policy Manual provides specific guidelines regarding receipts and deposits from internal funds. Section VI, B of the Manual states, “The MCF is the supporting documentation for each Official Receipt written. This form must be used whenever funds are turned over to the bookkeeper. The MCF forms can be ordered through the Warehouse or accessed and printed online from the Accounting Operations website.

The Internal Funds Policy Manual, Section IX, C.3 states, “Each journal entry

posted should be adequately documented, approved, and filed. All journal entry transactions should include backup to support the propriety of the accounts.”

See our recommendation in the Recommendations section below.

## Opinion

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**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

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**Review policies and procedures related to the timeliness of bank reconciliations. Select a specific date of the month for completion.**

**Review and instruct staff on policies and procedures related**

### Bank Reconciliations

In an effort to address the timeliness of bank reconciliations, **we recommend the principal and bookkeeper review the Internal Funds Policy Manual on the proper completion of bank reconciliations. In addition, we recommend the principal select a specific day of the month for the bookkeeper to complete the bank reconciliation.**

### 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 the policies and procedures related to proper handling of disbursements.**

**Review and instruct staff on policies and procedures related to proper completion of purchasing card forms.**

**Review procedures related to Regions credit card statements.**

**Review policies and procedures related to the handling of deposits.**

**Implement a check and balance for collections and deposits.**

**Review and instruct staff on policies and procedures related to the timeliness of deposits.**

**Review the policies and procedures related to supporting documentation for disbursements, credit card expenditures, receipts, deposits, and journal entries.**

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

Authorized Signatures on Checks

In an effort to address the lack of two authorized signatures on checks, we **recommend the principal and bookkeeper review the Internal Funds Policy Manual on the proper handling of disbursements.**

Request Purchase Utilizing Purchasing Card Forms

In an effort to address the improper completion of purchasing card forms, we **recommend the principal and bookkeeper review the Internal Funds Policy Manual and instruct school staff on the proper procedures related to credit card purchases, including prior written approval.**

Regions Credit Card Statements

In an effort to ensure that proper procedures are followed regarding the handling of the Regions credit card statements, **we recommend the principal and bookkeeper review the instructions distributed by the District for proper procedures related to Regions credit card statements.**

Handling of Deposits

In an effort to address the improper handling of deposits, we **recommend the principal and bookkeeper review the Internal Funds Policy Manual on the proper procedures related to the proper handling of deposits.**

**We also recommend the bookkeeper ensure that the total of the deposit slips(s) agrees with the total of same-day collections and the total of the Bank Deposit Journal for each day. This should be the case whether deposits are made daily or are held for a few days; there should be a separate deposit slip for each day's collections.**

Timeliness of Deposits

In an effort to address the timeliness of deposits, we **recommend the principal and bookkeeper review the Internal Funds Policy Manual and instruct staff on the proper procedures related to deposits.**

*Supporting Documentation*

In an effort to address the lack of supporting documentation, we **recommend the principal and bookkeeper review the Internal Funds Policy Manual on the supporting documentation of disbursements, credit card expenditures, receipts, deposits, and journal entries.**

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

# Management Response

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## OAKCREST ELEMENTARY

1820 North Hollywood Avenue  
(850) 595-6980 • Fax (850) 595-6988

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*Dawn Turley*  
Principal

*Lori Martin*  
Family and Community Liaison  
PBS Coach

*Tasheba Sheppard*  
Assistant Principal

*Crystal Prior*  
Administrative Secretary

*Arren Martin*  
Data Specialist

January 6, 2023

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Mr. David Bryant  
Director of Internal Auditing

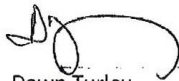
The audit at Oakcrest Elementary for the 2021 -2022 school year has been completed. There were quite a few findings due to having a new secretary who lacked knowledge in bookkeeping skills. Despite training required for the secretary position more extensive training to grasp the concept of the job was needed.

Finding: Bank Reconciliations, Expenditures, Authorized Signatures on Checks, Expenditures – Properly Completed Form, Regions Credit Card Statements, Deposits – Properly Handled, Deposits – Timeless, Supporting Documentation

Reason: Former secretary/bookkeeper lacked the knowledge of bookkeeping skills and the lack of training resulted in these errors.

Plan of Action: Previous secretary/bookkeeper has been transferred to a new location and a new position that better fits his skills. A returning secretary was rehired at Oakcrest. From this point forward, the principal and secretary will review the Internal Funds Policy Manual to update themselves with school district policies and the secretary will continue to pay close attention to deadlines and policies as well as be present at all trainings.

Sincerely,



Dawn Turley  
Principal



2-6-2023

Affirmative action / equal opportunity employer