




### 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**



**C. A. Weis Elementary School**  
*Audit of School Internal Accounts*  
*For the Year Ended June 30, 2022*

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Office of Internal Auditing  
September 2022

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

Audit Team:  
**Jeanne Pilgrim**  
*Audit Administration Specialist*

**Trent Strickling**  
*Audit Intern*

## 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 C.A. Weis 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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**C. A. Weis received a full audit for the 2021-2022 fiscal year.**

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

**The school's overall fund balance as of June 30, 2022 was \$8,363.84.**

**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, C. A. Weis Elementary School (C.A. Weis) 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 two audit findings:

- The signing-in/out of credit cards was not properly completed.
- The Gift Card Log was not utilized.

The overall fund balance reported by the school at June 30, 2022 was \$8,363.84. 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

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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, Weis 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.

Weis last received a full audit in the 2020-2021 fiscal year. There were three matters that rose to the level of audit findings. There were findings related to prior written approval on Requests for Purchase Forms, improper handling of deposits and improperly completed Monies Collected Forms which were determined to be addressed adequately during a subsequent follow-up audit.

**The bookkeeper was promoted at year-end and replaced during the next school year.**

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

## 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. 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

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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).

**No known conflicts of interest were identified.**

**Control risk for C. A. Weis 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.**

### **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.**

### **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

<b>Summary of Fund Activity</b>	
Beginning Cash Balance, 7/1/2021	\$ 5,159.85
Total Receipts	34,373.40
Total Disbursements	(30,801.08)
Total Net Journal Entries	(363.33)
Ending Cash Balance, 6/30/2022	\$ 8,363.84
Audit Adjustments	-
Ending Fund Balance, 6/30/2022, Per Skyward	<u>\$ 8,363.84</u>
Cash Balance per Confirmation(s)	\$ 8,363.84
Outstanding Deposits	-
Outstanding Checks	-
Other Reconciling Items	-
Ending Fund Balance, 6/30/2022, Per Confirmation(s)	<u>\$ 8,363.84</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.

### Findings

#### *Credit Card Sign-in/out Log*

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

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



**One finding related to the lack of utilization of the Gift Card Log.**

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.

*Gift Card Log*

Our testing indicated a Gift Card Log was not utilized.

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.

## Opinion

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

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

### 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.**

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

### 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.**

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

# Management Response

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Dr. Kimberly Thomas  
Principal

Trudy Comerford  
Assistant Principal

Lisa Smith-Coleman  
CPS Director



**C.A. WEIS  
ELEMENTARY  
A COMMUNITY  
PARTNERSHIP  
SCHOOL**

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Phone (850) 595-6888 Fax (850) 595-6893

December 5, 2022

Dear Mr. Bryant,

C.A. Weis Elementary School received a financial audit finding from the 2021-2022 school year. The findings indicated the following:

- The signing-in/out of credit cards was not properly completed.
- The Gift Card Log was not utilized.

I have corrected the finding by communicating to the School Bookkeeper that when utilizing credit cards, we must sign out the card whether the credit is being used on or off campus. Moving forward, we will also utilize the gift card logs.

In the future, if we are unsure of policies and procedures, I will contact the Internal Auditing Department.

Sincerely,

A handwritten signature in blue ink that reads "Dr. Kimberly Thomas".

Dr. Kimberly Thomas  
C.A. Weis Elementary School

A handwritten signature in blue ink, possibly "C. Thomas", with the date "12/5/2022" written below it.

Uniting our school, families, and community for shared success and well-being