




Agenda Item Details

Meeting	Feb 20, 2024 - REGULAR MEETING AGENDA (5:30 PM)
Category	44. Internal Auditing
Subject	B. School Internal Accounts Audit Reports
Access	Public
Type	Action, Reports
Fiscal Impact	No
Budgeted	No
Recommended Action	Acceptance of the school internal accounts audit reports.


Public Content

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 \(10,725 KB\)](#)

 [School Internal Accounts Audits - Middle.pdf \(1,359 KB\)](#)

 [School Internal Accounts Audits - High.pdf \(2,112 KB\)](#)

 [School Internal Accounts Audits - Centers.pdf \(1,749 KB\)](#)

Workflow

Workflow Feb 7, 2024 3:36 PM :: Submitted by David Bryant. Routed to David Bryant for approval.
Feb 7, 2024 3:36 PM :: Final approval by David Bryant

Motion & Voting

Acceptance of the school internal accounts audit reports.

Motion by Paul Fetsko, second by Bill Slayton.

Final Resolution: Motion Carries

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

Last Modified by Holley DeWees on February 20, 2024



Escambia County
PUBLIC SCHOOLS

Ernest Ward Middle School
*Audit of School Internal Accounts
For the year ended June 30, 2023*

Office of Internal Auditing
October 2023

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

Audit Team:
Jacki H. Palmer
Internal Audit Technician

Arron Hirst
Internal Audit Intern

Austin Hahnlein
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 Ernest Ward Middle 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.

Executive Summary

Ernest Ward received a full audit for the 2022-2023 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 2022-2023 fiscal year, Ernest Ward Middle School (Ernest Ward) 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.

One adjusting journal entry was recommended.

Our audit procedures indicated matters that required adjustment of the school's records. One journal entry was necessary:

- To transfer the remaining balance of the 8th Grade account to the General account.

This journal entry was processed by the bookkeeper in the following school year.

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

We noted some minor instances of violation of Board Policies and Florida Statutes. These matters were documented and provided to the principal and bookkeeper.

Our testing resulted in seven audit findings.

Our testing resulted in seven audit findings:

- Voided checks were not properly defaced.
- There was no evidence of receipt of goods verification on items shipped to the school.
- The signing-in/out of credit cards was not properly completed.
- Receipts were not properly recorded.
- Records were not kept properly.

The school’s overall fund balance as of June 30, 2023 was \$65,047.12.

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

- Fundraiser Request/Reconciliation Forms were not properly completed.
- Ticket reconciliations were not completed.

The overall fund balance reported by the school at June 30, 2023 was \$65,047.12. 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

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

reconciliation of bank statements and confirmations). For the 2022-2023 fiscal year, Ernest Ward 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.

Ernest Ward 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 retired and replaced in the next school year.

The school's previous principal retired on 06/30/2023, and was replaced on 07/01/2023.

The bookkeeper has been the same since 2020-2021.

The school has had the same bookkeeper since the 2020-2021 school year. (The previous audit for 2019-2020 was performed using the records of the long-time bookkeeper who retired during August, 2020.)

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

Scope

Florida Statute 1011.07 states that the School Board is responsible for the administration and control of school's internal accounts. The Redbook requires school boards to provide for an annual audit of those accounts. Pursuant to this rule, we have audited the financial transactions of the internal accounts of the District's schools as of and for the fiscal year ended June 30, 2023. These accounts are the responsibility of the individual principals at each school. Oversight of these accounts and the annual financial statements are the responsibility of District management.

Methodology

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

No known conflicts of interest were identified. Control risk for Ernest Ward 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.

Based on a rotating audit schedule, each year District schools receive either a “full” audit (including extensive testing of transactions), 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 year ended June 30, 2023, 28 schools were selected for “full” audits.

Each individual school audit consists of three phases: planning, fieldwork, and reporting.

The planning phase includes steps taken by the auditor to familiarize himself or herself with the school, and to determine their approach to the audit. 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.** 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.

The fieldwork phase involves the application of testing procedures to the financial records of the school. 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.

Finally, the reporting phase consists of communicating the results of the audit to the relevant parties in an easily readable and understandable format. Each phase consists of specific steps taken to ensure an audit is done in accordance with professional standards and currently accepted practices. 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, 7/1/2022	\$ 79,899.53
Total Receipts	63,089.71
Total Disbursements	(18,297.40)
Total Net Journal Entries	(59,644.72)
Ending Cash Balance, 6/30/2023	\$ 65,047.12
Audit Adjustments	-
Ending Fund Balance, 6/30/2023, Per Skyward	<u>\$ 65,047.12</u>
Cash Balance per Confirmation(s)	\$ 65,047.12
Outstanding Deposits	-
Outstanding Checks	-
Other Reconciling Items	-
Ending Fund Balance, 6/30/2023, Per Confirmation(s)	<u>\$ 65,047.12</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.

One adjusting journal entry was recommended.

As a result of our fieldwork, one additional adjusting journal entry was recommended:

- To transfer the remaining balance of the 8th Grade account to the General account, we recommended a journal entry be processed for \$284.76.

After fieldwork, but prior to the issuance of this report, the school implemented our recommendation to process the journal entry mentioned above.

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.

One finding related to improper handling of voided checks.

Findings

Voided Checks

Our testing indicated voided checks were not handled properly. The signature block was not removed.

The Internal Funds Policy Manual Section IX, I.1 states, "When an error is made in writing a check, or for some other reason the document is spoiled, it shall be marked 'VOID' and a new check prepared. The signature line should be cut out. All voided/spoiled checks must be retained and filed in numerical order with cancelled checks."

See our recommendation in the Recommendations section below.

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

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."

This is a repeat finding for 2016-2017.

See our recommendation 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 (purchase cards) was not properly completed.

The Internal Funds Policy Manual gives specific guidelines for the documentation of signing-in/out credit cards (purchase cards). Section VIII, E.2(d) of the Manual states, "Cardholders cannot check out the credit card until all approvals have been given in writing. Once all paperwork has been approved and signed then the cardholder can sign out the P-Card from the Card Manager." 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

One finding related to improper recording of collections.

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.)**”

Receipts – Properly Recorded

Our testing indicated Monies Collected Forms (MCFs) were entered into Skyward with a date that was not the date collections were remitted to the bookkeeper.

Section VI, B.9 of the Internal Funds Policy Manual states, “The secretary/bookkeeper will verify that the items listed on the MCF re-add to the total amount listed and that the total on the MCF agrees with the money remitted and acknowledge receipt by signing and dating the MCF.” Section VI, A.3 of the Manual states, “All money received by the school must be substantiated by using a Monies Collected Form (MCF) and an Official Receipt.”

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.”

See our recommendation in the Recommendations section below.

School financial records were missing.

Organization of Financial Records & Requisite Expertise

Our testing indicated an overall lack of organization of the school’s records.

The lack of organization led to several issues, the most severe of which was the inability to locate entire records for deposits and receipts.

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

One finding related to improper completion of electronic ticket reconciliation reports.

Form...Review school internal funds reports to verify accuracy of postings to your account...Evaluate the success of your fundraising activity.”

Electronic Tickets

Our testing indicated E-Ticket Sales and Reconciliation Report Forms or the Middle School Football Ticket Reconciliation Report, were not properly completed or present.

The Internal Funds Policy Manual provides specific guidance regarding electronic tickets. Section VI, E.1 of the Manual states, “In an event where electronic tickets are sold, the E-Ticket Sales and Reconciliation Report (High School) Form or the Middle School Basketball Ticket Reconciliation Report (see Appendix A – E-Ticket and Reconciliation Report; Middle School Basketball Ticket Reconciliation report) must be completed to ensure all funds are collected from the vendor.”

See our recommendation in the Recommendations section below.

Opinion

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

The financial information reconciled with bank statements and independent confirmations.

Our responsibility is to express an opinion on the compliance of the transactions included in the accounts with the governing provisions of Florida Statutes, State Board of Education rules, and policies and procedures of the School Board, and to determine if the schools’ financial records reconcile with corresponding bank statements and independent bank confirmations. During our evaluation, we also assessed the adequacy and effectiveness of the schools’ system of internal controls.

In our opinion, the majority of transactions included in the schools’ internal accounts where a full audit was performed were generally consistent with applicable Florida Statutes, State Board of Education rules, and policies and procedures of the School Board. In addition, we determined the schools’ financial records reconcile with bank statements and independent bank confirmations.

We determined the internal controls established by the District appear comprehensive, adequate, and effective. During our audit, we did become aware of matters that present opportunities for strengthening internal controls, increasing operating efficiencies, and/or assuring compliance with applicable laws, rules, regulations, policies and/or procedures. These matters are communicated in the Detailed Results section.

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 the policies and procedures related to proper handling of voided checks.

Voided Checks

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

Review and instruct staff on policies and procedures related to evidence required to indicate receipt of goods.

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

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 the credit cards.**

Review and instruct staff on policies and procedures related to the recording of receipts.

Recording of Receipts

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

Develop an action plan to ensure staff possesses necessary skills.

Organization of Records & Requisite Expertise

In an effort to address the lack of organization of the school's records, **we recommend the principal meet with the bookkeeper to determine the cause of the disorganization and discuss what appears to be a weakness in the bookkeeper's skills. The principal should then consider contacting the Human Resources and Finance Department to determine what resources are available to the bookkeeper to develop the necessary skills to be successful. An action plan should be developed, monitored, and evaluated.**

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

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.**

Review and instruct staff on the policies and procedures related to electronic tickets.

Electronic Tickets

In an effort to address the lack of improper procedures related to electronic tickets, **we recommend the principal and bookkeeper review the Internal Funds Policy Manual on the proper procedures related to the digital e-tickets.**

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

Management Response



Tyvanna Boulanger, Principal

Dawn Inman, Assistant Principal

Mr. David Bryant, Director of Internal Auditing
75 N. Pace Boulevard Pensacola, FL 32502

Dear Mr. Bryant:

I'd like to begin by thanking you for the opportunity to meet with Mrs. Kiker in-person. As a first year principal, this in-person exit meeting was extremely beneficial to not only myself, but also to Lindsey Kelley, our bookkeeper. Ms. Kelley has been our bookkeeper for approximately 3 years, but she is still learning as well as this was her first audit. We are both extremely eager to learn and correct our mistakes moving forward. As a matter of fact, when the fundraising processes and procedures document was shared via email a couple of months ago, I immediately noticed some issues we had in-house and corrected several processes/procedures immediately. After today's meeting, Ms. Kelley and I have decided that we need to lead a professional development for our faculty and staff who have purchasing card responsibilities, sponsor clubs/organizations, and coach. Our entire team needs to be on the same page and the tools provided to us during this audit have assisted us with this matter. Please see the findings from the audit and our plan of action to ensure this violation doesn't continue to occur at EWMS.

Audit Findings:

1. Voided checks were not properly defaced.
 - a. Ms. Kelley, our bookkeeper, was not aware that the voided checks had to be defaced and the signature block cut out. We have been defacing the checks utilizing the word "VOID" on the check and in Skyward, but we have not cut out the signature block. From this point on, we will ensure that the checks are defaced by writing "VOID" on the paper copy and notation of such in Skyward, and we will cut out the signature block.
2. There was no evidence of receipt of goods verification on items shipped to the school.
 - a. Evidence of receipt of goods must be maintained. However, the previous policy allowed the requester to verify goods. This was not handled properly. Hence the audit finding. Moving forward, Ms. Kelley will be our only designee to verify receipt of goods. She will unpack materials, check off each line item individually to verify quantity, initial and date the packing slip or receipt. If no packing slip is contained in the box/package, Ms. Kelley will go to the vendor's website to print

off the detailed and itemized receipt of our order. She will then follow the above procedure. By limiting the number of people who have access to the goods prior to processing the paperwork, we will decrease the opportunity for the loss of verification.

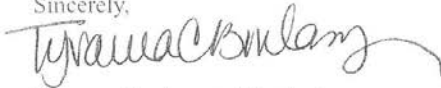
3. The signing-in/out of credit cards was not properly completed.
 - a. EWMS has required cardholders to check out their credit card if they were taking possession of it for off-campus use. However, if cards were being utilized on campus via internet or phone, cards were not being signed out. From this point forward, all cards will be signed out regardless of the type of use. They will also be checked in after the card has been used. The purchase request will also be signed if anyone other than the cardholder is granted permission to utilize the card via internet or phone.
4. Receipts were not properly recorded.
 - a. Rather than utilizing the date that the entry processed into Skyward, Ms. Kelley (bookkeeper) will utilize the date she received the collection. As we learned in the exit meeting, the date the collection is received by Ms. Kelley is the date that should be keyed into Skyward. Since Mrs. Kiker cleared up the misconception for EWMS, the date the collection is received by the bookkeeper will be keyed into Skyward.
5. Records were not kept properly.
 - a. A section of the MCF and deposit slips were not available for audit. This may be due to the organization and record keeping issues indicated in the audit findings. Ms. Kelley and I have met to devise a system that will make all records available. Money Collected Forms and Deposit slips will be placed into separate files and organized by date. Ms. Kelley will also utilize one deposit slip for all collections for each day. Multiple dates will not be included in one deposit slip.
6. Fundraiser Request/Reconciliation Forms were not properly completed.
 - a. In the past, the bookkeeper has handled many of the fundraising forms that should have been completed by the sponsor. Several of these forms were also missing the principal's signature. We put measures in place to correct our error after the fundraising process and procedure document was shared via email a couple of months ago. I was quickly able to realize that the fundraising form was to be filled out by the sponsor and turned in to the bookkeeper, where she would pass that on to me for my signature. Mrs. Kiker also explained today that the form is beneficial for anecdotal records and notes. She explained that this would be a good place for me to document success or lack thereof for specific fundraisers. In January, Ms. Kelley and I have scheduled to meet with faculty and staff who have purchasing card responsibilities, sponsor clubs/organizations, and coach. These fundraising forms will be due with any calendar request that is presented to me in which

fundraising is required so that we can ensure all paperwork is completed and documentation is done with fidelity.

7. Ticket reconciliations were not completed
 - a. We were not utilizing the E-Ticket Sales and Reconciliation Report form nor were we aware of the report in GoFan that allows us to verify the number of tickets sold. Mrs. Kiker was able to inform us about both of those items. Ms. Kelley, our bookkeeper, will speak with Pam Riley or another middle school bookkeeper if she has questions about either of these items. We will download the GoFan report and compare it with our numbers in order to verify our profit. Moving forward, EWMS will utilize the E-Ticket Sales and Reconciliation Report as well.

Thank you for the opportunity to correct our errors and to communicate our plan of action to prevent future issues.

Sincerely,



Tyvanna Boulanger, Principal

Dr. Roberts approved
via email. - DJB

OK
DJB
12/15/23