




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

Hellen Caro Elementary School
Audit of School Internal Accounts
For the year ended June 30, 2023

Office of Internal Auditing
November 2023

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

Audit Team:
Ann McIntyre
Internal Auditor

Aaron 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 Hellen Caro 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.

Executive Summary

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

Two adjusting journal entries were recommended.

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

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

- To transfer the remaining balance of the Fifth-Grade account to the General account.
- To correct the deficit balance in the Promotions & Public Relations account created by an incorrect amount transferred to the General account at year-end.

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

Our testing resulted in four audit findings.

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 four audit findings:

- Travel reimbursement forms were not properly completed or submitted in a timely manner.

The school's overall fund balance as of June 30, 2023 was \$65,951.92.

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

- 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.
- Internal funds were utilized when budgeted funds were available.

The overall fund balance reported by the school at June 30, 2023 was \$65,591.92. 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, Hellen Caro 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.

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

Hellen Caro last received a full audit in the 2021-2022 fiscal year. There was one matter that rose to the level of an audit finding. There was a finding related to proper completion of the Fundraising Request/Reconciliation form, which was determined to be addressed adequately during a subsequent follow-up audit.

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

The bookkeeper transferred to another position in March 2023, and was subsequently replaced during the same month.

The school's previous bookkeeper transferred positions in March 2023, and was subsequently replaced during the same month.

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 Hellen Caro 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	\$ 72,572.25
Total Receipts	47,785.68
Total Disbursements	(6,909.06)
Total Net Journal Entries	(47,496.95)
Ending Cash Balance, 6/30/2023	\$ 65,951.92
Audit Adjustments	-
Ending Fund Balance, 6/30/2023, Per Skyward	<u>\$ 65,951.92</u>
Cash Balance per Confirmation(s)	\$ 66,099.40
Outstanding Deposits	-
Outstanding Checks	(147.46)
Other Reconciling Items	(0.02)
Ending Fund Balance, 6/30/2023, Per Confirmation(s)	<u>\$ 65,951.92</u>

General Ledger Review

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

Two adjusting journal entries were recommended.

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

- To transfer the remaining balance of the Fifth-Grade account to the General account, we recommended a journal entry be processed for \$67.98.
- To correct the deficit balance in the Promotions & Public Relations account created by an incorrect amount transferred to the General account at year-end, we recommended a journal entry be processed for \$139.80.

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

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

Travel Reimbursement Forms

One finding related to improper completion of the Travel Reimbursement Forms.

Our testing indicated Travel Reimbursement forms were not properly completed or submitted in a timely manner.

Chapter 8 Section X, A.4 states “The completed T(3) “Travel Reimbursement Form” should be completed for all out of county travel expenses (regardless if seeking reimbursement or not); with all appropriate signatures as verification of actual expenses paid and filed with any internal fund checks processed for the specified traveler or to the school”. (The T(1) Travel Reimbursement form is completed for in-county travel.) Section X, B states “All travel claims must be submitted within 90 days of the return date of the trip.”

See our recommendation in the Recommendations section below.

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.

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 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 out recommendation in the Recommendations section below.

One finding related to the utilization of budgeted funds before internal funds.

Budgeted Funds vs. Internal Funds

Our testing indicated expenses were made from internal funds when District budgeted funds were available to defray all, or a portion, of these costs. Purchases for such items from internal funds when budgeted funds are available reduces the amount of internal funds available for other intended purposes.

Chapter 8, Section III, 3.5(1) of the State Board of Education Rules states, "The following expenditures from internal funds are deemed inappropriate and shall not be made except from trust funds collected for a specifically identified purpose: Equipment, supplies, forms, and postage for curricular or classroom use for which school board funds are available."

See our recommendation in the Recommendations section below.

Bookkeeper Questionnaire indicated the lack of ability to secure area.

Other Comments

Secure Bookkeeper area

Our testing indicated that the bookkeeper's area was not secure, as only one door out of two for the bookkeeper's office is able to be locked.

Chapter 8, Section I, A.8 of the manual states, "An adequate system of internal controls shall be maintained in order to safeguard the assets of the school's internal funds."

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 policies and procedures related to Travel Reimbursement forms.

Review and instruct staff on policies and procedures

Travel Reimbursement Forms

In an effort to address the proper completion of Travel Reimbursement Forms, **we recommend the principal and bookkeeper review the Internal Funds Policy Manual and instruct staff on the policies and procedures associated with Travel Reimbursement.**

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**

related to evidence required to indicate receipt of goods.

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 policies and procedures related to budgeted funds.

Budgeted Funds vs. Internal Funds

In an effort to address the proper utilization of budgeted funds prior to internal funds, **we recommend the principal review the State Board Rules pertaining to budgeted funds and instruct school staff on the proper procedures for utilizing budgeted District funds prior to the utilization of school internal funds.**

Develop an action to secure the bookkeeper's area.

Safekeeping of Collections

In an effort to address how only one door out of two for the bookkeeper's office is able to be locked, **we recommend the principal and bookkeeper develop an action plan to secure the bookkeeper's area.**

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



Hellen Caro Elementary

Anchored to Learning

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Amy Roby
Principal

Julie Duvall
Assistant Principal

Ginger Linton
Secretary

To: Mr. David Bryant, Director of Internal Auditing

From: Amy Roby, Principal, Hellen Caro Elementary

Date: December 4, 2023

Re: Management Response

This letter is in response to the Audit of School Internal Accounts for the year ended June 30, 2023. The audit has 4 findings that will be addressed.

My appointment as principal of Hellen Caro began on July 1, 2023. The findings were prior to my service. The previous principal was on an extended leave for the majority of the 2022-2023 school year. Additionally, the secretary/bookkeeper began her position in February of 2023.

Findings:

1. Findings Travel Reimbursement Forms

Our testing indicated Travel Reimbursement forms were not properly completed or submitted in a timely manner.

Chapter 8 Section X, A.4 states “The completed T(3) “Travel Reimbursement Form” should be completed for all out of county travel expenses (regardless if seeking reimbursement or not); with all appropriate signatures as verification of actual expenses paid and filed with any internal fund checks processed for the specified traveler or to the school”. (The T(1) Travel Reimbursement form is completed for in county travel.) Section X, B states “All travel claims must be submitted within 90 days of the return date of the trip.”

Response:

Recommendation: Travel Reimbursement Forms In an effort to address the proper completion of Travel Reimbursement Forms, we recommend the principal and bookkeeper review the Internal Funds Policy Manual and instruct staff on the policies and procedures associated with Travel Reimbursement.

The Manual has been reviewed. Travel Reimbursement forms will be submitted monthly by the bookkeeper. This form is primarily used for reimbursement of mileage by the bookkeeper for deposit runs to the bank.

2. 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."

Response:

Recommendation: 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 See our recommendation in the Recommendations section below. 11 related to evidence required to indicate receipt of goods.

A system is now in place where all packages are checked in through the office. Staff have been trained. Packing slips will be verified, signed, and dated. If a package is received without a packing slip with a detailed list of items, an invoice or other documentation will be provided so that items received can be verified.

3. 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 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.)"

Response:

Recommendation: 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.

With a new principal and bookkeeper in place, the office has been reorganized. All credit cards are kept in the school safe and only checked out by the bookkeeper with permission from the principal. Cards are checked out and documented in a binder and turn backed in within 24 hours (with the exception of weekend use).

4. Budgeted Funds vs. Internal Funds

Our testing indicated expenses were made from internal funds when District budgeted funds were available to defray all, or a portion, of these costs.

Purchases for such items from internal funds when budgeted funds are available reduces the amount of internal funds available for other intended purposes. Chapter 8, Section III, 3.5(1) of the State Board of Education Rules states, "The following expenditures from internal funds are deemed inappropriate and shall not be made except from trust funds collected for a specifically identified purpose: Equipment, supplies, forms, and postage for curricular or classroom use for which school board funds are available."

Response:

Recommendation: Budgeted Funds vs. Internal Funds In an effort to address the proper utilization of budgeted funds prior to internal funds, we recommend the principal review the State Board Rules pertaining to budgeted funds and instruct school staff on the proper procedures for utilizing budgeted District funds prior to the utilization of school internal funds.

The Budgeting manual and Internal accounts manual have been reviewed by the principal and the bookkeeper. Budgeted funds will be used on allowable expenses before using internal funds.

CJ
12/4/23

OK
DJB
12/15/23