




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

O.J. Semmes Elementary 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:
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 O.J Semmes 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

O.J. Semmes 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, O.J. Semmes Elementary School (O.J. Semmes) received a full audit. This report documents the results of the audit.

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

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.

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 two audit findings.

Our testing resulted in two audit findings:

- Request Purchase Utilizing Purchasing Card forms were not properly completed.
- There was no evidence of receipt of goods verification on items shipped to the school.

The school’s overall fund balance as of June 30, 2023 was \$32,579.19.

The overall fund balance reported by the school at June 30, 2023 was \$32,579.19. 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 internal accounts were processed in accordance with

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

applicable policies and procedures.

Florida Statutes, State Board of Education rules, and policies and procedures of the School Board.

We have also determined that the instances of non-compliance noted above and elsewhere in this report do not have a material effect and are not severe enough to render the financial information unreliable.

This report contains recommendations. The Executive Summary is intended to highlight the various aspects of the report. The full report should be read to understand the basis of our recommendations. We will follow-up on these recommendations approximately 90 days after the school's exit conference.

Background

Each year, our office audits the District's schools' internal accounts. The authority to conduct these audits is granted by the School Board of Escambia County in the Charter for the Office of Internal Auditing.

School internal funds are defined in the Internal Funds Policy Manual (the Manual) as "all monies collected and disbursed by school personnel within a school, for the benefit of the school, or a school sponsored activity." As further explained in the Manual, "School internal funds shall be used to supplement activities approved by the school board when the District budgetary funds are not available or have been exhausted." More plainly, internal funds include everything from money found on campus to collections from ticket sales for athletic events.

Each year, District schools receive either a "full" audit (including all procedures listed in the Methodology section below), or a "limited" audit, where only certain procedures are performed (such as obtaining third-party confirmation for all cash and investment accounts and reconciliation of bank statements and confirmations). For the 2022-2023 fiscal year, O.J. Semmes 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.

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

The principal was reassigned at 2021-2022 year-end and was replaced in the next school year.

The bookkeeper has been consistent for several years.

The school's previous principal was reassigned at 2021-2022 year end, and was replaced during the next school year.

The school has had the same bookkeeper in place since the previous audit.

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

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).

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

No known conflicts of interest were identified. Control risk for O.J. Semmes 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.

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	\$ 12,358.84
Total Receipts	30,695.23
Total Disbursements	(3,600.11)
Total Net Journal Entries	(6,874.77)
Ending Cash Balance, 6/30/2023	\$ 32,579.19
Audit Adjustments	-
Ending Fund Balance, 6/30/2023, Per Skyward	<u>\$ 32,579.19</u>
Cash Balance per Confirmation(s)	\$ 32,618.57
Outstanding Deposits	-
Outstanding Checks	(32.69)
Other Reconciling Items	(6.69)
Ending Fund Balance, 6/30/2023, Per Confirmation(s)	<u>\$ 32,579.19</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.

No adjusting journal entries were recommended.

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

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

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

Findings

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,

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

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.

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.

Opinion

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

The financial information reconciled with bank

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.

statements and independent 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 and instruct staff on policies and procedures related to proper completion of purchasing card forms.

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.

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.**

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

Management Response



O. J. Semmes Elementary School

1250 E. Texas Drive
Pensacola, Florida 32503
(850) 595-6975 Fax: (850) 595-6977



Susan Sanders, Principal Sarah Hijuelos, Assistant Principal Caroline Carithers, Curriculum Coordinator

December 12, 2023

To: Mr. David Bryant, Director of Internal Auditing

Re: Audit of Internal Accounts: OJ Semmes Elementary School

Recently, I met with Michele Kiker from the Office of Internal Auditing. We discussed each of the 2 audit findings and strategies to correct them. I appreciate the time she spent discussing our audit with my secretary and me. We have a plan in place to correct the new findings. Each of the findings, including a description of a corrective plan, are listed below. I am hopeful these actions will meet your approval.

Finding: Request Purchase Utilizing Purchase Card forms were not properly completed

Reason: The account number was not written on the Request for Purchase. My secretary had it on the second page she included as documentation. This page shows the account number with the other supporting documentation.

Plan of Action: I will review and instruct staff on policies and procedures related to proper completion of purchasing card forms.

Finding: There was no evidence of receipt of goods verification on items shipped to the school.

Reason: All packing slips or invoices were not initiated and dated. The secretary and front desk clerk receive items.

Plan of Action: I will review and instruct staff on policies and procedures related to evidence required to indicate receipt of goods. We will have one point of contact. She will account for everything listed on the packing slip or invoice, then sign and date the packing slip or invoice.

My secretary has been at OJ Semmes for many years. She is very diligent with all aspects of her job. She strives for perfection and is very conscientious with details. I feel confident the findings in this audit will all be corrected. Thank you so much for the time and effort put forth by your department. If any other information is needed, I will be happy to provide it.

Sincerely,

Susan Sanders

CS
12/13/23

OK
OJB
12/15/23