




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

R.C. Lipscomb Elementary School
Audit of School Internal Accounts
For the year ended June 30, 2023

Office of Internal Auditing
September 2023

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

Audit Team:
Jeanne Pilgrim
Audit Administration Specialist

Austin Hahnlein
Audit Intern

Aaron Hirst
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 R. C. Lipscomb 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

Lipscomb 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, R. C. Lipscomb Elementary School (Lipscomb) 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 Graduated Seniors account – Candy Sales to the General account.
- To transfer the remaining balance of the Graduated Seniors account – 5th Grade trip to the General account.

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

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

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.

- Our testing resulted in four audit findings:
- Voided checks were not properly handled.
 - Receipts were not properly recorded.

The school’s overall fund balance as of June 30, 2023 was \$207,352.43.

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

- Fundraiser Request/Reconciliation Forms and the Fundraiser Log Sheet were not properly completed
- Donation letters did not contain the proper language.

The overall fund balance reported by the school at June 30, 2023 was \$207,352.43. 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 reconciliation of bank statements and confirmations). For the 2022-2023 fiscal year, Lipscomb 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.

Lipscomb last received a full audit in the 2019-2020 fiscal year. There were two matters that rose to the level of audit findings. These were findings related to the proper language not being present in donation request letters as well as the non-use of the Fundraiser Log sheet, which were determined to be addressed adequately during a subsequent follow-up audit.

The principal was reassigned and replaced at the beginning of the 2022-2023 school year.

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

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 Lipscomb Elementary 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	\$ 204,466.49
Total Receipts	79,509.19
Total Disbursements	(20,943.57)
Total Net Journal Entries	(55,679.68)
Ending Cash Balance, 6/30/2023	\$
Audit Adjustments	-
Ending Fund Balance, 6/30/2023, Per Skyward	\$ 207,352.43
Cash Balance per Confirmation(s)	\$ 207,216.77
Outstanding Deposits	-
Outstanding Checks	(105.00)
Other Reconciling Items	240.66
Ending Fund Balance, 6/30/2023, Per Confirmation(s)	\$ 207,352.73

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 Graduated Seniors account – Candy Sales to the General account, we recommended a journal entry be processed for \$200.00.
- To transfer the remaining balance of the Graduated Seniors account – 5th Grade trip to the General account, we recommended a journal entry be processed for \$3,782.90.

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

One finding related to improper handling of voided checks.

in our audit field notes, which were provided to the bookkeeper and principal.

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."

This is a repeat audit finding from 2017-2018.

One finding related to improper recording of collections.

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.

One finding related to improper completion of the FRR forms and the Fundraiser Log Sheet.

Fundraiser Request/Reconciliation Forms and Fundraiser Log Sheet – Proper Completion

Our testing indicated Fundraiser Request/Reconciliation (FRR) forms and the Fundraiser Log Sheet were not properly completed.

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

One finding related to lack of proper language in donation request letters.

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

The Fundraising Guidelines Handbook approved by the School Board states, " Each district school board shall maintain records documenting the occurrence of any exempted school-sponsored fundraisers to demonstrate compliance with this rule."

Effective with the 2016-17 school year, the District implemented utilizing the Fundraising Log Sheet to document all fundraising activity and identify the occurrence of exempted events.

See our recommendation in the Recommendations section below.

This is a repeat audit finding from 2019-2020.

Donation Request Letters – Proper Language

Our testing indicated one or more donation request letters did not contain the required language.

The Internal Funds Policy Manual provides specific guidelines regarding donation requests. Section XIII, A of the Manual states, "No student may be charged a fee as a condition of enrollment in a class leading towards graduation." Fees and other charges may be applied to a few programs or activities as listed in the manual. In addition, Section XIV, C of the Manual states, "Schools are authorized to solicit donations from parents and the general public to supplement the normal curricular activities provided by the District. It should be made clear that such solicitations are strictly voluntary and no student will be prevented from participating in an activity if their parents choose not to contribute. However, you may remind students and parents that the lack of donations can, and most likely will, limit or eliminate some activities later in the term when funds for the class have been exhausted."

Due to the sensitivity of the matter, any donation request letter found which omits the required wording of "voluntary" and "no student will be prevented from participating" (or intent of such) will result in an audit finding.

See our recommendation in the Recommendations section below.

This is a repeat audit finding from 2019-2020.

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.

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

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

Review and instruct staff on policies and procedures related to donation request letters.

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.**

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.**

Fundraising Request/Reconciliation Forms and Fundraiser Log Sheet

In an effort to address the improper completion or lack of Fundraising Request/Reconciliation forms and the Fundraiser Log Sheet, **we recommend the principal and bookkeeper review the Internal Funds Policy Manual and instruct staff on the policies and procedures associated with fundraising activities and utilization and maintenance of the Fundraiser Log Sheet.**

Donation Request Letters

In an effort to address the lack of proper language included in donation request letters, **we recommend that the principal review the Internal Funds Policy Manual and instruct staff on the policies and procedures associated with donation request letters. We also recommend that the principal ensure that all donation request letters distributed contain the appropriate language. Sample letters are included in the Internal Funds Policy Manual.**

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

Management Response

R. C. Lipscomb Elementary School

10200 Ashton Brosnahan Road
Pensacola, Florida 32534
(850) 494-5760, Fax: (850) 494-5722

Kristen Danley, Principal

Kanisha White, Assistant Principal

A SCHOOL OF EXCELLENCE BOUND FOR DISTINCTION

December 4, 2023

Dear Mr. David Bryant,

This letter is in reference to Lipscomb Elementary's Audit of Internal Accounts for the year ending June 30, 2023. The following audit findings were cited and our plan of action for each audit finding can be found below:

Voided Checks were not properly handled:

The principal along with the bookkeeper have reviewed the rules and will ensure that the signature block is removed in the future.

Receipts were not properly recorded:

After reviewing the errors we believe this occurred due to Skyward's default date. Moving forward we will make sure to check and change the date to record the proper date that is recorded on the bottom of the MCF.

Fundraiser Request/Reconciliation Forms and the Fundraiser Log Sheet were not properly completed:

We reviewed the correct process with our grade level chairs and leadership team (those that would submit these forms) on Wednesday, November 29, 2023 in a face to face meeting as well as in writing on December 1, 2023. These procedures will be reviewed again in January and as well as the start of each school year.

Donation letters did not contain the proper language

We reviewed the correct process with our grade level chairs and leadership team (those that would submit these forms) on Wednesday, November 29, 2023 in a face to face meeting as well as in writing on December 1, 2023. These procedures will be reviewed again in January and as well as the start of each school year.

Respectfully,



Kristen Danley
Principal

OK
DJB
12/15/23

CF
12/15/23

Accredited by The Southern Association of Colleges and Schools

