




### 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

Reinhardt Holm Elementary School  
*Audit of School Internal Accounts*  
*For the year ended June 30, 2023*

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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 Hahnleim  
*Internal Audit Intern*

## Preface

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The Office of Internal Auditing serves to improve the fiscal accountability and enhance the public's perception of the management and operations of the Escambia County School District. This engagement strives to meet those objectives.

Audits, reviews, and other engagements are determined through a District-wide risk assessment process, and are incorporated into the annual work plan of the Office of Internal Auditing, as approved by the Audit Committee. Other assignments are also undertaken at the request of District management.

This engagement was conducted with the full cooperation of Reinhardt Holm 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

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**Holm 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, Reinhardt Holm Elementary School (Holm) 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.

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:

- Request Purchase Utilizing Purchasing Card forms were not properly completed.
- Purchase by non-cardholder was improperly completed off school campus.
- The signing-in/out of credit cards was not properly completed.
- Monies Collected Forms (MCFs) were not properly completed.

**The school’s overall fund balance as of June 30, 2023 was \$25,282.44.**

The overall fund balance reported by the school at June 30, 2023 was \$25,282.44. 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**

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

**internal accounts were processed in accordance with 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

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

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

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

Holm last received a full audit in the 2018-2019 fiscal year. There were six matters that rose to the level of audit findings. There were findings related to the documentation of evidence of receipt of goods, availability of donation request letter, availability of journal entries, proper language not being present in donation request letters, proper

**School Administration has been consistent for several years.**

completion of the monthly log report, proper completion of the Fundraising Request/Reconciliation form, and proper utilization of budgeted funds, which were determined to be addressed adequately during a subsequent follow-up audit.

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

## Objective

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

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

## Scope

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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

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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

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

**No known conflicts of interest were identified. Control risk for Holm 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.**

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

<b>Summary of Fund Activity</b>	
Beginning Cash Balance, 7/1/2022	\$ 30,966.20
Total Receipts	6,069.38
Total Disbursements	(662.36)
Total Net Journal Entries	(11,090.78)
Ending Cash Balance, 6/30/2023	\$ 25,282.44
Audit Adjustments	-
Ending Fund Balance, 6/30/2023, Per Skyward	<u>\$ 25,282.44</u>
Cash Balance per Confirmation(s)	\$ 25,282.44
Outstanding Deposits	-
Outstanding Checks	-
Other Reconciling Items	-
Ending Fund Balance, 6/30/2023, Per Confirmation(s)	<u>\$ 25,282.44</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, E.2 (b), (f) of the Manual states, “All purchases must be listed on the

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

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.

*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 our recommendation in the Recommendations section below.

**One finding related to improper non-cardholder purchase**

*Utilizing Purchasing Cards*

The Internal Funds Policy Manual gives specific guidelines for the use of purchasing cards. Section VIII, E.2(g) states "It is prohibited to take the card to a place of business unless you are the actual cardholder." **(It is expected that only the cardholder use the card off campus.)**

See our recommendation in the Recommendations section below.

**One finding related to improper completion of MCFs.**

*Monies Collected Forms – Proper Completion*

Our testing indicated Monies Collected forms were not properly completed.

The Internal Funds Policy Manual gives specific guidelines to be followed for the receipt of monies. These guidelines mention specific procedures to be followed concerning indication of whether the

monies were remitted in cash or check, requirements of the teacher or sponsor to sign the monies collected form, and verification by the bookkeeper of the monies collected and the counter signature on the forms.

See our recommendation in the Recommendations section below.

## Opinion

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**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

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**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 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 proper use of purchasing card.**

Utilizing Purchasing Cards

In an effort to address the improper use of purchasing cards, **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 use outside of campus.**

**Review and instruct staff on policies and procedures related to proper completion of MCFs.**

Monies Collected Forms

In an effort to address the improper completion MCFs, **we recommend the principal and bookkeeper review the Internal Funds Policy Manual and instruct staff on the proper completion of MCFs.**

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

# Management Response



## HOLM ELEMENTARY SCHOOL

6101 Lanier Drive  
Pensacola, Florida 32504  
(850) 494-5610



*Terri Fina, Principal*  
*Shana Fetsko, Assistant Principal*  
*Shanaue McNair, Curriculum Coordinator*

*Vanesa Rosenmarkle, Secretary*  
*Joanette Lee Data Specialist*

To: David Bryant  
Director of Internal Auditing

December 2023

During our recent internal audit the following items resulting in audit findings:

- Request Purchase Utilizing Purchasing Card forms were not properly completed.  
I believe the errors on completing these forms properly was simply a lack of knowledge. I have quite a bit of turn over in staff from year to year and only have 5 teachers that are the same from the first year I started here at Holm to now. This creates an issue with staff understanding all they need to do when completing various forms including this one. We will correct this with a training session for all faculty and staff and ensure that this training is an annual training.
- Purchase by non-cardholder was improperly completed off school campus.  
This error was a lack of understanding on my secretary and my part. We did not understand that the person requesting the items and the person authorized to use the credit card should be the same person even if the requestor is sitting with Ms. Rosenmarkle in her office. We will correct this by reeducating staff on who is suppose to sign authorization to use the credit card on the form as well as training on how to complete this form correctly.
- The signing-in/out of credit cards was not properly completed.  
The error of not signing credit cards in and out was a misunderstanding. Neither I nor my secretary understood that even if you are sitting on campus in the secretary's office you must sign out the credit card. We both incorrectly believed that you only had to sign it out when you were taking it off campus. We now understand that each time the credit card it used, regardless of where you physically are, it must be signed in and out and will train the staff on the proper use of our school credit card.
- Monies Collected Forms (MCFs) were not properly completed.  
Errors on completing the Monies Collected Forms were a lack of knowledge. I have quite a bit of staff turn over from year to year and only 5 teachers that are the same that were here the year I started here to now. This creates an issue with staff having the knowledge to appropriately and correctly complete this form. We will correct this with a training session for all faculty and staff and ensure that this is an annual training.

I believe our errors in the audit were from lack of knowledge. We truly do not want any audit findings. We will take the necessary steps to ensure we do not continue to make these errors.

Sincerely,

Terri Fina  
Principal  
Holm Elementary

SC  
CF  
12/4/23

OK  
DJB  
12/15/23