

# **Internal Audit Report**

**Management of Student Activity Funds**

**Alton Elementary School**

**August 4, 2023**

**St. Tammany Parish School System**

**Office of Internal Audit**

## **Background**

Alton Elementary School (AES) is located in Slidell, Louisiana and provides services to approximately 220 pre-kindergarten to fifth grade students. The St. Tammany Parish School Board (STPSB) employs individuals to work at AES. The management structure of AES includes a Principal and one Assistant Principal with the bookkeeper reporting to the Principal.

Public schools in Louisiana are supported primarily by state and local taxes. In addition to this funding, individual schools generate additional revenues from other sources such as fundraisers and other school activities. These revenues, known as Student Activity Funds, supplement the instructional program and contribute to the educational experiences of the students and benefit the general welfare of the school.

The management of the Student Activity Funds is decentralized with oversight at the level of the Principal. Financial policies and procedures governing the management of the Student Activity Funds have been developed by STPSB and are updated annually and promulgated to all key school personnel.

## **Audit Objectives**

The objectives of the audit were to:

- Determine the adequacy of the internal control environment over the school's accounting function at AES.
- Review the school's compliance with STPSB School Finance Handbook (Administrative Guidelines/Best Practices for School Activity Funds Accounting).

## **Audit Scope**

For the period 7/1/2022 to 6/30/2023, a limited review was performed of the financial records of AES. The purpose of the audit was to determine if the school's financial records, policies, and procedures were maintained in accordance with the STPSB School Finance Handbook and Louisiana Revised Statutes. This review included tests of the accounting records and other auditing procedures deemed necessary.

## **Testing Method**

Key members of management, accounting and bookkeeping staff at AES were interviewed to gain an understanding of the financial management of the school. In addition, financial policies and procedures contained in the STPSB School Finance Handbook were reviewed.

Procedures included the assessment of controls for each in-scope audit area. Documents that were reviewed during testing included supporting documentation for a combined twenty-one receipt and disbursement transactions. This documentation included but was not limited to invoices, receipts, bank records, purchase authorization forms, bank reconciliations, and bank statements.

Transactions tested for the period 7/1/2022 to 6/30/2023 were as follows:

- \$ 6,178 in receipts
- \$ 17,947 in disbursements

## **Audit Observations/Results:**

### **1. Compliance With Grant Approval Process**

#### **Observation:**

The Principal must approve all applications for school grants prior to applying for the grant. A Grant Approval Form is available for all teachers /sponsors to complete with the information about the grant. During a review of receipts, it was noted that grant requests were not always approved in advance prior to being applied for.

#### **Recommendation:**

The school should comply with the STPSB's Best Practices for School Activity Funds Accounting manual regarding grants. The form must be signed and dated by the teacher/sponsor requesting the grant and then submitted to the Principal for approval. The Principal would then sign and date the approval and forward the request to the school's Curriculum and Instruction Supervisor.

#### **Management Action Plan:**

I will re-emphasize to the staff the need to comply with the policy.

### **2. Compliance With Fund Collections/General Receipting – Completing The Money Collection Form and Providing Collections Timely To Bookkeeper**

#### **Observation:**

Ten deposits were reviewed to ensure the receipting process was complete and compliant. A review of these transactions indicated that several of the receipt transactions sampled were not documented or processed in compliance with the STPSB School Finance Handbook. Exceptions included the following:

- Teachers were holding funds and not providing collections to bookkeeper daily as required.
- When the funds were collected and the form completed, the teachers were not always indicating the date funds were collected or omitted recording the date the funds were provided to the bookkeeper. By not fully completing the form or correctly, it is difficult to determine when staff actually received funds from students and/or parents and when the staff provided the funds to the bookkeeper. This internal control, when in place, allows management to determine if funds are transferring timely through the receipting process from teacher/staff to the bookkeeper.

#### **Recommendation:**

All persons receiving funds are required to issue receipts to the individual providing them the funds. Each individual teacher or sponsor collecting school funds should complete the School Money Collection Form for all funds received and deliver the funds to the bookkeeper daily.

#### **Management Action Plan:**

I will re-emphasize to the staff the need to comply with the policy.