

Follow Up Internal Audit Report

Management of Student Activity Funds

Salmen High School

September 6, 2023

St. Tammany Parish School System

Office of Internal Audit

Audit Objectives

The objectives of the audit were to determine if the appropriate action was taken to implement the recommendations noted in the February 16, 2023 audit report. Regarding scope, a limited audit of the financial records of Salmen High School (SAHS) from January 16, 2023 to June 30, 2023 was completed (specifically for the audit observations noted in the original February 16, 2023 report). For those items selected, the purpose of the audit was to determine if the school's financial records, policies, and procedures were maintained in accordance with the St. Tammany Parish School Board Administrative Guidelines and Louisiana Revised Statutes.

This audit included tests of the accounting records and other auditing procedures deemed necessary. These test were performed to ensure that financial transactions contained the following characteristics:

- All transactions were properly authorized
- Segregation of duties
- Supporting documentation

Results of the Follow up:

1. Compliance With Fund Expenditure/Obtaining Proper Approval Prior To Purchasing School-Related Items (Repeat Finding)

Original Observation:

As part of disbursement's testing, a sample of fifty-seven disbursements were reviewed. A review of the school's Purchase Request forms indicated that sixteen of the school's Purchase Request forms selected either did not contain the Principal's required **prior** approval to order items or did not contain the Principal's approval to pay for the ordered item once received. Both of these approvals are required components of the Purchase Request form and represent an important internal control feature. In several other instances, no Purchase Request form was ever initiated prior to purchases made.

The STPSB School Finance Handbook indicates that consideration of expenditures require prior approval of the Principal with "an amount not to exceed, or exact total" provided on the Purchase Request form. After item(s) ordered are received with the appropriate supporting documentation, the Principal's approval signature and date are needed to confirm that (a) the related account funds are available to cover the expenditure, (b) the person requesting the expenditure is authorized to do so, and (c) that the disbursement is in accordance with LSA-RS 17:414.3(B)(3).

Original Recommendation:

The school should follow the STPSB's School Finance Handbook that requires that the School Purchase Request form be completed **prior** to any purchase. In order to maintain an environment with appropriate internal controls, the Purchase Request form must be approved by a supervisor of the individual requesting the purchase.

Original Management Action Plan:

I have re-emphasized to the teachers and staff that the Principal's written approval must happen when a quote is given and the Principal's written approval must be given before the item can be purchased.

Follow Up Observation:

Selected thirty-two disbursements and noted all purchases reviewed were approved prior to the purchase.

2. Compliance With Fund Expenditure/Purchasing Policy – Charter Bus Policies/Deposit Provided and Quotes Obtained

Original Observation:

The STPSB charter bus policies indicate that:

- Deposits to secure a charter bus cannot be greater than 25% of the total fee and must be refundable or applicable to a future rental.
- Per the STPSB School Finance Handbook, the contract cancellation policy with the vendor must be enhanced to include the following or similar terms "With prior to 24-hour notice, only the deposit will be forfeited and with less than 24-hour notice, 100% of the charter price paid is forfeited. In the event of an Act of God, declaration of war or civil unrest, no funds will be forfeited."
- Competitive quotes must be obtained if the cost of the charter is over \$1,000.

A bus was chartered for over \$1,000 in which only one quote was obtained and more than the allowed 25 % was provided in advance. The required additional contract verbiage was also not added to the contract.

Original Recommendation:

Any use of school funds to obtain a charter should comply with the charter policy contained within the STPSB School Finance Handbook. This policy requires that:

- Three quotes are obtained for any charter over \$1,000.
- Deposits for the service cannot be greater than 25 % of the total fee.
- The contract must be enhanced with the required contract verbiage added to the cancellation policy section.

Original Management Action Plan:

We will follow the financial handbook policy.

Follow Up Observation:

A review of bus charter bookings indicated that we are still not including all required language into contracts with the charter bus companies used for transportation.

Management’s Follow Up Action Plan:

A conversation with the bookkeeper was had again. The bookkeeper knows that I will not sign anything in this regard without the statement added and 3 appropriate quotes.

3. Compliance With Providing All Account Sponsors With An Account Detail Of Their Fund’s Activity (Repeat Finding)

Original Observation:

The school’s bookkeeper is not providing activity sponsors with a quarterly detailed report of the fund activity. Distribution of this quarterly report is an important internal control as it relates to both receipt and disbursement validation.

Original Recommendation:

As indicated in the STPSB School Finance Handbook, the bookkeeper should provide a quarterly detailed report for all school activity accounts to account sponsors for restricted accounts and to the school Principal for all unrestricted accounts. All account sponsors should reconcile the report to check copies (withdrawals) and receipts (deposits) for the month. Any discrepancies should be reported to the school’s administration for review and reconciliation with the bookkeeper.

Original Management Action Plan:

I have informed the bookkeeper to send out the account details to each club and sport quarterly.

Follow Up Observation:

The school’s bookkeeper is not providing activity sponsors with a detailed report of the fund activity.

Management’s Follow Up Action Plan:

The bookkeeper will provide an account detail to each sponsor/coach in December and May per STPSB guidelines. Additionally, she will provide statements upon request. As the principal, I will encourage sponsors and coaches to request an additional statement each semester in order for them to keep an accurate accounting of their organizational funds.

4. Compliance With Fund Collections and Deposit Policy/General Receipting – Providing Receipts When Collecting Funds

Original Observation:

As part of the receipts testing, a sample of thirty-six receipts were reviewed to ensure the receipting process was complete and compliant. A review of these transactions indicated that many of the receipt transactions sampled were not documented in compliance with the STPSB School Finance Handbook. Exceptions included the following:

- The STPSB fund collection policy requires each individual collecting school funds should complete a two-part School Deposit Receipt form for all funds received and to deliver the funds to the bookkeeper daily. Testing of receipt transactions revealed that teachers and

staff were not required to use receipt books and provide receipts when receipting cash or checks from students/parents.

- When receipts were provided, many of the receipts did delineate between check and cash receipted but supporting documentation did not consistently exist regarding which students the cash was actually receipted from.

Original Recommendation:

Teachers and staff who handle collection of funds should maintain accurate and systematic records of all funds collected. Each individual collecting school funds should complete at least a two-part School Deposit Receipt form. A three part-receipt book, with the third copy intact, can take the place of the log. One receipt copy should be given to the parent/student, one remains with the deposit and the final copy remains in the receipt book. Each receipt should delineate who the funds were collected from and the amounts collected by cash and/or check.

Original Management Action Plan:

We will follow the financial handbook policy.

Follow Up Observation:

A review of twenty-eight receipt transactions indicated that the faculty and staff are still not consistently providing receipts to students/parents when collecting cash or check payments.

Management's Follow Up Action Plan:

I discussed this with the entire staff at our first whole-group faculty meeting on Thursday, August 24, 2023 (3:00-4:00 PM). Additionally, all staff were provided a view only copy of the faculty meeting slide deck which contains reminders related to proper receipting and submission of cash. I will continue to monitor compliance with this directive.

5. Compliance With Fund Deposit Policy/Providing Funds Collected to Bookkeeper

Original Observation:

The fund deposit policy requires that all funds received be delivered to the bookkeeper daily in order that the bookkeeper can deposit the funds to the bank. Several deposits were noted in which cash and check receipted funds were retained in classrooms or offices over multiple consecutive days rather than delivered daily to the bookkeeper as required.

Original Recommendation:

All funds collected should be deposited in compliance with the STPSB deposit policies that require that all receipts collected should be provided daily to the bookkeeper. However, if the amount collected by the bookkeeper is less than \$1,000, the funds can be stored in the bookkeeper's safe until the total amount reaches \$1,000. Also, all receipted funds must be deposited to the bank on the last day of a school week and before a holiday.

Original Management Action Plan:

I have re-emphasized to the teachers and staff that all deposits must be made in accordance with the financial handbook policy.

Follow Up Observation:

A review of twenty-eight receipts transactions indicated that faculty and staff are not consistently providing cash/check receipts to the bookkeeper timely.

Management's Follow Up Action Plan:

I discussed this with the entire staff at our first whole-group faculty meeting on Thursday, August 24, 2023 (3:00-4:00 PM). Additionally, all staff were provided a view only copy of the faculty meeting slide deck which contains reminders related to proper receipting and submission of cash. I will continue to monitor compliance with this directive.