

# **Internal Audit Report**

**Management of Student Activity Funds**

**Slidell High School**

**January 8, 2024**

**St. Tammany Parish School System**

**Office of Internal Audit**

## **Background**

Slidell High School (SHS) is located in Slidell, Louisiana and provides services to approximately 1,700 ninth to twelfth grade students. The St. Tammany Parish School Board (STPSB) employs individuals to work at SHS. The management structure of SHS includes a Principal and four Assistant Principals 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, day care, 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 SHS.
- Review the school's compliance with STPSB School Finance Handbook (Administrative Guidelines/Best Practices for School Activity Funds Accounting).

## **Audit Scope**

For the period 12/1/2022 to 11/30/2023, a limited audit was performed of the financial records of SHS. 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 SHS 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 forty-six 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 12/1/2022 to 11/30/23 were as follows:

- \$ 252,446 in receipts (25% of total \$'s receipted)
- \$ 171,007 in disbursements (18% of total \$'s disbursed)

## **Audit Observations/Results:**

### **1. Compliance With Fund Collections - General Receipting**

#### **Observation:**

Twenty-one 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:

- The fund collection policy requires each individual collecting school funds should complete a two-part School Deposit Receipt form for all funds received and deliver the funds to the bookkeeper daily. Testing of receipt transactions revealed that receipts were not consistently provided to parents/students for cash and check payments received.
- 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/weeks rather than delivered daily to the bookkeeper as required.

#### **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 current School Money Collection Form for all funds received and deliver the funds to the bookkeeper daily.

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

We will discuss with the faculty and staff at the next faculty meeting. We will also make sure it is part of our Teacher Handbook.

### **2. Compliance With Fund Collection Policy – Event Ticket Reconciliation**

#### **Observation:**

The STPSB fund collection policy requires a proper accounting and reconciliation for admission fees charged for all events. A review of events admission collection noted the reconciliation forms were not always completed and/or consistently reconciled.

#### **Recommendation:**

There should be a proper accounting for admission fees charged for all events (athletic or entertainment) whether admission fees are assessed in advance or upon entering the event. All funds should be collected in compliance with the school event collections policy.

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

We will discuss with the faculty and staff at the next faculty meeting. We will also make sure it is part of our Teacher/Coaching Handbook.