

# **Internal Audit Report**

**Management of Student Activity Funds**

**Slidell Junior High School**

**December 11, 2023**

**St. Tammany Parish School System**

**Office of Internal Audit**

## **Background**

Slidell Junior High School (SJH) is located in Slidell, Louisiana and provides services to approximately 700 seventh and eighth grade students. The St. Tammany Parish School Board (STPSB) employs individuals to work at SJH. The management structure of SJH includes a Principal and two 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 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 SJH.
- Review the school's compliance with STPSB School Finance Handbook (Administrative Guidelines/Best Practices for School Activity Funds Accounting).

## **Audit Scope**

For the period 11/1/2022 to 10/31/2023, a limited review was performed of the financial records of SJH. 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 SJH 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 thirty-three 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 11/1/2022 to 10/31/2023 were as follows:

- \$ 88, 746 in receipts (44% of total \$'s received)
- \$ 41,902 in disbursements (30% of total \$'s disbursed)

## **Audit Observations/Results:**

### **1. Compliance With Fund Collections/General Receipting – Completing The Money Collection Form**

#### **Observation:**

Seventeen 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/staff were not required to use receipt books when receipting cash or checks from parents/students.
- The current Money Collection Form was not being used when providing funds to the bookkeeper. As a result, when the funds were collected and a form completed, neither the teachers nor the bookkeeper were indicating either the date funds were provided to the bookkeeper or the date the bookkeeper received funds. By not using the current form that requires these dates, it is difficult to determine when staff actually provided funds from students/parents or the bookkeeper received funds from staff. 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 current School Money Collection Form for all funds received and deliver the funds to the bookkeeper daily.

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

I will ensure that we begin to use both the required School Money Collection Form, as well as to reemphasize the need for all staff to issue receipts anytime we collect either cash or check for payment.