

Internal Audit Report

Management of Student Activity Funds

Mandeville Elementary School

August 22, 2023

St. Tammany Parish School System

Office of Internal Audit

Background

Mandeville Elementary School (MES) School is located in Mandeville, Louisiana and provides services to approximately 490 pre-kindergarten to third grade students. The St. Tammany Parish School Board (STPSB) employs individuals to work at MES. The management structure of MES includes a Principal and one Assistant Principal with the bookkeeper reporting to the Principal.

Public schools in Louisiana are supported primarily by state funding and local taxes. In addition to this funding, individual schools generate additional revenues from other sources such as fundraisers, childcare 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 MES.
- 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 6/30/2023FY 2023, a limited review was performed of the financial records of MES. The purpose of the review 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 MES 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 receipt and disbursement transactions. This documentation included but was not limited to invoices, receipts, bank records, purchase authorization forms, bank reconciliations, and bank statements.

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

- \$ 62,250 in receipts
- \$ 75,240 in disbursements

Audit Observations/Results:

1. Compliance with Fund Collection Policy

Observation:

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 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.

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, one remains with the deposit and the final copy remains in the receipt book. Each receipt provided should also delineate the amounts collected by cash and check.

Management Action Plan:

Administration reviews this policy yearly with all faculty and staff. Administration sent out an email reviewing this information to all faculty and staff. Administration will continue to monitor to ensure compliance with this policy.

2. Compliance with Fund Deposit Policy

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 receipts were retained by staff over several consecutive days rather than delivered daily to the bookkeeper. In addition, other deposits were noted where the bookkeeper did not make timely deposits.

Recommendation:

All funds collected should be deposited in compliance with the STPSB deposit policies. STPSB deposit policy requires that all receipts should be deposited to the bank intact. However, if the amount collected is less than \$1,000, the funds can be secured in the school safe until the total amount reaches \$1,000. Also, all funds must be deposited to the bank on the last day of the school week and before a holiday.

Management Action Plan:

Administration reviews this policy yearly with all faculty and staff. Administration sent out an email reviewing this information to all faculty and staff. Administration will continue to monitor to ensure compliance with this policy.

3. Compliance With The Operation of The School's Hospitality Account (Faculty Fund)

Observation:

The school was housing a Faculty Fund on the campus. This included maintaining the bank financial records and check stock for the account in the school's safe.

Recommendation:

As indicated in the STPSB Finance Handbook, a faculty or hospitality fund can exist and these accounts can be funded by faculty vending machines funds, coffee fees, or donations that have documentation that they are restricted for teacher hospitality and teacher contributions only. Funds for this account cannot be maintained on the school's campus.

Management Action Plan:

Administration reviewed policies with personnel in charge on the Faculty Fund. Administration will continue to monitor to ensure compliance with this policy.