

# **Internal Audit Report**

**Management of Student Activity Funds**

**Pitcher Junior High School**

**August 15, 2023**

**St. Tammany Parish School System**

**Office of Internal Audit**

## **Background**

Pitcher Junior High School (PJH) is located in Covington, Louisiana and provides services to approximately 350 seventh and eighth grade students. The St. Tammany Parish School Board (STPSB) employs individuals to work at PJH. The management structure of PJH 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 PJH.
- 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 PJH. 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 PJH 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-five 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:

- \$ 36,694 in receipts
- \$ 47,854 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 several grants were applied for and received without the Grant Approval form first being completed, reviewed and approved by the Principal.

#### **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 became much more knowledgeable on grant procedures this past year and we put in a number of additional procedures at the school level, on top of district procedures to make sure everything is in full compliance. We will continue to implement those procedures going forward.

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

#### **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 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:**

Moving to a cashless system, the collection of cash/checks will be limited to athletic event tickets. All money collection and deposit procedures are followed with full compliance by our athletic director and bookkeeper. In the rare event of money being turned in for any other reason, it will be put on a collection form and turned in the day it was received. All Business Affairs rules and procedures will be reviewed with the entire faculty at the start of school.

**3. Compliance With Bank Deposit Policy**

**Observation:**

With regard to checks and cash collected by the school for major sporting events, once the amount of funds exceed the total required to make a bank deposit, those funds should be deposited the same day to the bank and all precautions should be taken when after-hours drops are made.

**Recommendation:**

All deposits in excess of the allowed amount to maintain on campus should be deposited to the bank daily in compliance with the current deposit policy.

**Management Action Plan:**

We will comply with the existing policy regarding bank deposits.