

# **Internal Audit Report**

**Management of Student Activity Funds**

**Fontainebleau High School**

**September 21, 2023**

**St. Tammany Parish School System**

**Office of Internal Audit**

## **Background**

Fontainebleau High School (FHS) School is located in Mandeville, Louisiana and provides services to approximately 1,550 ninth to twelfth grade students. The St. Tammany Parish School Board (STPSB) employs individuals to work at FHS. The management structure of FHS includes a Principal and three Assistant Principals 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 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 FHS.
- Review the school's compliance with STPSB School Finance Handbook (Administrative Guidelines/Best Practices for School Activity Funds Accounting).

## **Audit Scope**

For the period 9/1/2022 to 8/31/2023, a limited review was performed of the financial records of FHS. 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 FHS 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 fifty-four 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 9/1/2022 to 8/31/2023 were as follows:

- \$ 300,278 in receipts
- \$ 285,113 in disbursements

## **Audit Observations/Results:**

### **1. Compliance with Fund Collection Policy**

#### **Observation:**

The fund deposit policy requires that all receipts provided to the bookkeeper should be deposited to the bank intact daily if in excess of \$1,000. Also, all funds must be deposited to the bank on the last day of the school week and before a holiday.

A review of twenty-one receipts indicated, in a few instances, that several deposits were not deposited in compliance with the Fund Collection Policy. In these situations, funds directly received by the bookkeeper each day that exceeded the \$1,000 limit were deposited by the bookkeeper the same day. However, funds received after hours by other responsible parties relating to athletic events, etc. were placed in the school vault for safekeeping until the next *school* day (sometimes for multiple days during school holiday breaks). As a result, amounts received after hours by others combined with daily amounts directly received by the bookkeeper, did exceed \$1,000 in three separate instances.

#### **Recommendation:**

All funds collected should be deposited in compliance with STPSB deposit policies. The deposit policy requires that all funds should be deposited to the bank once the amount reaches \$1,000. and/or the last day of each school week.

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

The school will begin depositing all funds collected during the school day *every* day, regardless of the amount. Those responsible for after school events will be instructed to coordinate with each and ensure that deposits are made when after-hours receipts (not just even receipts) total more than \$1000.

### **2. Compliance With Change Fund/Collections Policy**

#### **Observation:**

During the receipts testing portion of the audit, it was noted that on some occasions, the Fontainebleau Booster Club would provide the school with a change fund at the gate where admission fees were collected for athletic events. The funds would be returned by the school to the Fontainebleau boosters the same day after the event was completed.

#### **Recommendation:**

Accepting these funds from the Fontainebleau Booster Club would be considered co-mingling the school and booster funds. Once funds are in the possession of a school employee, they would become school property and thus be considered public funds. Funds should not be accepted from the Fontainebleau Booster Club for the purpose of using them for a change fund.

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

All coaches have been instructed to secure change funds directly from FHS.