

Internal Audit Report

Management of Student Activity Funds

Northshore High School

December 6, 2023

St. Tammany Parish School System

Office of Internal Audit

Background

Northshore High School (NHS) School is located in Slidell, Louisiana and provides services to approximately 1550 ninth to twelfth grade students. The St. Tammany Parish School Board (STPSB) employs individuals to work at NHS. The management structure of NHS 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 NHS.
- 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 NHS. 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 NHS 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 11/1/2022 to 10/31/2023 were as follows:

- \$ 193,729 in receipts (24% of total \$'s receipted)
- \$ 181,872 in disbursements (23% of total \$'s disbursed)

Audit Observations/Results:

1. Compliance With Fund Expenditure/Purchasing Policy - Charter Bus Policies

Observation:

The school uses a travel agent to book the services of bus charter companies for a variety of travel events. In these situations, the specific STPSB charter bus policy additional contract requirements were not always included by the travel agent to the vendor used.

Recommendation:

The STPSB charter bus policy indicates requires that deposits to secure a charter bus cannot be greater than 25% of the total fee and must be refundable or applicable to a future rental. In addition, competitive quotes must be obtained if the cost is over \$5,000. The cancellation policy must also include the following or similar terms:

“With prior to 24-hour notice, only the deposit will be forfeited and with less than 24-hour notice, 100% of the charter price paid is forfeited. In the event of an Act of God, declaration of war or civil unrest, no funds will be forfeited.”

Management Action Plan:

For the purposes of planning Florida Fling (annual senior trip), we will now include the following statement in the binder of guidelines that our school employee(s) who moderate this activity utilize: “With prior to 24-hour notice, only the deposit will be forfeited and with less than 24-hour notice, 100% of the charter price paid is forfeited. In the event of an Act of God, declaration of war or civil unrest, no funds will be forfeited.”