

# **Internal Audit Report**

**Management of Student Activity Funds**

**Fifth Ward Junior High School**

**September 3, 2023**

**St. Tammany Parish School System**

**Office of Internal Audit**

## **Background**

Fifth Ward Junior High School (FWJ) School is located in Bush, Louisiana and provides services to approximately 430 pre-kindergarten to eighth grade students. The St. Tammany Parish School Board (STPSB) employs individuals to work at FWJ. The management structure of FWJ includes a Principal and two 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 FWJ.
- 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 FWJ. 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 FWJ 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 forty-two 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:

- \$ 47,325 in receipts
- \$ 48,117 in disbursements

## **Audit Observations/Results:**

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

#### **Observation:**

A review of sixteen receipts indicated that several deposits provided to the bookkeeper were not deposited in compliance with the Fund Collection Policy.

#### **Recommendation:**

The STPSB fund collection policy requires that all funds collected should be provided to the bookkeeper daily. All receipts should be deposited intact. If the total amount collected is less than \$1,000, the funds can be secured in the school safe until the total reaches \$1,000. All funds must be deposited on the last day of the week and before a holiday. Daily deposits must equal receipts issued. Deposits sampled indicated that funds were not consistently deposited to the bank either when \$1,000 or more was collected or a on the last day of a week.

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

All monies will be collected/deposited in accordance with the St. Tammany Parish Public Schools Finance Handbook.

### **2. 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:**

All deposits/collection of monies will be made in accordance with St. Tammany Parish Public Schools Finance Handbook.