



Internal Audit

W.W. Samuell High School Campus Based Controls Audit

W.W. Samuell High School

Campus Based Controls Audit

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Date: September 26, 2022

To: Board of Trustees
Stephanie S. Elizalde, Ed.D., Superintendent

From: Robert Rubel, MBA, CPA, CIA, CISA
Chief Internal Audit Officer

Subject: Campus Based Controls Audit – W.W. Samuell High School

Executive Summary

The Dallas Independent School District (District) Office of Internal Audit (OIA) has completed the Campus Based Controls Audit at W.W. Samuell High School (Samuell HS).

The audit focused on the processes and procedures for:

- Activity Funds
- Payroll/Coding
- Grant Accounting
- Campus Credit Recovery Plan
- Walkthrough of Cafeteria
- Campus Vending Machines
- Oracle System User Access

Overall, W.W. Samuell High School has controls over the processes and procedures noted above. Opportunities for improvement were identified in the following areas:

1. Acknowledgment of Activity Fund Responsibilities Forms were not provided for all required personnel
2. Unable to determine whether cash handling procedures are being followed due to incomplete documentation
3. Fundraiser financial recap forms, deposit, receipting and funds disbursement procedures were not appropriately completed at the conclusion of the activity
4. Credit Recovery Petition documentation was not reviewed

Implementation of the recommendations in this report could assist the District to improve processes regarding activity funds, cash handling, fundraising, and credit recovery.

Background

Samuell HS was judgmentally selected for review. Samuell HS had 1,875 students and 178 employees during School Year (SY) 2021-2022. The total budget for Fiscal Year (FY) 2021-2022 was \$12,978,813.

Activity Funds

The Activity Funds Manual states that activity funds provide opportunities for students, above and beyond that provided by the campus budget in support of co-curricular and extra-curricular activities. All funds collected by school district personnel on a campus are defined as activity funds and must be handled through the activity funds accounts, in compliance with all guidelines.

For Samuell HS, the balance for the student activity funds account as of May 2022 was \$8,909 and \$23,813 for the campus activity funds account.

Payroll/Coding

According to the Finance and Accounting Services Division manual, errors must first be communicated to the campus Office Manager or Timekeeper. Also, the employee and Office Manager/Timekeeper should verify absences and hours on the timecard and/or payroll reports. In addition, if an error is found, the Office Manager/Timekeeper should use District guidelines for notifying Payroll and submitting a correction form.

For Samuell HS, total budgeted payroll was \$12,243,826 for FY 2021-2022.

Grant Accounting

Per the Grants Management Manual, campuses selected to receive Title I¹ funds are categorized either school-wide or targeted assistance as defined by federal guidelines. The goal of school-wide programs is to generate high levels of academic achievement in core subject areas for all students in a school. School-wide programs must also focus on the needs of the low-achieving children and those at risk of not meeting state achievement standards. All staff and resources are part of the overall school-wide program.

For Samuell HS, total Title I budget was \$839,217 for FY 2021-2022.

Campus Credit Recovery Plan

When a student's attendance drops below 90 percent but remains at least at 75 percent of the days the class is offered and earns a passing grade, the student may earn credit or a final grade for the class by completing a plan approved by the principal that provides for the student to meet the instructional requirements of the class.

After the student has missed ten percent of the days that the class is offered and if the student continues to miss class, the school will notify the parents that the student may lose credit for the course for the semester. The parent may file a petition to appeal the loss of credit to the attendance committee.

¹ Title I fund is a federal grant for improving basic programs operated by local educational agencies. These resources are used to improve the quality of education programs and ensure students from low-income families have opportunities to meet challenging state assessments.

Walkthrough of Cafeteria

Food Service Director magazine ranked District #10 Non-Commercial Food Service Operator in 2020. Additionally, District has been recognized by the Texas Department of Agriculture for serving fresh local foods in 2021. The District's Nutritional Services department was awarded the "Best of the Bunch" Award by the Texas Department of Agriculture.

Samuell High School's cafeteria operations provided 155,575 meals to students and staff for the SY 2021-2022.

Campus Vending Machines

Samuell HS has five vending machines that are part of the district contract managed by Coca Cola and one snack machine managed by LA-BD Vending Company. The vending machines were in various locations throughout the campus. For the period of January 2021 – June 2022 vending machine proceeds totaled \$6,323.

Oracle System User Access

Per Board policy, the District's technology resources support the organization's mission of educating all students for success. Use of these resources is extended to employees, students, contractors, and the public. As a user of these resources, you have access to valuable equipment, potentially sensitive data, and to internal and external networks. Consequently, it is important for all users to act in a responsible, ethical, and legal manner.

Also, as a user of District technology resources, you are permitted to use technology and information assets that are required to perform work and educational duties, including access to Oracle. The District makes reasonable efforts to protect users from abuse and intrusion by others sharing these resources.

Scope

The audit period included transactions from FY 2022. OIA reviewed and analyzed the following areas at the campus:

1. Activity Funds
2. Payroll/Coding
3. Grant Accounting
4. Campus Credit Recovery Plan
5. Walkthrough of Cafeteria
6. Campus Vending Machines
7. Oracle System User Access

Objective

The audit objective was to determine if campus locations and/or departments are in compliance with all applicable District, campus and/or departmental policies, regulatory requirements and procedures.

Methodology

OIA reviewed relevant Texas Education Agency (TEA) regulations, District policies, and departmental guidelines and handbooks applied to each area under review. Auditors interviewed pertinent management and employees at Samuell HS and related personnel.

1. Activity Funds

- General – Judgmentally selected the activity funds training acknowledgment forms for 12 campus employees to determine if they were adequately completed.
Recommendation 1 in this report was noted.

Monthly Reconciliations – Judgmentally selected six monthly reconciliations to determine if they were properly reviewed and submitted.

- Cash Handling – Judgmentally selected eight receipts to determine if established cash handling procedures were performed.
Recommendation 2 in this report was noted.
- Petty Cash – No petty cash accounts were maintained at this campus.
- Purchasing/Disbursements – Judgmentally selected eight disbursements to determine if established disbursement procedures were performed.
No exceptions were noted.
- Fundraising – Judgmentally selected four fundraisers to determine if established fundraising procedures were performed.
Recommendation 3 in this report was noted.

2. **Payroll/Coding** – Judgmentally selected a sample of ten employees to perform testing procedures to determine that payroll has been properly prepared, approved and recorded.
No exceptions were noted.

3. **Grant Accounting** – Judgmentally selected a sample of ten expenditures to determine if costs were in compliance with grant regulations. Additionally, we determined if the most recent Title I notebook Special Revenue Management Department review was completed.
No exceptions were noted.

4. **Campus Credit Recovery Plan** – Judgmentally selected a sample of ten students to determine if students properly recovered credit per Principal's plan in place.
Recommendation 4 in this report was noted.

5. **Walkthrough of Cafeteria** – Performed a walkthrough of cafeteria operations, Health Department Inspection records and cafeteria change fund process to determine if established procedures were performed.
No exceptions were noted.

6. **Campus Vending Machines** – Obtained and reviewed the campus vending machine contracts to determine if funds are being collected and posted appropriately.

No exceptions were noted.

- 7. Oracle System User Access** – Reviewed total campus employee population with access to Oracle to determine if only authorized employees have system access.
No exceptions were noted.

Primary criteria used for this audit were:

- 1) Dallas ISD Activity Funds Manual, last updated February 2022
- 2) CFD (Local), Accounting, Activity Funds Management, issued June 3, 2022
- 3) CH (Local), Purchasing and Acquisition, issued March 16, 2020
- 4) Financial Accountability System Resource Guide, Update 17, TEA 2020
- 5) TEA Title I, Part A – Improving Basic Programs, Program Guide, version 3.0, August 2022
- 6) District 2021-2022 Campus Emergency Operations Plan for Samuell HS, approved August 24, 2021
- 7) FEC (Regulation), Attendance, Attendance for Credit, issued November 4, 2016
- 8) Dallas ISD Food & Child Nutrition Services Department, Procurement Procedures Manual, last updated and effective May 2020

Audit Observations and Recommendations

Observation 1 – Acknowledgment of Activity Fund Responsibilities Forms were not provided for all required personnel.

Condition

Acknowledgment of Activity Fund Responsibilities Forms for the principal designee and the hospitality campus sponsor were not provided. The Acknowledgment of Activity Fund Responsibilities Form is required to be signed by the appropriate activity funds staff members.

Criteria

Dallas ISD Activity Funds Manual, last updated February 2022

Responsibilities - Effective July 1, 2019, the designee identified by the principal must electronically sign an Activity Funds Designee Authorization Form (CAF 2001) via Laserfiche and attend training on the assigned training date identified each year. The original designee authorization form must be filed with the school's activity funds records.

Sponsor - Annually, all campus employees collecting funds on a campus are required to attend training on the Activity Funds Sponsor/Staff Handbook and to sign the Sponsor/Staff Acknowledgment of Activity Fund Responsibilities (CAF 2060), acknowledging these responsibilities for the activity funds so entrusted.

Cause

The Acknowledgment of Activity Fund Responsibilities forms are signed electronically by the assigned staff member via Laserfiche, and a record is maintained online on the employee's profile. The principal, bookkeeper, nor the financial clerk have access to the form once an employee signs it, hence campus administrative oversight to ensure the step is completed is limited. The completed forms can be obtained from the Director of Financial and Accounting Support to Campuses.

Effect

Missing forms from required personnel/sponsors may go unnoticed and result in noncompliance.

Recommendation 1

The principal should consider identifying additional methods to ensure that all the required school personnel sign an Acknowledgment of Activity Fund Responsibilities Form. Also, the sponsor should submit a copy to the school's bookkeeper or consider giving access to the principal/bookkeeper to Laserfiche for their review.

Risk Level: Low²

Observation 2 – Unable to determine whether cash handling procedures are being followed due to incomplete documentation.

Condition

The following exceptions were noted:

- S1/A747 receipts are not dated or signed, it is not possible to determine who collected the funds, or if they were submitted by the sponsor to the bookkeeper on the date collected.
- Oracle receipts are not signed by both the bookkeeper and sponsor, hence cannot verify both bookkeeper and sponsor acknowledged the amounts to be correct.

Criteria

Dallas ISD Activity Funds Manual, last updated February 2022

Cash Handling - All monies collected on a campus-by-campus staff/sponsors are to be brought to the bookkeeper daily. Official receipts must be issued by the appropriate responsible party at the time of collections. It is strongly recommended to set a time window(s) for collections to allow time for counting and receipting at the time collections are turned in. If the bookkeeper is out of the office for the full workday and there is no other bookkeeper at the campus to handle activity funds, funds may be turned in the next workday with the Principal's

² See Attachment 1 for Definition of Risk Level

or Principal Designee's signature. The Principal or Principal's designee should place the funds in the safe. Alternatively, the principal may designate a backup to receipt funds.

Bookkeeper Collections - The bookkeeper should prepare Oracle receipts daily. Remittances and physical deposits must be processed and available by the campus scheduled courier pick up date.

Cause

The office manager accepted the S1/A747 receipts undated and unsigned by the sponsor.

Per the office manager, a sponsor counts the funds collected individually. If the funds are collected after hours, in evening events or when the office manager is not available or absent, the sponsor keeps the funds in a locked safe, some sponsors have individual safes, and the ones that don't will give the funds to an administrator to be placed in the vault until the office manager returns, length of absence not specified, at which point the sponsor and office manager will count the funds together and the office manager will then make the deposit.

Effect

There is an increased risk for lost or misappropriated funds when the proper protocols are not followed as instructed per the Activity Funds Manual.

Recommendation 2

The principal should ensure that proper documentation is completed in its entirety at the time the funds and supporting documents are collected to ensure cash handling procedures are followed as described in the Activity Funds Manual.

Risk Level: High³

Observation 3 – Fundraiser financial recap forms, deposit, receipting and funds disbursement procedures were not appropriately completed at the conclusion of the activity.

Condition

Four sample fundraisers were judgmentally selected and reviewed. Collected funds need to be receipted, deposited, and disbursed for the intended purpose of the activity and the Fundraiser Financial Recap Worksheet needed to be completed by the school sponsor and submitted to the principal at the end of the fundraiser.

The following was observed:

- In the Deanan Popcorn sale, funds were not deposited to the indicated activity funds account. The deposit slip from the sponsor indicated the funds should be deposited into a

³ See Attachment 1 for Definition of Risk Level

campus activity fund account, however; the *Remittance Batch Report* reveals funds were deposited in a student activity fund account.

- Oracle receipts for funds collected from the Jean Day Fundraiser and the Spring Show Concession Sale were not supported with S-1 Receipt Forms nor Tabulation Forms.
- Spring Show Concession funds were not a 50-50 split between the Cheerleading Club (CAF) and Drill Team (SAF) as indicated in Fundraiser Permission form.
- Fundraiser Financial Recap Worksheets were not completed by the school Sponsor and submitted to the principal at the end of the fundraising activity for any of the sampled fundraisers.

Criteria

Dallas ISD Activity Funds Manual, last updated February 2022

Cash Receipts - A receipt must be issued from the assigned receipt book for each individual collection totaling \$15.00 or more, or when a receipt is requested by a payer for an amount less than \$15.00. Staff/sponsor collections of less than \$15.00 individually must be recorded on the Tabulation of Monies Collected from Students form A-47(CAF 2062). Staff/sponsors must complete and bring the required paperwork with the collections to the bookkeeper.

Disbursements - Student Activity Funds (Fund 865) Student Activity Funds are derived from income received by a specific group and must be expended for the benefit of the students/group. It is the responsibility of the principal to ensure that expenditures from a Student Activity Fund account complies with the intended purpose of the group. Student Activity Funds may not be diverted for other uses

Administration of Fundraising Activities - The Financial Recap form must be completed and submitted to the principal within 10 days of the end of the fundraiser, except commission-based fundraisers.

CFD (Local), Accounting, Activity Funds Management, issued June 3, 2022

Student Activity Funds - The Superintendent of Schools shall ensure that student activity accounts are maintained to manage all class funds and other funds raised and collected by student clubs or organizations for a school-related purpose. The principal shall serve as treasurer of student organizations, and the principal or designee shall issue receipts for all funds prior to their deposit into the appropriate District account at the district depository.

Cause

There is a lack of monitoring of fundraising documentation, for example accepting deposits without sponsor receipts, appropriate account number and missing financial recap forms.

Effect

Unreceipted or incorrectly coded cash collections increase the risk for misappropriated funds and unreconciled reports. Without the completed financial recap forms, there is not a clear representation of how much was generated from the fundraiser. A review of the financial recap

form evaluates the fundraiser profitability. There is a risk that the fundraiser was not profitable.

Recommendation 3

The principal should ensure that the bookkeeper, financial clerk, and staff/sponsors are fully aware of all procedures and necessary documentation related to fundraising activities and fund handling from fundraisers by performing periodic reviews.

Risk Level: Medium⁴

Observation 4 – Credit Recovery Petition documentation was not reviewed

Condition

An analysis of the petition documentation rendered that the three petitions selected for the review were not authorized by the school's attendance committee. The parent may file a petition to appeal the loss of credit to the attendance committee. The school will make every effort to schedule petition conferences at a convenient time for the parent. At that time, the student or parent will be given an opportunity to present any information to the principal about the absences and to discuss ways to earn or regain credit.

Criteria

FEC (Regulation), Attendance, Attendance for Credit, issued November 4, 2016

Attendance for Credit - The principal will document all assignments and decisions in writing. Also, decisions made by the attendance committee will be documented in writing and communicated and/or provided to the parent.

Cause

There is a lack of monitoring of the petition documentation completion.

Effect

Without the adequate completed attendance for credit petition, there is not a clear indication that the petition was authorized by the attendance committee.

Recommendation 4

The principal should ensure that attendance for credit petition and other required documentation is properly completed as required by District regulations.

Risk Level: Medium⁵

⁴ See Attachment 1 for Definition of Risk Level

⁵ See Attachment 1 for Definition of Risk Level

Conclusion

Overall, W.W. Samuell High School has controls over the processes and procedures reviewed. Based on audit results, campus personnel were not consistent in managing the activity funds and the campus credit recovery plan. Implementing the recommendations in this report could assist Samuell HS to better ensure compliance with activity funds and the campus credit recovery plan requirements.

We would like to thank campus staff for their cooperation and assistance with this audit.

The audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. Those standards require OIA to plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our observations and conclusions based on our audit objectives. OIA believes the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

Respectfully submitted,

Robert Rubel

Robert Rubel, MBA, CPA, CIA, CISA
Chief Internal Audit Officer

Cc: Pamela Lear, Ed.D., Chief of Staff and Racial Equity
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Jamie Benitez-Renteria, Auditor I

Definition of Risk Level

Risk Level	Definition
High	High probability of occurrence that would significantly impact District operations and have a significant financial or compliance risk. These observations are defined as an observation by an internal audit that, if not addressed timely, could directly impact the achievement of a strategic or important operational objective of the District
Medium	Risks are considered to be substantially undesirable and pose a moderate level of risk exposure to District operations. Without appropriate controls, the risk will happen on a consistent basis.
Low	The risks are considered to be undesirable and could moderately expose the District. Without appropriate controls, the risk will occur some of the time.

Management Response

Observation 1 - Acknowledgment of Activity Fund Responsibilities Forms were not provided for all required personnel.

Acknowledgement of observation:

- ☒ Agree
☐ Disagree

Management's Response:

I have met with the office manager and the financial clerk to ensure that all forms are kept both on paper and electronically. Printed forms were not kept on file for all teachers. Office staff will ensure that all forms are kept in print and electronically.

Estimated Implementation Date:
August 15, 2022

Individual(s) responsible for implementation:

Gabriel Guerra, Principal, W.W. Samuell High School, School Leadership B
Donna Looney, Financial Clerk, W.W. Samuell High School, School Leadership B
Maria Alvarez, Office Manager, W.W. Samuell High School, School Leadership B

Observation 2 - Unable to determine whether cash handling procedures are being followed due to incomplete documentation.

Acknowledgement of observation:

- ☒ Agree
☐ Disagree

Management's Response:

All staff will ensure that they are aware of the regulations and procedures for financial activities. All staff will submit their training certification to the main office to ensure they have completed their training. The financial clerk and office manager will work together to ensure that all cash handling procedures are followed. Ms. Looney will upload all forms into Laserfiche and ensure that forms are tracked and completed correctly. This will ensure that the main office is aware of the status of all transactions. If transactions are not completed, Ms. Looney will be able to communicate with the sponsors to ensure that all steps are completed.

Estimated Implementation Date:
August 15, 2022

Individual(s) responsible for implementation:

Gabriel Guerra, Principal, W.W. Samuell High School, School Leadership B

Donna Looney, Financial Clerk, W.W. Samuell High School, School Leadership B

Maria Alvarez, Office Manager, W.W. Samuell High School, School Leadership B

Observation 3 - Fundraiser financial recap forms, deposit, receipting and funds disbursement procedures were not appropriately completed at the conclusion of the activity.

Acknowledgement of observation:

☒ Agree

☐ Disagree

Management's Response:

All staff will ensure that they are aware of the regulations and procedures for financial activities. Financial clerk will submit all forms and re-cap forms after all events are completed. This will ensure that Ms. Looney is able to track all forms and ensure that all aspects are completed correctly. This will ensure that Ms. Looney is able to ensure that all aspects of the activities are completed correctly and that all of the documentation is completed on time.

Estimated Implementation Date:

August 15, 2022

Individual(s) responsible for implementation:

Gabriel Guerra, Principal, W.W. Samuell High School, School Leadership B

Donna Looney, Financial Clerk, W.W. Samuell High School, School Leadership B

Observation 4 – Credit Recovery Petition documentation was not reviewed.

Acknowledgement of observation:

☒ Agree

☐ Disagree

Management's Response:

Mr. Whitley will now be the administrator over the Credit Recovery program. I have met with Mr. Whitley to ensure that all credit recovery forms will be updated and accurate records will be kept. I have also instructed Mr. Whitley that the expectation is that the Attendance for credit committee will hold regular meetings and ensure that all student and parent petitions will be reviewed and updated as needed. Mr. Whitley is working with staff to ensure that attendance meetings will be occurring on campus and that students and parents will have the ability to present information that they have for their attendance issues.

Estimated Implementation Date:

August 15, 2022

Individual(s) responsible for implementation:

Gabriel Guerra, Principal, W.W. Samuell High School, School Leadership B

Thomas Whitley, Assistant Principal, W.W. Samuell High School, School Leadership B