



Internal Audit

Woodrow Wilson High School Campus Based Controls Audit

Woodrow Wilson 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 – Woodrow Wilson High School

Executive Summary

The Dallas Independent School District (District) Office of Internal Audit (OIA) has completed the Campus Based Controls Audit at Woodrow Wilson High School (Woodrow Wilson 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, Woodrow Wilson High School has controls over the processes and procedures noted above. Campus personnel were not consistent in managing the activity funds and grant accounting. Opportunities for improvement were identified in the following areas:

1. Cash deposits were not delivered to the bank in a timely manner.
2. Fundraiser Financial Recap forms for activity funds were not completed at the end of activity.
3. Monthly reconciliations for activity funds were submitted after the due date.
4. Non-compliant items that were noted by the Special Revenue Department's bi-annual (twice a year) review were not addressed.

Implementation of the recommendations in this report could assist the District to improve processes regarding cash deposits, activity funds, and grant accounting.

Background

Woodrow Wilson HS was judgmentally selected for review. Woodrow Wilson HS had 1,909 students and 165 employees during School Year (SY) 2021-2022. The total budget for Fiscal Year (FY) 2021-2022 was \$12,380,506.

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 Woodrow Wilson HS, the balance for the student activity funds account as of May 2022 was \$104,632 and \$55,608 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 Woodrow Wilson HS, the total budgeted payroll was \$11,513,721 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 Woodrow Wilson HS, the total Title I budget was \$463,000 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.

If the student continues to miss class, the school will notify the parents, after the student has missed ten percent of the days the class is offered, that the student has lost 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 the District #10 Non-Commercial Food Service Operator in 2020. Additionally, the 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.

Woodrow Wilson's cafeteria operations provided 138,857 meals to students and staff for the SY 2021-2022.

Campus Vending Machines

The vending machines at Woodrow Wilson are part of the district contract managed by Coca Cola. The campus has two vending machines under this agreement located in the teachers' lounge. For the period of August 2021 – May 2022 vending machine proceeds totaled \$312.64.

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 were 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 Woodrow Wilson HS and related personnel.

1. Activity Funds

- General – Judgmentally selected the activity funds training acknowledgment forms for 14 campus employees to determine if they were adequately completed.
No exceptions were noted.

Monthly Reconciliations – Judgmentally selected six monthly reconciliations to determine if they were properly reviewed and submitted.
Recommendation 3 in this report was noted.

- Cash Handling – Judgmentally selected six receipts to determine if established cash handling procedures were performed.
Recommendation 1 in this report was noted.
- Petty Cash – No petty cash accounts were maintained at this campus.
- Purchasing/Disbursements – Judgmentally selected five disbursements to determine if established disbursement procedures were performed.
No exceptions were noted.
- Fundraising – Judgmentally selected three fundraisers to determine if established fundraising procedures were performed.
Recommendation 2 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. Recommendation 4 in this report was 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. No exceptions were 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 Woodrow Wilson HS, approved August 24, 2021
- 7) FEC (Regulation), Attendance, Attendance for Credit, issued November 4, 2016
- 8) Dallas ISD Food & Child Nutrition Services Department (FCNS), Procurement Procedures Manual, last updated and effective May 2020

Audit Observations and Recommendations

Observation 1 – Cash deposits were not delivered to the bank in a timely manner.

Condition

Auditor noted on June 1, 2022, six bank deposit bags in the safe totaling \$4,175 from activity funds received by the Financial Clerk on May 18, 2022. These funds were not deposited in the bank until June 29, 2022. Notification was sent to FCNS and the Finance and Accounting Support to Campuses Department (FASC) on June 1, 2022, to notify for the non-pick up on their scheduled date of May 25, 2022.

Criteria

Dallas ISD Activity Funds Manual, last Updated February 2022

Deposits - All campus collections are to be deposited weekly via courier service only. Daily courier service is provided by FCNS on school days when the cafeteria is open. On days that the cafeteria is not open, e.g., student holidays, summer break, etc., the campus is responsible for making prior arrangements for daily courier service by directly contacting FASC by email to be added to the list. The campus will be responsible for the cost during this time.

Cause

Funds were not deposited at the bank in a timely manner due to missed pickups by the courier and school year end.

Effect

Deposit delays have the potential of funds not being readily available for student/campus activities and purchases since no expenditures are approved by the principal unless sufficient funds are available in the appropriate account and encumbered (reserved) in Oracle for the payment of the purchase. Activity fund purchases processed via Oracle include funds checking that require sufficient funds to be available in the appropriate account at the time of processing.

Recommendation 1

The principal should ensure that campus personnel notify FASC in a timely manner so that the courier service can be re-scheduled and/or other alternatives implemented.

Risk Level: Medium²

Observation 2 – Fundraiser Financial Recap forms for activity funds were not completed at the end of activity.

Condition

The financial fundraising recap forms were not completed at the end of the Nutcracker performance, Art sale, and student council T-Shirt sale.

The fundraiser project requests are submitted to the financial clerk by the staff sponsors. The financial clerk then enters the fundraiser's details into Laserfiche where it is approved by the principal and executive director or executive director designee before the beginning date of the activity.

Criteria

Dallas ISD Activity Funds Manual, last Updated February 2022

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. Commission-based fundraisers are those fundraisers that are handled by the company and the company provides a check for the school portion (e.g., Scholastic Bookfair, Jostens Lifetouch, etc.)

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 was a lack of monitoring of financial recap form completion.

Effect

There is a not a clear representation of how much was generated from the fundraiser without the completed financial recap forms. Review of the financial recap form evaluates the fundraiser profitability. There is a risk that the fundraiser was not profitable.

² See Attachment 1 for Definition of Risk Level.

Recommendation 2

The principal should ensure that proper documentation is completed for fundraising activities by periodically reviewing forms.

Risk Level: Low³

Observation 3 – Monthly reconciliations for activity funds were submitted after the due date.

Condition

Four out of the six monthly reconciliation reports reviewed were not timely. The bookkeeper was not compliant with the submission deadline in April by three (3) days and in May by one (1) day.

Criteria

Dallas ISD Activity Funds Manual, last Updated February 2022

Reconciliations - Monthly reconciliations must be prepared by the bookkeeper and submitted to FASC by the 10th calendar day of each month for the month just ended. If the 10th falls on a holiday/weekend, the due date is the next working day. The due date (10th or next working day) is the date the report must be submitted into Laserfiche to be considered submitted on time.

Cause

The bookkeeper delayed submitting the reconciliation reports for April 2022 and May 2022 to have time to first meet payroll submission due dates.

Effect

The delay may result in unreconciled and inaccurate balances.

Recommendation 3

The principal should consider developing additional procedures to ensure concurrent due dates are better managed and achieved.

Risk Level: Low⁴

Observation 4 – Non-compliant items that were noted by the Special Revenue Department's bi-annual review were not addressed.

³ See Attachment 1 for Definition of Risk Level.

⁴ See Attachment 1 for Definition of Risk Level.

Condition

Documents relating to the Parent Involvement Policy Meeting, School Compact Meeting and Monthly Parent Communication were not uploaded to the Title I Crate by the campus and were marked non-compliant during the bi-annual review by the Special Revenue Department. According to the Special Revenue Department's Analyst a subsequent review of information uploaded after the deadline was conducted and the campus still did not upload the correct documentation.

Criteria

TEA Title I, Part A – Improving Basic Programs, Program Guide, version 3.0, August 2022

Parent and family engagement (PFE) is a critical requirement of the Title I, Part A program. Local Education Agencies (LEAs) fulfill the PFE requirement by conducting outreach to all parents and family members and by implementing programs, activities, and procedures for the meaningful involvement of parents and family members in Title I, Part A programs.

Cause

Consistent monitoring of information in the Title I Crate was not performed for non-compliant documentation.

Effect

Failure to provide the required documentation places the District at risk for not adhering to guidelines with federal regulations.

Recommendation 4

The principal should consider a periodic review process to ensure that documentation identified as non-compliant is appropriately remediated.

Risk Level: Medium⁵

Conclusion

Overall, Woodrow Wilson 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 grant accounting. Implementing the recommendations in this report could assist Woodrow Wilson HS to better ensure compliance with activity funds and grant accounting 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

⁵ See Attachment 1 for Definition of Risk Level.

obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

Respectfully submitted,

Robert Rubel

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Chief Internal Audit Officer

Cc: Pamela Lear, Ed.D., Chief of Staff and Racial Equity
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Definition of Risk Level

Risk Level	Definition
High	<p>High probability of occurrence that would significantly impact District operations and have a significant financial or compliance risk.</p> <p>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</p>
Medium	<p>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.</p>
Low	<p>The risks are considered to be undesirable and could moderately expose the District. Without appropriate controls, the risk will occur some of the time.</p>

Management Response

Observation 1 - Cash deposits were not delivered to the bank in a timely manner.

Acknowledgement of observation:

- ☒ Agree
☐ Disagree

Management's Response: Office Manager and Financial Clerk will continue to communicate with DISD FASC and FCNS Departments for DISD selected courier services.

Estimated Implementation Date: August 1, 2022

Individuals responsible for implementation:

Chandra Hooper-Barnett, Principal, Woodrow Wilson High School, School Leadership B
Minerva Flores, Office Manager, Woodrow Wilson High School, School Leadership B
Enereida Quiroz, Financial Clerk, Woodrow Wilson High School, School Leadership B

Observation 2 - Fundraiser Financial Recap forms for activity funds were not completed at the end of activity.

Acknowledgement of observation:

- ☒ Agree
☐ Disagree

Management's Response: Financial Clerk will work with sponsor to ensure recaps are done in a timely manner.

Estimated Implementation Date: August 1, 2022

Individuals responsible for implementation:

Chandra Hooper-Barnett, Principal, Woodrow Wilson High School, School Leadership B
Enereida Quiroz, Financial Clerk, Woodrow Wilson High School, School Leadership B

Observation 3 - Monthly reconciliations for activity funds were submitted after the due date.

Acknowledgement of observation:

- ☒ Agree
☐ Disagree

Management's Response: Office Manager will ensure there are no interruptions during monthly reconciliations due dates to ensure reports are submitted in a timely manner.

Estimated Implementation Date: August 1, 2022

Individuals responsible for implementation:

Chandra Hooper-Barnett, Principal, Woodrow Wilson High School, School Leadership B

Minerva Flores, Office Manager, Woodrow Wilson High School, School Leadership B

Observation 4 – Non-compliant items that were noted by the Special Revenue Department's bi-annual review were not addressed.

Acknowledgement of observation:

☒ Agree

☐ Disagree

Management's Response: Office Manager will ensure that there are no interruptions during Special Revenue Deadlines to ensure all required documents are submitted in a timely manner.

Estimated Implementation Date: August 1, 2022

Individuals responsible for implementation:

Chandra Hooper-Barnett, Principal, Woodrow Wilson High School, School Leadership B

Minerva Flores, Office Manager, Woodrow Wilson High School, School Leadership B