

Internal Audit Report

Management of Student Activity Funds

Monteleone Junior High School

September 23, 2024

St. Tammany Parish School System

Office of Internal Audit

Background

Monteleone Junior High (LMJ) is located in Mandeville, Louisiana and provides services to approximately 350 seventh and eighth grade students. The St. Tammany Parish School Board (STPSB) employs individuals to work at LMJ. The management structure of LMJ includes a Principal and one Assistant Principal 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, child care 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 LMJ.
- Review the school's compliance with STPSB School Finance Handbook (Administrative Guidelines/Best Practices for School Activity Funds Accounting).

Audit Scope

For the period 7/1/2023 – 6/30/2024, a limited review was performed of the financial records of LMJ. 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 LMJ 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 the initial testing included supporting documentation for a combined sixty-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 amounts tested for the period 7/1/2023 – 6/30/2024 were as follows:

- \$ 26,222 in receipts
- \$ 23,832 in disbursements

Audit Observations/Results:

1. Compliance with Fund Collection Policy

Observation:

Fourteen deposits were reviewed to ensure the receipting process was complete and compliant. A review of these transactions indicated that several of the receipt transactions sampled were not processed in compliance with the STPSB Administrative Guidelines/Best Practices for School Activity Funds Accounting. Several different deposits received from a variety of employees were noted in which cash and check receipts were collected and retained in the classrooms or offices over several consecutive days rather than delivered daily to the bookkeeper.

Recommendation:

The fund deposit policy requires that all funds received be delivered to the bookkeeper daily in order that the bookkeeper can deposit the funds to the bank.

Management Action Plan:

We have moved most receipts to My Payments Plus in order to reduce the amount of receipts that teachers have to handle. We will reemphasize the need to staff to follow the established policy.

2. Compliance with Fund Deposit Policy

Observation:

The fund deposit policy requires that all funds received be delivered to the bookkeeper daily in order that the bookkeeper can deposit the funds to the bank. Several deposits were noted in which cash and check receipts were either retained by staff or placed in the school safe over several consecutive days and not deposited at the bank timely as required.

Recommendation:

All funds collected should be deposited in compliance with the STPSB deposit policies. STPSB deposit policy requires that all receipts should be deposited to the bank intact. However, if the amount collected is less than \$1,000, the funds can be secured in the school safe until the total amount reaches \$1,000. In addition to the \$1,000 limit, all funds must be deposited to the bank on the last day of the school week and before a holiday.

Management Action Plan:

We have moved most receipts to My Payments Plus in order to reduce the amount of receipts that teachers have to handle. This will allow for fewer receipts on campus. We will reemphasize the need to staff to follow the established policy.

3. Compliance with Fund Deposit Policy

Observation:

The fund deposit policy allows that daily total funds collected less than \$1,000 can be secured in the school's safe. The policy requires that daily receipts collected in excess of \$1,000 should be deposited to the bank daily. In addition, all funds must be deposited to the bank on the last day of the school week and before a holiday.

A review of fourteen receipts indicated that, in several instances, receipted funds (mainly from sporting events) were not deposited in compliance with the Fund Deposit Policy. In these situations, funds receipted exceeded the \$1,000 limit and were retained on campus and not deposited to the bank's night drop as required.

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:

We have moved most receipts to My Payments Plus in order to reduce the amount of receipts that teachers have to handle. Additionally, we have moved to a cashless system for athletic events. We will reemphasize the need to staff to follow the established policy.