

Internal Audit Report

Management of Student Activity Funds

Bayou Woods Elementary School

October 11, 2024

St. Tammany Parish School System

Office of Internal Audit

Background

Bayou Woods Elementary (BWE) School is located in Slidell, Louisiana and provides services to approximately 450 pre-kindergarten through third grade students. The St. Tammany Parish School Board (STPSB) employs individuals to work at BWE. The management structure of BWE 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 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 BWE.
- Review the school's compliance with STPSB School Finance Handbook (Administrative Guidelines/Best Practices for School Activity Funds Accounting).

Audit Scope

For the period 9/1/2023 to 8/31/2024, a limited review was performed of the financial records of BWE. 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 BWE 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 thirty-five 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 9/1/2023 to 8/31/2024 were as follows:

- \$ 19,550 in receipts (29% of total \$'s receipted)
- \$ 24,753 in disbursements (28% of total \$'s disbursed)

Audit Observations/Results:

1. Compliance with Fund Collection Policy

Observation:

Twenty-one 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 (including weekends) rather than delivered daily to the bookkeeper.

Retention of these receipts by teachers and staff over the weekend also caused cash and checks collected to exceed both the \$1,000 limit allowed, as well as, the requirement to deposit any funds still on hand on the last day of that school week.

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. Receipts should be deposited intact daily. 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.

Management Action Plan:

All monies are now being completely being handled through My Payments Plus. Our campus is now cashless.

2. Compliance With Fundraising Policy – Post Fundraising Reconciliation

Observation:

Post-fundraising reconciliations were not completed at the conclusion of fundraising events in order to ensure that the events produced a net profit.

Recommendation:

The fundraiser reconciliation form should be used after each fundraising event. Once completed, they should be printed and retained with other documentation retained for each fundraiser.

Management Action Plan:

Staff was retrained and reports will be done accordingly.

3. Compliance with Fund Expenditure/Obtaining Proper Approval Prior to Purchasing School-Related Items

Observation:

As part of the disbursement testing process, a sample of fourteen disbursements were reviewed. Several of the disbursements sampled were invoiced prior to the Principal's approval via the Purchase Request Form.

Recommendation:

All expenditures require the prior written approval of the Principal with "an amount not to exceed" provided on the Purchase Request Form. The Principal's approval confirms that related account funds are available to cover the expenditure, that the person requesting the expenditure is authorized to do so, and that the disbursement is in accordance with LSA-RS 17:414.3 (B)(3). In order to maintain an environment with appropriate internal controls regarding disbursements, all required prior written approvals or supporting documentation must be obtained and recorded.

Management Action Plan:

Staff was retrained and requests will be handled appropriately.