

Internal Audit Report

Management of Student Activity Funds

Bayou Lacombe Middle School

October 10, 2024

St. Tammany Parish School System

Office of Internal Audit

Background

Bayou Lacombe Middle School (BLMS) School is located in Lacombe, Louisiana and provides services to approximately 200 fourth through sixth grade students. The St. Tammany Parish School Board (STPSB) employs individuals to work at BLMS. The management structure of BLMS 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, childcare 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 BLMS.
- 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 BLMS. 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 BLMS 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-three 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:

- \$ 15,710 in receipts
- \$ 10,442 in disbursements

Audit Observations/Results:

1. Compliance With Fundraising Policy – Post Fundraising Reconciliation

Observation:

Post-fundraising reconciliations were not completed by sponsors 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:

Moving forward, I will instruct sponsors to create and submit their post fundraiser reconciliation forms.