

Internal Audit Report

Management of Student Activity Funds

Fontainebleau High School

September 30, 2024

St. Tammany Parish School System

Office of Internal Audit

Background

Fontainebleau High School (FHS) School is located in Mandeville, Louisiana and provides services to approximately 1,500 ninth to twelfth grade students. The St. Tammany Parish School Board (STPSB) employs individuals to work at FHS. The management structure of FHS includes a Principal and three Assistant Principals 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 FHS.
- 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 FJH. 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 FHS 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 fifty-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:

- \$ 208,350 in receipts (27% of total \$'s receipted)
- \$ 257,623 in disbursements (25% of total \$'s disbursed)

Audit Observations/Results:

1. Compliance with Fund Deposit Policy (Repeat Observation)

Observation:

The fund deposit policy requires that all receipts provided to the bookkeeper should be deposited to the bank intact daily if in excess of \$1,000. Also, all funds must be deposited to the bank on the last day of the school week and before a holiday.

A review of twenty-five deposits indicated that on one occasion funds greater than \$1,000 were maintained in the school safe over a couple of weeks during a holiday break and were not deposited to the bank as required. The collected funds represented receipts from multiple athletic events.

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 to a cashless entry procedure using GoFan that should eliminate this concern entirely.

2. Compliance with Fund Deposit Policy

Observation:

Twenty-five deposits were reviewed to ensure the receipting process was complete and compliant. One of these transactions sampled was an athletic deposit that was not processed in compliance with the STPSB Administrative Guidelines/Best Practices for School Activity Funds Accounting. In this case, these receipts were retained by the sponsor for multiple days and not provided to the bookkeeper and secured in the school's safe as required.

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 are having a financing policy refresher with staff who collect funds.

3. Compliance With Event/Ticket Reconciliation Report

Observation:

An athletic event was held on campus in which admission was charge but the required Ticket Reconciliation Report was not completed.

Recommendation:

There should be a proper accounting for admission fees charged for all events such as athletics, or entertainment. After the event, the last tickets sold information should be entered on the Ticket Reconciliation Report and the report completed and signed by the ticket seller. An administrator should then sign and the Ticket Reconciliation Report and the completed report provided to the bookkeeper who then posts the admission revenue.

Management Action Plan:

We have moved to a cashless entry procedure using GoFan that should eliminate this concern entirely.

4. Compliance With Fund Expenditure/Purchasing Policy - Charter Bus Policies**Observation:**

Out of the twenty-disbursements selected for testing, two related to chartering a bus for travel. At times, the school uses a travel agent to book the services of bus charter companies for travel events. In one of the two travel events, the school sponsor handled the charter bus booking and successfully added the required cancellation policy verbiage to the contract. In the other instance, the sponsor used a travel agent who failed to add all of the required cancellation policy verbiage to the contract.

Recommendation:

The STPSB charter bus policy indicates that the cancellation policy must include the following or similar terms:

“With prior to 24-hour notice, only the deposit will be forfeited and with less than 24-hour notice, 100% of the charter price paid is forfeited. In the event of an Act of God, declaration of war or civil unrest, no funds will be forfeited.”

Management Action Plan:

This contract was negotiated with vendor and Central Office finance personnel viewed multiple drafts and even sent it to the school board legal before it was signed. In the future, I will better educate myself on district contract requirements to ensure that all expectations are met before sending drafts in for review.