Internal Audit Report

Management of Student Activity Funds

Chahta-Ima Elementary School

October 31, 2024

St. Tammany Parish School System

Office of Internal Audit

Background

Chahta-Ima Elementary School (CIE) School is located in Lacombe, Louisiana and provides services to approximately 330 Pre-kindergarten through third grade students. The St. Tammany Parish School Board (STPSB) employs individuals to work at CIE. The management structure of CIE 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 CIE.
- Review the school's compliance with STPSB School Finance Handbook (Administrative Guidelines/Best Practices for School Activity Funds Accounting).

Audit Scope

A limited review was performed of the financial records of CIE from 10/1/23 – 9/30/24. 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 CIE 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 twenty-six 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 from 10/1/23 - 9/30/24 were as follows:

- $ 22,020 in receipts (29% of total receipted)
- $ 22,768 in disbursements (30% of total disbursed)

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 post 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:

   At Chahta-Ima Elementary, we will begin to complete the Post-Fundraising form in order to conclude if the event produced enough profit to conduct the fundraiser again in the future.

2. **Compliance With Fund Collection Policy - Processing Checks Received From Mail**

   Observation:

   The bookkeeper is typically the first person involved in processing the daily mail. This includes receiving, opening, sorting and distributing the mail. In cases where checks are received by mail, the bookkeeper is retaining the checks, preparing the Money Collection Form, preparing the checks for deposit to the bank and making the bank deposit.

   Recommendation:

   There should be some segregation of duties involved in the mail processing function. In this situation, the bookkeeper should not be the initial person processing the mail. A different employee should open the mail, create a Money Collection Form listing any checks received and forward the funds to the bookkeeper.

   Management Action Plan:

   When mail arrives at Chahta-Ima Elementary, office personnel other than the bookkeeper will open and create a Money Collection Form listing any checks received and forward the funds to the bookkeeper.

3. **Compliance With Grant Approval Process**

   Observation:

   The Principal must approve all applications for school grants prior to applying for the grant. A Grant Approval Form is available for all teachers /sponsors to complete with the information about the grant. During a review of receipts, it was noted that grant requests were not always approved in advance prior to being applied for.

Recommendation:

The school should comply with the STPSB's Best Practices for School Activity Funds Accounting manual regarding grants. The form must be signed and dated by the teacher/sponsor requesting the grant and then submitted to the Principal for approval. The Principal would then sign and date the approval and forward the request to the school's Curriculum and Instruction Supervisor.

Management Action Plan:

As the Principal of Chahta-Ima Elementary School, I will ensure that the bookkeeper is aware of all grant approvals and forward her a copy of the Grant Approval Forms.

4. Compliance With Fund Collection Policy – Recording All Receipted Funds

Observation:

Funds received by school employees were not consistently documented on a Money Collection Form. More than half of the samples selected for receipt's testing were not recorded on the required Money Collection Form.

Recommendation:

As indicated in the Finance Department's Administrative Guidelines/Best Practices for School Activity Funds Accounting, "all persons receiving funds are required to issue receipts to the individual giving them the funds. The receiver will then list all names and amounts on the School Money Collection Form.

Management Action Plan:

At Chahta-Ima Elementary School, we will ensure that all recipients of funds issue a receipt to the individual who gave them the funds.