# Internal Audit Report

## Management of Student Activity Funds

## Mandeville High School

## November 11, 2024


## St. Tammany Parish School System

## Office of Internal Audit

## Background

Mandeville High School (MHS) School is located in Mandeville, Louisiana and provides services to approximately 2,000 ninth to twelfth grade students. The St. Tammany Parish School Board (STPSB) employs individuals to work at MHS. The management structure of MHS includes a Principal and four 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 MHS.
- Review the school's compliance with STPSB School Finance Handbook (Administrative Guidelines/Best Practices for School Activity Funds Accounting).

## Audit Scope

For the period 10/1/2023 to 9/30/2024, a limited review was performed of the financial records of MHS. 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 MHS 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-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 for the period 10/1/2023 to 9/30/2024 were as follows:

- $ 348,031 in receipts (29% of total $'s receipted)
- $ 345,801 in disbursements (23% of total $'s 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:**

   Bookkeeper is now sending the post-fundraising reconciliation forms to the sponsor/coach when fundraiser is approved with a reminder that this is required after the fundraiser has completed.

2. **Compliance With the Fund Expenditure Policy – Vendor Payments**

   **Observation:**

   While testing the disbursement processes of the school, two disbursements to two different vendors did not contain a proper detailed invoice for the work performed but instead either just a weekly or monthly total of hours worked.

   **Recommendation:**

   Per the STPSB Administrative Guidelines/Best Practices for School Activity Funds Accounting manual the supporting documentation should contain "a proper invoice" to be approved "showing the receipt of goods or services or some other authorized *detailed* document." These vendors should be required to provide a detailed document listing the individual days and hours worked.

   **Management Action Plan:**

   This has now been explained to the sponsors/coaches. The vendors will include the daily hours on their invoices to show the hours worked each month.

3. **Compliance With Fund Collection Policy – Event Ticket Reconciliation**

   **Observation:**

   The STPSB fund collection policy requires a proper accounting and reconciliation for admission fees charged for all events. A review of events admission collection noted the reconciliation form was not completed and/or not consistently reconciled. By not being completed, the Principal could not determine that that all funds were reconciled when compared with number of tickets sold. This acknowledgment of both a review and that all funds were collected is an important internal control.

**Recommendation:**

All funds should be collected in compliance with the STPSB collections policy. There should be a proper accounting for admission fees charged for all events such as athletics and entertainment; whether collected in advance or upon entering an event. All event fees should be controlled through the use of pre-numbered tickets. The person responsible for controlling the tickets must enter the first unsold ticket number for each category of tickets to be sold on the Ticket Reconciliation report. After the event, the last sold ticket number should be entered on the Ticket Reconciliation form by the ticket controller. Without completing this process, an accurate reconciliation of receipts collected compared to tickets sold cannot be performed. Having the Principal review the form is the final step in the reconciliation process to ensure all steps were completed.

**Management Action Plan:**

We no longer have gate cash collections so this will not be an issue any longer. All events will now go through *Go Fan*, our online ticketing system.

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

**Observation:**

The school uses the services of bus charter companies for a variety of travel events. In these situations, the specific STPSB charter bus policy additional contract requirements were not always included. Out of the twenty-nine disbursements selected for testing, three 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 other trips, the sponsor handles the booking directly. In these three trips, the required cancellation verbiage was not added to the contract as required.

**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:**

We have sent these contracts to the school Finance Department to view the contract before having the Superintendent sign. School Finance approved the contracts and sent to the Superintendent without the correct terms being included. We will do a better job to make sure going forth all contracts have the correct terms included.

**5. Compliance With Personal Transaction Policy**

**Observation:**

As part of the disbursements testing, a sample of twenty-nine disbursements were reviewed. Two of those disbursements selected involved travel expenses paid by the school. In the work-related travel trip reviewed, on two separate occasions, two different employees were awarded personal reward points (for multiple rooms used by other employees) in which public funds paid for the business-related travel.

**Recommendation:**

An individual employee can retain the travel-related reward membership points for themselves but not travel-related reward membership points earned by other employees.

**Management Action Plan:**

We had one of the employees email the hotel to remove the earned points. The other employee no longer works for the school system. Going forth, we will stress to our faculty this policy.