

Internal Audit Report

Management of Student Activity Funds

Covington Elementary School

November 25, 2024

St. Tammany Parish School System

Office of Internal Audit

Background

Covington Elementary School (CES) is located in Covington, Louisiana and provides services to approximately 600 pre-kindergarten through third grade students. The St. Tammany Parish School Board (STPSB) employs individuals to work at CES. The management structure of CES 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 CES.
- Review the school's compliance with STPSB School Finance Handbook (Administrative Guidelines/Best Practices for School Activity Funds Accounting).

Audit Scope

For the period 11/1/2023 to 10/31/2024, a limited review was performed of the financial records of CES. 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 CES 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-one 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 11/1/2023 to 10/31/2024 were as follows:

- \$ 15,981 in receipts (13% of total \$'s receipted)
- \$ 35,926 in disbursements (22% of total \$'s disbursed)

Audit Observations/Results:

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

Observation:

As part of the disbursement testing process, a sample of seventeen disbursements were reviewed. Two 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:

To ensure accountability, the Principal will ensure all expenditures obtain prior written approval from the Principal before being processed. This practice will help maintain transparency and align spending with school priorities.