

Internal Audit Report

Management of Student Activity Funds

Northshore High School

November 20, 2024

St. Tammany Parish School System

Office of Internal Audit

Background

Northshore High School (NHS) School is located in Slidell, 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 NHS. The management structure of NHS 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 NHS.
- 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 NHS. 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 NHS 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 forty-nine 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:

- \$ 130,348 in receipts (19% of total \$'s receipted)
- \$ 122,200 in disbursements (15% 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:

Upon approval from the Principal and Central Office to proceed with a fundraiser, the faculty member in charge will be sent an email with the Excel document attached for reconciliation.

2. Compliance With the Fund Expenditure Policy – Vendor Payments

Observation:

While testing the disbursement processes of the school, disbursements to one of the school's vendors for significant dollar amounts did not contain a proper detailed invoice for the work performed but instead the invoices contained only total amounts due.

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." Vendors should be required to provide a detailed document listing the details associated with the due amounts.

Management Action Plan:

For this specific vendor, we will require detailed receipts of all expenditures, as opposed to just a total dollar amount receipt.