

Internal Audit Report

Management of Student Activity Funds

Lakeshore High School

March 28, 2025

St. Tammany Parish School System

Office of Internal Audit

Background

Lakeshore High School (LHS) School is located in Mandeville, Louisiana and provides services to approximately 800 ninth to twelfth grade students. The St. Tammany Parish School Board (STPSB) employs individuals to work at LHS. The management structure of LHS includes a Principal and two 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 student educational experiences 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 LHS.
- Review the school's compliance with STPSB School Finance Handbook (Administrative Guidelines/Best Practices for School Activity Funds Accounting).

Audit Scope

For the period 2/1/2024 to 1/31/2025, a limited review was performed of the financial records of LHS. 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 LHS 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-two 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 2/1/2024 to 1/31/2025 were as follows:

- \$ 83,613 in receipts (19% of total \$'s receipted)
- \$ 162,892 in disbursements (29% 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:

The Principal will ensure club sponsors and coaches complete a fundraiser reconciliation after each fundraising event. The bookkeeper will print and retain the reconciliation forms for each fundraiser.

2. Compliance with Fund Deposit Policy (Repeat Finding)

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. Eighteen receipts were selected for review and four were noted in which funds were receipted but were either retained by staff or placed in the school safe over several consecutive days and not deposited at the bank timely as required.

Recommendation:

All funds collected should be deposited in compliance with the STPSB deposit policies. STPSB deposit policy requires that all receipts should be deposited to the bank intact. However, if the amount collected is less than \$1,000, the funds can be secured in the school safe until the total amount reaches \$1,000. In addition to the \$1,000 limit, all funds must be deposited to the bank on the last day of the school week and before a holiday. When \$1,000 or greater is collected at an activity, those funds should be deposited that day to the bank's night deposit safe.

Management Action Plan:

The Principal will ensure there is no more than \$1,000 (check and/or cash) in the safe during the school year and as well during the summer. She will remind staff about depositing all money with the bookkeeper (school year) or Administrator on duty (summer). If the cumulative amount is over \$1,000 then a deposit will be made via the bank's night depository.

3. Compliance With Fund Expenditure/Obtaining Proper Approval Prior To Purchasing School-Related Items (Repeat Finding)

Observation:

As part of disbursement's testing, a sample of twenty-nine disbursements were reviewed. A review of the school's Purchase Request forms indicated that three of the school's Purchase Request forms selected did not contain the Principal's required **prior** approval to order items. This approval is a required component of the Purchase Request form and represent an important internal control feature.

The STPSB School Finance Handbook indicates that consideration of expenditures requires prior approval of the Principal with "an amount not to exceed, or exact total" provided on the Purchase Request form. Prior to item(s) ordered/invoiced, the appropriate supporting documentation, the Principal's approval signature and the date are needed to confirm that (a) the related account funds are available to cover the expenditure, (b) the person requesting the expenditure is authorized to do so, and (c) that the disbursement is in accordance with LSA-RS 17:414.3(B)(3).

Recommendation:

The school should follow the STPSB's School Finance Handbook that requires that the School Purchase Request form be completed **prior** to purchases. In order to maintain an environment with appropriate internal controls, the Purchase Request form must be approved by a supervisor of the individual requesting the purchase.

Management Action Plan:

The Principal will send reminders to staff about purchasing policies and stress the importance of getting prior approval Before purchases are made. If a staff member continues to be out of compliance, he/she will have a Just Cause meeting.

4. Compliance With The Fuel Card Log In/Out Process

Observation:

School employees are required to obtain permission to use the school fuel card. Once permission is granted, the employee is provided the fuel card and the employee must log out the fuel card on the log in/out form. When the employee returns the school fuel card, the card should be logged back in and the supporting documentation provided to the bookkeeper. Currently, this guideline regarding best practices for school fund activity is not being performed.

Recommendation:

A log sheet should be used for the school's fuel card to track who possesses the card, as well as when returned. Employees authorized to use the school's fuel card should be required by the bookkeeper to sign the card in and out each time the card is used.

Management Action Plan:

The Principal will ensure the same protocol that is being used for use of a school credit card is also being used for the use of the fuel card.