

Internal Audit Report

Management of Student Activity Funds

Pine View Middle School

April, 3 2025

St. Tammany Parish School System

Office of Internal Audit

Background

Pine View Middle (PVM) School is located in Covington, Louisiana and provides services to approximately 680 fourth through sixth grade students. The St. Tammany Parish School Board (STPSB) employs individuals to work at PVM. The management structure of PVM 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, childcare 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 PVM.
- Review the school's compliance with STPSB School Finance Handbook (Administrative Guidelines/Best Practices for School Activity Funds Accounting).

Audit Scope

For the period 3/1/2024 to 2/28/2025, a limited review was performed of the financial records of PVM. 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 PVM 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-four receipt and disbursement transactions. This documentation included but was not limited to invoices, receipts, bank records, purchase authorization forms, bank reconciliations, and bank statements.

Transactions total amounts tested for the period 3/1/2024 to 2/28/2025 were as follows:

- \$ 28,666 in receipts (32% of total \$'s receipted)
- \$ 34,770 in disbursements (34% 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 disbursement's testing, a sample of eleven 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:

In an effort to maintain an environment with appropriate internal controls, all persons requesting a purchase must have the request completed and approved before making the purchase. We will revisit and review these policies and procedures with all staff during our faculty meetings, in our weekly staff memos, and beginning of the school year professional development.