

Warrington Middle School
Audit of School Internal Accounts
For the Year Ended June 30, 2021

Office of Internal Auditing
August 2021

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VERIFIED BY RECORDING SECRETARY

Preface

The Office of Internal Auditing serves to improve the fiscal accountability and enhance the public's perception of the management and operations of the Escambia County School District. This engagement strives to meet those objectives.

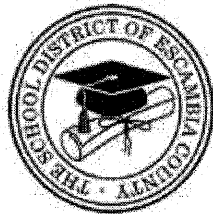
Audits, reviews, and other engagements are determined through a District-wide risk assessment process, and are incorporated into the annual work plan of the Office of Internal Auditing, as approved by the Audit Committee. Other assignments are also undertaken at the request of District management.

This engagement was conducted with the full cooperation of Warrington Middle School staff and other District personnel.

Any recommendations included in this engagement are designed to improve operations and serve as the basis for informed discussions related to policies and procedures.

This engagement was conducted in accordance with the International Standards for Professional Practice of Internal Auditing, as promulgated by the Institute of Internal Auditors.

We thank the principals, assistant principals, bookkeepers, secretaries, and various support personnel throughout the District for their cooperation and commitment.



Office of Internal Auditing
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Executive Summary

Warrington Middle received a full audit for the 2020-2021 fiscal year.

Our office audits the internal accounts of the District's schools annually. The authority to conduct these audits is granted by the School Board of Escambia County in the Charter for the Office of Internal Auditing.

These audits are conducted on a rotating basis with a sample of schools receiving "full" audits each year, and the other schools receiving "limited" audits. For each full audit, extensive testing procedures are applied to internal funds accounts. Limited audits include cash procedures and reconciliation to independent bank confirmations. For the 2020-2021 fiscal year, Warrington Middle School (Warrington Middle) received a full audit. This report documents the results of the audit.

One adjusting journal entry was recommended.

The purpose of our audit was to determine whether the financial information reported in the internal accounts reconciles with bank statements and corresponding independent bank confirmations, and to determine compliance of transactions included in those same internal accounts with the governing provisions of Florida Statutes, State Board of Education rules, and policies and procedures of the School Board. We also sought to determine whether any instances of non-compliance were severe enough to render the financial information reported by the school unreliable. We believe our audit provides a reasonable basis for our opinion, findings, and recommendations.

Our audit procedures indicated matters that required adjustment of the school's records. One journal entry was necessary:

- To transfer the remaining balance of the 8th Grade account to the General account.

These journal entries were processed by the bookkeeper in the following school year.

Our testing resulted in four audit findings.

Our testing resulted in four audit findings:

- Fundraiser Request/Reconciliation Forms were not properly completed for certain events.
- The Monthly Log Report was not properly completed.
- The Season Pass Sales & Reconciliation Report was not utilized.
- Records were missing and not properly handled.

The school's overall fund balance as of June 30, 2021 was \$8,634.84.

The overall fund balance reported by the school at June 30, 2021 was \$8,634.84. We have determined that the financial information reported by the school reconciles with bank statements and independent bank confirmations.

The majority of transactions included in the school's internal

In our opinion, the majority of transactions included in the school's internal accounts were processed in accordance with all applicable Florida Statutes,

accounts were processed in accordance with applicable policies and procedures.

State Board of Education rules, and policies and procedures of the School Board.

We have also determined that the instances of non-compliance noted above and elsewhere in this report do not have a material effect and are not severe enough to render the financial information unreliable.

This report contains recommendations. The Executive Summary is intended to highlight the various aspects of the report. The full report should be read to understand the basis of our recommendations. We will follow-up on these recommendations approximately 90 days after the school's exit conference.

Background

Outside support organizations are not included in this report and are not audited by our office.

Each year, our office audits the District's schools' internal accounts. The authority to conduct these audits is granted by the School Board of Escambia County in the Charter for the Office of Internal Auditing.

School internal funds are defined in the Internal Funds Policy Manual (the Manual) as "all monies collected and disbursed by school personnel within a school, for the benefit of the school, or a school sponsored activity." As further explained in the Manual, "School internal funds shall be used to supplement activities approved by the school board when the District budgetary funds are not available or have been exhausted." More plainly, internal funds include everything from money found on campus to collections from ticket sales for athletic events.

Each year, District schools receive either a "full" audit (including all procedures listed in the Methodology section below), or a "limited" audit, where only certain procedures are performed (such as obtaining third-party confirmation for all cash and investment accounts and reconciliation of bank statements and confirmations). For the 2020-2021 fiscal year, Warrington received a full audit.

Outside support organizations (school booster clubs and parent teacher associations) affiliated with this school that operate independent of a school's internal accounts are not included in this report and are not audited by the Office of Internal Auditing.

Warrington last received a full audit in the 2017-2018 fiscal year. There was one matter that rose to the level of audit finding. There was a finding related to the proper language not being present in donation request letters, which was determined to be addressed adequately during a subsequent follow-up audit.

The principal and bookkeeper

The school's previous principal and bookkeeper were reassigned at year-

were reassigned and replaced in the next school year.

end, and were replaced during the next school year.

Objective

The purpose of our audit was to determine whether the financial information contained in the internal accounts reconciles with bank statements and corresponding independent bank confirmations, and to determine compliance of transactions included in those same internal accounts with the governing provisions of Florida Statutes, State Board of Education rules, and policies and procedures of the School Board. We also sought to determine whether any instances of non-compliance were severe enough to render the financial information unreliable.

We have conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditing, and have planned and performed our audit to obtain reasonable assurance that transactions were made in accordance with applicable policies and laws and that the financial information presented is reliable.

We believe our audit provides a reasonable basis for our opinion, findings, and recommendations.

Scope

The State Board of Education Redbook, Chapter 8, Section I, 1(b) states that the District School Board is responsible for the administration and control of school's internal accounts and in connection therewith shall provide for an audit of those accounts. Pursuant to this rule, we have audited the financial transactions of the internal accounts of the school as of and for the fiscal year ended June 30, 2021. These accounts are the responsibility of the principal of that school.

Methodology

The audit consists of three phases: planning, fieldwork, and reporting.

Each audit consists of three phases, containing specific steps to ensure it is done in accordance with professional standards and current accepted practice.

The Planning Phase

The planning phase serves as the initial stage of an audit, where the auditor determines which schools are audited, ensures his or her independence,

No known conflicts of interest were identified.

Control risk for Warrington has been assessed at moderate.

For our purposes, exceptions of

assesses the overall control environment and risk factors, and selects the samples of transactions to be tested.

School Sample

Rather than auditing 100% of schools each year, a system of rotation is utilized that is based primarily on school classification (i.e., elementary, middle, high).

Ensuring Independence

An independence statement is completed for each school. This statement contains the signature of each auditor certifying that there are no conflicts of interest and that they are free from bias. **No known conflicts were identified.**

Control Risk Assessment

At the beginning of each audit, the two prior audits and work papers, as well as any follow-up audits, are reviewed. We also determine whether there have been any significant personnel changes (i.e., principal, bookkeeper).

Each school's bookkeeper and principal are given internal control questionnaires to complete prior to their audit beginning. We review the responses, and discuss any items of concern with the appropriate staff. These questionnaires represent only a portion of our assessment of the overall control environment.

Based on our experience with the school, control risk is assessed at moderate. Therefore, our audit procedures are limited to those in the audit program. If control risk is assessed at a level higher than moderate, additional procedures may be performed.

Transactional Samples

Statistical sampling for attributes has been chosen. This method allows conclusions to be drawn about the population based on statistical inference. If after testing we determine the sample does not provide adequate coverage of the total population, auditor judgment and discussion with the Director of Internal Auditing are used to determine whether additional sampling methodologies are necessary (judgmental sampling, whole population, etc.).

The Fieldwork Phase

The fieldwork phase involves transactional testing of the school's internal accounts. The items in each of our samples are tested for compliance with applicable Florida Statutes, State Board of Education Rules, Board Policies, contract terms and conditions, and grantor restrictions.

While performing our testing, a percentage of transactions is allowed to contain compliance violations before it is determined to be an audit finding.

greater than or equal to 20 % of the total population may exist before an audit finding is issued.

For our purposes, an audit finding is a recurring issue that is present in greater than or equal to 20% of the sample. In addition, due to seriousness or materiality, a single compliance violation could also result in an audit finding.

Upon the completion of fieldwork, exit conferences to discuss the results of the audit are conducted with principals and secretaries/bookkeepers, if necessary.

The Reporting Phase

Upon the completion of the planning and fieldwork phases of an audit, the results of those phases are compiled into an easily readable and understandable format (i.e., the audit report). The report is presented to, and approved by, the Audit Committee and the School Board at the end of each audit cycle.

Financial information from full audits is combined with information from limited audits and compiled into a District-Wide Report on Internal Accounts.

Detailed Results

Summary of Fund Activity	
Beginning Cash Balance, 7/1/2020	\$ 16,976.74
Total Receipts	15,068.66
Total Disbursements	(20,084.78)
Total Net Journal Entries	(3,325.78)
Ending Cash Balance, 6/30/2021	\$ 8,634.84
Audit Adjustments	-
Ending Fund Balance, 6/30/2021, Per Skyward	\$ 8,634.84
Cash Balance per Confirmation(s)	\$ 8,634.84
Outstanding Deposits	-
Outstanding Checks	-
Other Reconciling Items	-
Ending Fund Balance, 6/30/2021, Per Confirmation(s)	\$ 8,634.84

General Ledger Review

Throughout the year and prior to the school's closing of their records at year end, we may review various reports, transactions, and supporting documentation of the school. The purpose of this review is to recommend adjusting journal entries, reclassifications, or other necessary actions which we feel will result in more accurate reporting and/or compliance with

One adjusting journal entry was recommended.

established rules, policies, and procedures. Any recommended entries or actions are traditionally completed prior to the close of the school's records, and are therefore included in the reported June 30 financial information, unless otherwise indicated.

As a result of our fieldwork, one additional adjusting journal entry was recommended:

- To transfer the remaining balance in the C3010, 8th Grade account, we recommended a journal entry be processed for \$96.21.

After fieldwork, but prior to the issuance of this report, the school implemented our recommendations to process all journal entries mentioned above.

One finding related to improper completion of the FRR forms.

Findings

Fundraiser Request/Reconciliation Forms – Proper Completion

Our testing indicated Fundraiser Request/Reconciliation (FRR) forms were not properly completed.

Chapter 8 Section III, 4.4 of the State Board of Education Rules states all fundraisers shall be planned to finance a specific objective and have the approval of the organization sponsor and the principal. In addition, the principal shall maintain control over the activity. The requirements of the rule are met through the proper completion of the Fundraising Request/Reconciliation Form.

The Fundraising Guidelines Handbook approved by the School Board explains the use of the Fundraising Request/Reconciliation Form. The Handbook states, "Completing Section I of this form will document the authorization of the fundraiser...At the conclusion of your fundraiser, complete Section II of the Fundraising Request/Reconciliation Form...Review school internal funds reports to verify accuracy of postings to your account...Evaluate the success of your fundraising activity."

See our recommendation in the Recommendations section below.

One finding related to the Monthly Log Report not being properly maintained.

Monthly Log Report – Proper Completion

Our testing indicated the Monthly Log Report was not properly maintained.

The Internal Funds Policy Manual provides specific guidelines to be followed for the receipt of monies. As an internal control, at the end of each month, the secretary/bookkeeper is to provide a general ledger of each account to the account sponsors. These reports give the opportunity for those remitting monies to review their accounts on a timely basis for any discrepancies or posting errors. As evidence of this procedure, the account sponsor is to initial a Monthly Log Report.

See our recommendation in the Recommendations section below.

One finding related to the lack of utilizing a Season Pass Sales & Reconciliation Report.

Season Pass Sales & Reconciliation Report

Out testing indicated a Season Pass Sales & Reconciliation Report was not utilized.

The Internal Funds Policy Manual provides specific guidance regarding ticket inventory. Section II, J of the Manual states, "All checks and tickets must be pre-numbered and perpetual inventories of each must be maintained. Inventories must show the beginning and ending numbers of all pre-numbered documents acquired and issued. In all cases where tickets are used, ticket reports and unsold tickets must be available for audit."

See our recommendation in the Recommendations section below.

School financial records were disorganized.

Other Comments

Organization of Financial Records

Our testing indicated an overall lack of organization of the school's records.

The lack of organization led to several issues, the most severe of which was the inability to locate credit card purchases, receipts, and journal entry transactions.

The Internal Funds Policy Manual provides specific guidelines regarding disbursements from internal funds. Section VIII, D of the Manual states, "All internal fund expenditures must be supported by documentation including a detailed description of the items purchased such as vendor invoices, cash register receipts, or other receipts. A statement alone does not constitute adequate support for a payment."

See our recommendation in the Recommendations section below.

Opinion

The financial information reconciled with bank statements and independent confirmations.

Our opinion is divided into two major areas: whether or not the financial information reported by the school reconciles with corresponding bank statements and independent bank confirmations; and an assessment of the compliance of transactions included in the internal accounts with the governing provisions of Florida Statutes, State Board of Education rules, and policies and procedures of the School Board. An overall assessment is also made as to whether any instances of non-compliance were severe enough to render the financial information unreliable. We believe our audit provides a reasonable basis for our opinion, findings, and recommendations.

We have determined that the financial information reported reconciles with bank statements and independent bank confirmations.

The majority of the school's transactions were processed in accordance with all applicable policies and procedures.

In our opinion, the majority of transactions included in the school's internal accounts were processed in accordance with all applicable Florida Statutes, State Board of Education rules, and policies and procedures of the School Board.

We have also determined that the instances of non-compliance noted above and elsewhere in this report do not have a material effect and are not severe enough to render the financial information unreliable.

Recommendations

Review and instruct staff on policies and procedures related to fundraising activities.

Fundraising Request/Reconciliation Forms

In an effort to address the improper completion of Fundraising Request/Reconciliation forms, **we recommend the principal and bookkeeper review the Internal Funds Policy Manual and instruct staff on the policies and procedures associated with fundraising activities.**

Review and instruct staff on policies and procedures related to the Monthly Log Report.

Monthly Log Report

In an effort to address the lack of utilizing a Monthly Log Report, **we recommend the principal and bookkeeper review the Internal Funds Policy Manual and instruct staff on the proper utilization and maintenance of a Monthly Log Report.**

Review and instruct staff on the policies and procedures related to the Season Pass Sales & Reconciliation Report.

Season Pass Sales & Reconciliation Report

In an effort to address the lack of utilization of the Ticket Log, **we recommend the principal and bookkeeper review the Internal Funds Policy Manual on the proper procedures related to the Ticket Inventory Log.**

Develop an action plan to ensure staff possesses organized records.

Organization of Records

In an effort to address the lack of organization of the school's records, **we recommend the principal meet with the bookkeeper to determine the cause of the disorganization and develop a plan of action to address the matter.**

We will follow-up on these recommendations approximately 90 days after the school's exit conference.

Management Response

Warrington Middle School

450 S. Old Corry Field Road
Pensacola, Florida 32507
Phone (850) 453-7440
Fax (850) 453-7572



Denny Wilson, Principal

Adrienne Green, Assistant Principal

Dr. Travis Griffin, Assistant Principal

January 28, 2022

Dear David Bryant,

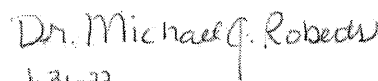
Warrington Middle School has received the audit results of the internal accounts for the 2001-2022 fiscal year. The findings indicated the following:

- Improper completion of the Fundraiser Request/Reconciliation Forms
- Monthly Log Report not being properly maintained
- Failure to utilizing a Season Pass Sales and Reconciliation Report
- School financial records were disorganized

To correct the finding of improper completion of Fundraising Request/Reconciliation forms, the principal and bookkeeper will review the Internal Funds Policy Manual and instruct staff on the policies and procedures associated with fundraising activities. To properly maintain the Monthly Log Report the principal and bookkeeper will instruct staff on the importance of maintaining and reviewing the Monthly Log Report for accuracy. The issues with the Season Pass Sales and Reconciliation Report have been corrected with a transition to handling Season Pass Sales and procedures through GoFan. To address the disorganization of financial records the principal and bookkeeper have assessed the causes that led to the lack of organization. The bookkeeper has developed procedures to to effectively and efficiently maintain well organized financial records.

Thank you,


Denny Wilson


1-31-22

Every Student...Every Day...Whatever It Takes!