

APPROVED
ESCAMBIA COUNTY SCHOOL BOARD

DEC 15 2020

DR. TIMOTHY A. SMITH, SUPERINTENDENT
VERIFIED BY RECORDING SECRETARY

Escambia High School
Audit of School Internal Accounts
For the Year Ended June 30, 2020

Office of Internal Auditing
September 2020

David J. Bryant, CPA, CIA, CFE, CGFM, CRMA
Director – Internal Auditing

Audit Team:
Michèle A. Kiker, CFE, CRMA, CGAP
Senior Auditor

McKenzie Lane
Audit Administration Specialist

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.

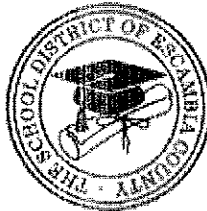
Audits, reviews, and other engagements are determined through a District-wide risk assessment process, and are incorporated into the annual work plan of the Office of Internal Auditing, as approved by the Audit Committee. Other assignments are also undertaken at the request of District management.

This engagement was conducted with the full cooperation of Escambia High 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
Escambia County School District
www.ecsdf1.us/iaudit
75 North Pace Blvd. – Suite 403
Pensacola, Florida 32505

Executive Summary

Escambia received a full audit for the 2019-2020 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 2019-2020 fiscal year, Escambia High School (Escambia) received a full audit. This report documents the results of the audit.

Financials as originally presented were considered unreliable.

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.

The L2121 Accounts Payable account had a debit balance at year-end. Further review, indicated \$10,293.41 of discrepancies, which consisted primarily of unrecorded credit card purchases. Failure to post expense transactions to the individual accounts causes these accounts to be overstated as of June 30, 2020.

Twenty-four adjusting journal entries were recommended.

We were able to identify the discrepancies in the L2121 account before the issuance of this report. There were \$10,965.14 of unrecorded credit card purchases and \$671.73 of various issues, which included numerical/mathematical errors, payment posting discrepancies, and the failure to post credit card refunds to the school's individual accounts.

Our audit procedures indicated matters that required adjustment of the school's records. Twenty-four journal entries were necessary:

- To record unrecorded interest for the school's CDs.
- To charge the remaining balance in the Reimbursable by District account created by failure to process 16 reimbursement requests timely to the appropriate accounts.
- To transfer the remaining balance of the Promotions & Public Relations account to the General account.
- To charge 18 unrecorded Pcard purchases made during November 2019 to the appropriate accounts.

- To correct a misposting of an athletics car rental to the Accounts Payable account.
- To record 1 unrecorded Pcard refund issued for marine science during November 2019.
- To correct an improper posting of general supplies to the Accounts Payable account.
- To correct a misposting of a football meal to the Accounts Payable account.
- To correct a misposting of Latin club t-shirts to the Accounts Payable account.
- To charge 16 unrecorded Pcard purchases made during December 2019 to the appropriate accounts.
- To correct a misposting of an American sign angel tree to the Accounts Payable account.
- To charge 2 unrecorded Pcard purchases made during January 2020 to the appropriate accounts.
- To correct a misposting of a NJROTC car rental to the Accounts Payable account.
- To correct a misposting of football supplies to the Accounts Payable account.
- To charge 1 unrecorded Pcard purchase made during February 2020 to the appropriate account.
- To record 2 unrecorded Pcard refunds issued for NJROTC during February 2020.
- To correct a misposting of a baseball meal to the Accounts Payable account.
- To correct the improper posting for American sign donuts to the Accounts Payable account.
- To correct a misposting of a boys basketball meal to the Accounts Payable account.
- To record 1 unrecorded Pcard purchase made during March 2020.
- To correct the improper posting for softball camp shirts to the Accounts Payable account.
- To record 1 unrecorded Pcard purchase made during April 2020.
- To correct the improper posting for NJROTC dry cleaning to the Accounts Payable account.
- To write-off an unidentified remaining balance in the Accounts Payable account, which is considered immaterial.

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

Our testing resulted in 8 audit findings.

Our testing resulted in 8 audit findings:

- District reimbursement requests were denied due to failure to submit timely.
- Promotions & Public Relations limit exceeded.
- The L2121 Accounts Payable account's ending balance was not

The school's overall fund balance as of June 30, 2020 was \$173,157.86.

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

Financials reported by the school considered unreliable.

- accurate, indicating unrecorded activity.
- Request for Purchase forms (RFPs) were not properly completed.
- There was no evidence of receipt of goods verification on items shipped to the school.
- The Monthly Log Report was not properly completed.
- The Ticket Inventory Log was not properly maintained.
- The principal, bookkeeper, and account sponsors failed to exercise appropriate financial oversight regarding deficit balances and unrecorded Peard purchases.

The overall fund balance reported by the school at June 30, 2020 was \$173,157.86. We have determined that the financial information reported by the school reconciles with bank statements and independent bank confirmations.

In our opinion, although numerous audit findings are cited, 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 noted significant discrepancies in various accounts, including the L2121 Accounts Payable and F6255 Reimbursable by District accounts. We were able to identify and quantify the effect of these discrepancies on the financial activity. Given the significant nature, amount, number, and impact of adjusting journal entries required, we consider the financials as originally reported by the school to be 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

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

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

The bookkeeper resigned during October and was replaced in the same month.

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 2019-2020 fiscal year, Escambia 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.

Escambia last received a full audit in the 2017-2018 fiscal year. There were 12 matters that rose to the level of audit findings. There were findings related to timeliness of bank reconciliations, proper utilization of the accounts payable account for all credit cards, inaccuracy of the ending balance of the accounts payable account, lack of prior written approval for purchases, lack of supporting documentations for purchases, credit card finance charges assessed, credit card statements not signed by principal, proper completion of the Fundraising Request/Reconciliation form, proper completion of the Fundraising Log Sheet, proper completion of the Monthly Log Report, proper completion of Reports of Saleable Inventory, and proper maintenance of the Ticket Inventory Log, which were determined to be addressed adequately during a subsequent follow-up audit.

The school has had the same principal in place since the previous audit. The school’s previous bookkeeper resigned on October 4, 2019, and was replaced on October 21, 2019 by a bookkeeper from another school within the district.

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 1, 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, 2020. These accounts are the responsibility of the principal of that school.

Methodology

The audit consists of 3 phases: planning, fieldwork, and reporting.

Each audit consists of 3 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, 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.**

No known conflicts of interest were identified.

Control Risk Assessment

At the beginning of each audit, the 2 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).

Control risk for Escambia has been assessed at high.

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

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 high. Therefore, we performed additional audit procedures beyond those in the audit program.

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. 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, 7/1/2019	\$ 127,656.89
Total Receipts	342,945.87
Total Disbursements	(134,144.02)
Total Net Journal Entries	(163,300.88)
Ending Cash Balance, 6/30/2020	\$ 173,157.86
Audit Adjustments	-
Ending Fund Balance, 6/30/2020, Per Skyward	\$ 173,157.86
Cash Balance per Confirmation(s)	\$ 178,612.87
Outstanding Deposits	67.30
Outstanding Checks	(6,108.17)
Other Reconciling Items	585.86
Ending Fund Balance, 6/30/2020, Per Confirmation(s)	\$ 173,157.86

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 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.

Twenty-four adjusting journal entries were recommended.

As a result of our fieldwork, 24 additional adjusting journal entries were recommended:

- To record unrecorded interest related to the A1118.03 investment account, we recommended a journal entry be processed for \$219.14.
- To charge the remaining balance in the F6255 Reimbursable by District account created by the failure to process 16 reimbursement requests in a timely manner to the appropriate accounts, we recommended a journal entry be processed for \$4,497.08.
- To transfer the remaining balance in the G7200 Promotions & Public Relations account, we recommended a journal entry be processed for \$273.65.
- To charge 18 unrecorded Pcard purchases made during November 2019 to the appropriate accounts that is included in the remaining balance in the L2121.15 Accounts Payable account, we recommended a journal entry be processed for \$7,365.53.

- To correct a misposting of an athletics car rental in the L2121.15 Accounts Payable account, we recommended a journal entry be processed for \$23.40.
- To record an unrecorded Pcard refund issued for marine science during November 2019 that is included in the remaining balance in the L2121.15 Accounts Payable account, we recommended a journal entry be processed for \$44.99.
- To correct an improper posting of general supplies to the L2121.15 Accounts Payable account, we recommended a journal entry be processed for \$39.94.
- To correct a misposting of a football meal in the L2121.15 Accounts Payable account, we recommended a journal entry be processed for \$0.50.
- To correct a misposting of Latin club t-shirts in the L2121.15 Accounts Payable account, we recommended a journal entry be processed for \$48.86.
- To charge the appropriate accounts for unrecorded purchases made during December 2019 that are included in the remaining balance in the L2121.15 Accounts Payable account, we recommended a journal entry be processed for \$1,755.57.
- To correct a misposting of an American sign angel tree in the L2121.15 Accounts Payable account, we recommended a journal entry be processed for \$10.14.
- To charge the appropriate accounts for 2 unrecorded purchases made during January 2020 that are included in the remaining balance in the L2121.15 Accounts Payable account, we recommended a journal entry be processed for \$461.00.
- To correct a misposting of a midship car rental in the L2121.15 Accounts Payable account, we recommended a journal entry be processed for \$1.00.
- To correct a misposting in the L2121.15 Accounts Payable account, we recommended a journal entry be processed for \$0.40.
- To charge the appropriate accounts for unrecorded purchases made during February 2020 that are included in the remaining balance in the L2121.15 Accounts Payable account, we recommended a journal entry be processed for \$159.75.
- To record 2 unrecorded refunds issued during February 2020 for midship that are included in the remaining balance in the L2121.15 Accounts Payable account, we recommended a journal entry be processed for \$24.44.
- To correct a misposting of a baseball meal in the L2121.15 Accounts Payable account, we recommended a journal entry be processed for \$2.00.
- To correct an improper posting of American sign donuts to the L2121.15 Accounts Payable account, we recommended a journal entry be processed for \$150.00.
- To correct a misposting of a boys basketball meal in the L2121.15

One finding related to the denial of district reimbursement requests.

One finding related to exceeding promotions & public relations annual limit.

Accounts Payable account, we recommended a journal entry be processed for \$0.02.

- To charge the appropriate account for 1 unrecorded purchase made during March 2020 that is included in the remaining balance in the L2121.15 Accounts Payable account, we recommended a journal entry be processed for \$290.00.
- To correct an improper posting of softball camp shirts to the L2121.15 Accounts Payable account, we recommended a journal entry be processed for \$450.00.
- To charge the appropriate account for 1 unrecorded purchase made during April 2020 that is included in the remaining balance in the L2121.15 Accounts Payable account, we recommended a journal entry be processed for \$290.00.
- To correct an improper posting of midship dry cleaning to the L2121.15 Accounts Payable account, we recommended a journal entry be processed for \$828.29.
- To write-off the unidentified remaining balance in the L2121.15 Accounts Payable account considered immaterial, we recommended a journal entry be processed for \$0.92.

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

Findings

District Reimbursements Denied – Timeliness

Our testing indicated 14 reimbursement requests from the school were denied by the District due to timeliness of the submission requests.

This is a repeat audit finding from 2016-2017.

Due to the denial of these reimbursement requests by the District, the school has lost approximately \$4,500.00 that could have otherwise been spent for the benefit of the students associated with the related accounts, such as football and girls soccer.

See our recommendation in the Recommendations section below.

Promotions & Public Relations

Our testing indicated the annual limit for promotions and public relations expenses was exceeded.

The Internal Funds Policy Manual gives specific guidelines for promotions and public relations expenditures. Section VIII, J.3 states, “The state imposes a district-wide dollar limitation on expenditures for promotions and public relations and each school is allocated a portion of the District’s limit each year. The allocation is based on the school’s projected un-weighted Full-Time Equivalent (FTE) students...These limits are annual

One finding related to improper utilization of the L2121 Accounts Payable account and its ending balance.

Financials as originally presented considered unreliable.

One finding related to the

limits and may not be carried over or accumulated from year to year.”

See our recommendation in the Recommendations section below.

L2121 Accounts Payable - Ending Balance

District year-end procedures require all schools to reconcile their L2121 Accounts Payable account and post final payments prior to the close of each fiscal year. As such, the balance at the beginning of each year should be zero. We noted that the L2121 account had a debit balance of \$1,870.45 in the current year. Debit balances indicate errors, unrecorded transactions, and/or a failure to follow District policy, along with an overall lack of financial oversight.

This is a repeat audit finding from 2017-2018.

In reviewing the L2121 account further, we noted there were \$8,422.96 of purchases made in June that were paid for at the beginning of the next school year, indicating \$10,293.41 (\$8,422.96 + \$1,870.45) of discrepancies. Failure to post expense transaction to the individual accounts causes these accounts to be overstated as of June 30, 2020. The financials as originally presented by the school were considered unreliable.

We were able to identify the discrepancies in the L2121 account, which included \$10,965.14 of unrecorded credit card purchases and \$671.73 of various issues, which included numerical/mathematical errors, payment posting discrepancies, and the failure to post credit card refunds to the school’s individual accounts. ($\$10,965.14 - \$671.73 = \$10,293.41$)

The District has established an internal control whereby account sponsors are to review their account activity each month, and attest to each account’s completeness and accuracy by initialing a monthly account log. It is clear that the individual accounts did not contain all financial activity; however, the monthly log was completed by the account sponsors. It does not appear that the accounts were effectively monitored.

Section VIII, E, (2) (e) of the Manual states, “Bookkeeper/Secretary makes the appropriate journal entry into the Skyward accounting system to record at the time of purchase using the Accounts Payable account L2121 to encumber the funds in the proper internal funds expense account.”

See our recommendations in the Recommendations section below.

Journal entries were processed during the following school year by District personnel to correct the ending balance of the L2121 Accounts Payable account and resolve the associated individual account discrepancies.

Request for Purchase Forms

Our testing indicated Request for Purchase forms were not properly

improper completion of RFPs.

completed.

The Internal Funds Policy Manual, Section VII, D, states, “No disbursement shall be made without the prior written approval of the Principal.... ‘Prior approval’ may consist of a **properly completed** Purchase Requisition/Request for Purchase Order form (RFP).” A properly completed RFP includes such fields as the account name and/or number to be charged and the teacher/sponsor signature.

See our recommendation in the Recommendations section below.

One finding related to lack of evidence of receipt of goods.

Evidence of Receipt of Goods

Our testing indicated invoices/packing slips used as supporting documentation for expenditures did not include evidence indicating receipt of goods. This evidence would include a signature and initials indicating verification of the quantity of the items ordered, and a date indicating when the goods were received.

This is a repeat audit finding from 2016-2017.

The Internal Funds Policy Manual gives specific guidelines regarding documentation for expenditures. Section VIII, D of the Manual states, “When the items purchased are received, the goods should be checked to ensure the items are correct and not damaged. The person receiving the items should initial and date the receiving slip or invoice to document their review and that all items ordered were received.”

See our recommendation in the Recommendations section below.

One finding related to the improper completion of the Monthly Log Report.

Monthly Log Report – Proper Completion

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

This is a repeat audit finding from 2017-2018 and 2014-2015.

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 maintaining the Ticket

Ticket Inventory Log

During our audit, we reviewed the inventory logs for the tickets used for events held at the school. Although a ticket inventory log was maintained,

Inventory Log.

it was not maintained for the entire year.

This is a repeat audit finding from 2017-2018.

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.

One finding related to a lack of financial oversight.

Financial Oversight

Deficit Balances

A review of the general ledger indicted numerous accounts ending the year with a deficit balance.

Issues of deficit balances were specifically highlighted for the 2014-2015 audit of internal accounts.

Section I, A.5 & 7 of the Internal Funds Policy Manual states, "Purchases from internal funds shall not exceed the resources of the applicable student activity/project account, except for items acquired for resale or items authorized by school board rule. No school should incur a debt that cannot be paid off by the close of the current school year."

The bookkeeper's (Senior School Finance Specialist) job functions include "Reviewing all requests for purchases to ensure compliance with budgetary parameters and school policy."

Unrecorded Transactions

Further analysis of the L2121 Accounts Payable account, as mentioned above, indicated over \$10,000.00 of unrecorded purchases, incorrect amounts, and mathematical errors. These matters indicate the bookkeeper did not reconcile the account on a monthly basis, the account sponsors did not review their account activity for accuracy and completeness, and the principal did not ensure that the accounts payable account was reconciled. These internal controls are to be implemented by all parties working together in an effort to catch and correct such errors as mentioned here.

Issues of unrecorded purchases were highlighted for the 2017-2018 audit of internal accounts.

Section VII, E.2(h) of the Internal Funds Policy Manual states, "Bookkeeper/Secretary makes the appropriate journal entry into the Skyward accounting system to record the purchase using the Accounts Payable account L2121.15. The entries should be done at the time of

purchase or no later than weekly to encumber the funds in the proper internal funds expense account.”

Due to the lack of financial oversight demonstrated, deficit balances, and the extent of unrecorded purchases and errors, the financials were deemed unreliable as originally presented by the school.

This is a repeat comment from 2017-2018 and 2014-2015.

Opinion

The financial information reconciled with bank statements and independent confirmations.

Our opinion is divided into 2 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, although numerous audit findings are cited, 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.

Financials reported by the school considered unreliable.

We noted significant discrepancies in various accounts, including the L2121 Accounts Payable and F6255 Reimbursable by District accounts. We were able to identify and quantify the effect of these discrepancies on the financial activity. Given the significant nature, amount, number, and impact of adjusting journal entries required, we consider the financials as originally reported by the school to be unreliable.

Recommendations

Develop action plans to ensure complete reimbursement requests are submitted to the District timely.

District Reimbursements

In an effort to address denial of district reimbursement requests, we recommend the principal and bookkeeper develop action plans to ensure appropriate and complete reimbursement requests are submitted to the District in a timely manner.

Review policies and procedures related to promotions & public relations expenditures.

Determine whether Foundation funds are available for promotions and public relations expenditures.

Review policies and procedures related to the reconciliation of the accounts payable account.

Bookkeeper should seek additional training on reconciliation process.

Monitor the accounts payable account ending balance on a monthly basis.

Review policies and procedures related to the proper completion of RFPs.

Review and instruct staff on policies and procedures related to evidence required to indicate receipt of goods.

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

Review and instruct staff on policies and procedures related to the Ticket Inventory Log.

Promotions & Public Relations

In an effort to address exceeding the annual limit for promotions and public relations expenditures, we recommend the principal and bookkeeper review the Internal Funds Policy Manual on the annual limits for promotions and public relations expenditures.

We also recommend that the bookkeeper determine if funds held by the Escambia County Public Schools Foundation on behalf of the school are available for promotions and public relations expenditures should they ever exceed the annual limit.

L2121 Accounts Payable – Various

In an effort to address an inaccurate ending balance in the L2121 Accounts Payable account, which may be caused by unrecorded purchases and mathematical posting errors, we recommend the principal and bookkeeper review the Internal Funds Policy Manual on the reconciliation process for the accounts payable account.

We also recommend that the bookkeeper seek additional training from district personnel regarding the reconciliation process.

We also recommend that the principal and bookkeeper monitor the balance in the account on a monthly basis to ensure these discrepancies do not continue.

Request for Purchase Forms

In an effort to address the improper completion of RFPs, we recommend the principal and bookkeeper review the Internal Funds Policy Manual and instruct staff on the proper completion of the forms.

Receipt of Goods

In an effort to address the lack of proper evidence for receipt of goods, we recommend the principal and bookkeeper review the Internal Funds Policy Manual and instruct staff on the proper procedure of documenting receipt of goods.

Monthly Log Report

In an effort to address the improper completion of the Monthly Log Report, we recommend the principal and bookkeeper review the Internal Funds Policy Manual and instruct staff on the proper procedures related to the Monthly Log Report.

Ticket Inventory Log

In an effort to address the lack of proper maintenance 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.

Review policies and procedures related to account spending.

Include balance of account on approval forms.

Review policies and procedures related to recording of Pcard purchases.

Ensure all purchases listed on credit card statement have been recorded.

Review policies and procedures related to general ledger review.

Pick day of month to ensure distribution of general ledger reports.

Request additional training for staff on proper review of accounts.

Financial Oversight

In an effort to address the overall lack of proper financial oversight – deficit balances, we recommend the following:

- Review the Internal Funds Policy Manual related to account spending.
- Include the current balance of the account to be charged on all request for purchase forms, allowing the principal needed information to determine approval or not.

In an effort to address the overall lack of financial oversight – unrecorded balances, we recommend the following:

- Review the Internal Funds Policy Manual related to recording of credit card purchases.
- Bookkeeper should print the credit card statement weekly to ensure that all purchases are recorded in Skyward.
- Review the Internal Funds Policy Manual related to monthly reports and general ledger review.
- Principal should pick a specific day of the month to ensure that bookkeeper is providing monthly general ledger reports to all account sponsors for their review.
- Request training from District personnel or Internal Auditing for school staff on how to review their account activity for both completeness and accuracy.

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

Management Response

ESCAMBIA HIGH SCHOOL

1310 NORTH 65th AVENUE, PENSACOLA, FLORIDA 32506

Frank Murphy, Principal
Esi Shannon, Assistant Principal
Melanie McElhane, Assistant Principal



Phone: (850) 453-3221
Fax: (850) 453-7502
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Memorandum

To: David Bryant, Director of Internal Auditing

From: Frank Murphy, Principal

Re: Audit Findings for 2019-2020

Date: November 9, 2020

The following are my responses to the findings that were presented in the Audit Findings Report for the fiscal year ending on June 30, 2020, for Escambia High School:

Finding: District Reimbursements - Timeliness

The principal and senior financial specialist will meet on a monthly basis to review district reimbursement requests. In addition, the following reports will be reviewed monthly:

F6255 Reimbursement reports

Finding: Promotions and Public Relations- Limit Exceeded

The principal and senior financial specialist will review the Internal Funds Policy Manual on the annual limits for promotions and public relations expenditures.

Prior to any future promotions and public relations purchases, I will verify account balance.

Finding: L2121 Accounts Payable Account - Ending Balance

The principal and senior financial specialist will review the Internal Funds Policy Manual on the reconciliation process for the accounts payable account.

The Escambia High School senior financial specialist will receive additional training from district personnel regarding the reconciliation process.

The following process will be implemented to address the L2121 Accounts Payable Account- Ending Balances:

The Request for Purchase Form (ORANGE) will be completed by the requesting party. The form will be submitted to the principal for his approval and forwarded to the senior financial specialist. The senior financial specialist will notify the requesting party that the form has been approved and the purchaser will report to the Senior Financial Specialist Office to receive a copy of the (ORANGE) form. **THE ORIGINAL FORM WILL REMAIN IN THE OFFICE.** The purchaser will complete the process with the vendor and return the required receipt to the senior financial specialist to be accounted for in the L2121 log. Staff will be reminded to submit receipts in a timely fashion.

Finding: Disbursements - Properly Completed Form

The principal and senior financial specialist will review the Internal Funds Policy Manual and will instruct staff on the proper completion of the forms.

All staff who have accounts in the Senior Financial Specialist office will have a required training on the following prior to December 1, 2020:

Proper completion of Request for Purchase Form

Finding: Expenditures - Receipt of Goods Evidence

The principal and senior financial specialist will review the Internal Funds Policy Manual and will instruct staff on the proper procedures of documenting receipt of goods.

The principal secretary will receive all goods to cross reference the packing slip with goods received. She will be responsible for signing and dating the packing slip prior to the disbursement of goods to purchasers.

Finding: Monthly Log Report - Proper Procedures

The principal and senior financial specialist will review the Internal Funds Policy Manual and will instruct staff on the proper procedures related to the Monthly Log Reports.

All staff who have accounts in the Senior Financial Specialist Office will have a required training on the following by December 1, 2020:

Proper Procedures - Monthly Log Review for accuracy and acknowledgement

Finding: Ticket Inventory Report- Properly Maintained

The principal and senior financial specialist will review the Internal Funds Policy Manual on the proper procedures related to the Ticket Inventory Log.

Escambia High School will no longer use manual tickets, but will continue to use GoFan for all ticket purchases.

Finding: Financial Oversight - Proper Procedures

In addition to the comments above, we will implement the following;

The senior finance specialist will include the current balance of the account to be charged on all request for purchase forms, allowing the principal needed information to determine prior approval or not.

The senior financial specialist will print credit card statements weekly to ensure all purchases are accurately recorded in Skyward.

The principal and senior financial specialist will receive additional training on how to accurately review monthly reports and general ledger review.

The principal will meet with the senior financial specialist on the last Tuesday of each month to review the following reports:

- L2121 Accounts Payable Account - Ending Balance
- Monthly Log Reports for timely signatures
- Deficit Report
- Reimbursement reports
- Credit card statements
- General Ledger Review

In closing, the senior financial specialist, with the assistance of district level staff, has corrected several of the audit findings. Additional support and training as stated above will be implemented by December 1, 2020. It is my expectation that all audit findings will be corrected using the necessary resources provided by the Internal Funds Policy Manual and district staff advisement. It is my goal that Escambia High School will have zero findings on future audits.