



Booker T. Washington High School
Audit of School Internal Accounts
For the Year Ended June 30, 2019

APPROVED
ESCAMBIA COUNTY SCHOOL BOARD

Office of Internal Auditing
September 2019

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MALCOLM THOMAS, SUPERINTENDENT
VERIFIED BY RECORDING SECRETARY

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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 Booker T. Washington 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
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Executive Summary

Washington received a full audit for the 2018-2019 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 2018-2019 fiscal year, Booker T. Washington High School (Washington) received a full audit. This report documents the results of the audit.

Our testing resulted in 3 audit findings.

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 testing resulted in 3 audit findings:

- Superintendent Approval form not obtained where required.
- The L2121 Accounts Payable account was not properly utilized for all credit card types.
- Fundraiser Request/Reconciliation Forms were not properly completed.

The school's overall fund balance as of June 30, 2019 was \$329,165.01.

The overall fund balance reported by the school at June 30, 2019 was \$329,165.01. 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 accounts were processed in accordance with 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.

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.

The bookkeeper retired and was replaced at the start of the next school year.

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 2018-2019 fiscal year, Washington 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.

Washington last received a full audit in the 2015-2016 fiscal year. There were no matters that rose to the level of an auditing finding.

The school has had the same principal in place since the previous audit. The school's previous bookkeeper retired on July 3, 2019, and was replaced on July 8, 2019.

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, 2019. 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

No known conflicts of interest were identified.

of interest and that they are free from bias. **No known conflicts 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).

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.

Control Risk for Washington has been assessed at moderate.

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.

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

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, 7/1/2018	\$ 328,995.85
Total Receipts	651,555.07
Total Disbursements	(199,224.99)
Total Net Journal Entries	(452,160.92)
Ending Cash Balance, 6/30/2019	\$ 329,165.01
Audit Adjustments	-
Ending Fund Balance, 6/30/2019, Per Skyward	\$ 329,165.01
Cash Balance per Confirmation(s)	\$ 329,804.67
Outstanding Deposits	(1,249.66)
Outstanding Checks	-
Other Reconciling Items	610.00
Ending Fund Balance, 6/30/2019, Per Confirmation(s)	\$ 329,165.01

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.

No adjusting journal entries were recommended.

As a result of our fieldwork, no additional adjusting journal entries were recommended.

Findings

Superintendent Approval Form

One finding related to improper completion of Superintendent's Approval form.

Our testing indicated expenditures of \$10,000.00 or greater had Approval of Expenditure(s) From Internal Funds forms (known as the "Superintendent's Approval" form) that were either completed after the initial purchase, or not present.

One finding related to lack of utilizing the L2121 Accounts Payable account for all credit cards.

The Internal Funds Policy Manual, Section VIII, H.2 states, "Schools must obtain prior written authorization from the Superintendent for the following types of expenditures: a) Expenditures exceeding \$10,000 (see Approval of Expenditure(s) from Internal Funds form).

See our recommendation in the Recommendations section below.

Other Credit Cards - L2121 Account

Our testing indicated the L2121 Accounts Payable was utilized, but not for all credit card types.

The Manual provides specific guidelines regarding credit card purchases from internal funds. Section VIII, E.2e 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." This process is to keep account balances current and to avoid overspending.

See our recommendation in the Recommendations section below.

One finding related to improper completion of the FRR forms.

Fundraiser Request/Reconciliation Forms – Proper Completion

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

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.

This is a repeat audit finding from 2013-2014.

Opinion

The financial information reconciled with bank statements and independent confirmations.

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

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.

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 large expenditures.

Superintendent Approval Form

In an effort to address the lack of properly completed Superintendent Approval form, we recommend the principal and bookkeeper review the Internal Funds Policy Manual and instruct school staff on proper procedures related to expenditures of \$10,000.00 or greater.

Review policies and procedures related to accounting for credit card purchases.

Other Credit Cards - L2121

In an effort to address the proper utilization of the L2121 Accounts Payable account for all credit cards, we recommend the principal and the bookkeeper review the Internal Funds Policy Manual on the proper procedures for accounting for all credit card purchases.

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 lack 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.

We will follow-up on these recommendations approximately 90 days after issuance of the draft report to school administration.

Management Response

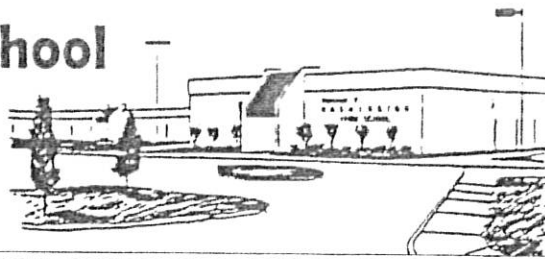
Booker T. Washington High School

6000 College Parkway
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www.btwash.org

Principal
Dr. Michael J. Roberts

Assistant Principal
Amy Gordon
Curriculum

Assistant Principal
Sherita Williams
Operations



November 25, 2019

DM

Mr. David Bryant
Director of Internal Auditing
75 North Pace Boulevard
Pensacola, FL 32505

Dear Mr. Bryant:

Adhering to the School Board of Escambia County Internal Accounts guidelines and remaining in compliance of transactions are always our goal. The purpose of this letter is to address the **audit findings for the 2018-2019 fiscal year** at Booker T. Washington High School (Washington).

1. Finding: Improper Completion of Superintendent's Approval Form

School Action: In an effort to address the **lack of properly completed Superintendent Approval Form**, the Principal and the Senior School Financial Specialist will review the Internal Funds Policy Manual with staff and instruct school staff on proper procedures related to expenditures of \$10,000.00 or greater. The proper completion of the Superintendent Approval Form directions will also be addressed in Booker T. Washington's Faculty Manual.

2. Finding: Lack of Utilizing the L2121 Accounts Payable account for all credit cards

School Action: In an effort to address the **lack of proper utilization of the L2121 Accounts Payable account for all credit cards**, the Principal and the Senior School Financial Specialist will review the Internal Funds Policy Manual with staff on the proper procedures for accounting for all credit card purchases. Additional L2121 accounts were created for Walmart and WEX Gasoline Cards. To avoid future findings and ensure bank reconciliations are completed, monthly meetings with the Senior School Financial Specialist will be held on the last Wednesday of each month.

3. Finding: Improper Completion of the FRR forms

School Action: In an effort to address the **lack of proper completion of Fundraising Request/Reconciliation Forms**, prior to the start of each school year, the Principal and the Senior School Financial Specialist conduct school-wide review of the Internal Funds Policy Manual. We began the school year with a new bookkeeper who is now trained. Quarterly trainings to instruct staff on all internal accounts procedures, particularly fundraisers, will occur, beginning in January 2020. Our goal will be to ensure all staff members stay informed of District guidelines throughout the school year.



"The Citadel of Learning"

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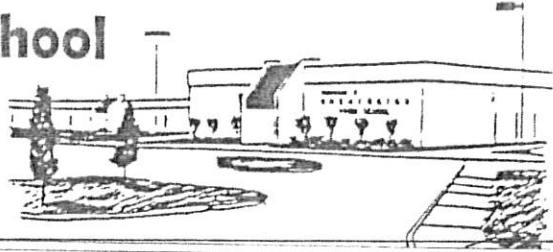
Booker T. Washington High School

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Principal
Dr. Michael J. Roberts

Assistant Principal
Amy Gordon
Curriculum

Assistant Principal
Sherita Williams
Operations



Although the school's previous bookkeeper retired on July 3, 2019, and was replaced on July 8, 2019, Mrs. Adrienne Van bommel and I have reviewed the audit findings, made notes to avoid any future findings, and are committed to properly training faculty, as well as monitoring and processing all financial responsibilities throughout the year.

Sincerely,

A handwritten signature in cursive script that reads "Michael J. Roberts".

Michael J. Roberts
Principal

CC: Lesa Morgan, Director of High Schools



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