



THE SCHOOL DISTRICT OF ESCAMBIA COUNTY

OFFICE OF INTERNAL AUDITING EXECUTIVE SUMMARY FOR BOARD AGENDA

BOARD MEETING DATE: December 18, 2018	ITEM NUMBER: V.e. 2.
AGENDA REFERENCE: Submission of the following report: Escambia High School Quarterback Club, Inc. – Booster Club Review	
BACKGROUND INFORMATION: The Audit Committee approves the annual work plan of the Office of Internal Auditing. As audits and reviews are completed, they are submitted to the Audit Committee for acceptance. Once accepted by the Audit Committee, completed audits and reviews are presented to the Board for their review and entry into the minutes.	
EDUCATIONAL IMPACT: Students, parents and the public expect appropriate accounting of District funds and assurances the District has established effective internal controls for the various operations throughout the District.	
FISCAL IMPACT: Timely audits and reviews promote accountability.	
FUND SOURCE: N/A	
RECOMMENDATION: Acceptance of the audit or review.	
ACTION REQUIRED: Board acceptance of the audit or review report and filing as a public record.	
STRATEGIC ALIGNMENT: Goal F.2: To improve district-wide accuracy and comprehensiveness of financial information reporting from departments and schools. Goal F.3: To improve transparency of financial information to all stakeholders.	
SUBMITTED BY:  David J. Bryant, Director Office of Internal Auditing	DATE: December 5, 2018
<div style="text-align: right;"> APPROVED ESCAMBIA COUNTY SCHOOL BOARD DEC 18 2018 </div>	
LEGAL REFERENCE: Florida Statutes 1001.42 (10) (l) State Board Rule 6A-1.087 School Board Policy 6Gx17-5.05	
MALCOLM THOMAS, SUPERINTENDENT VERIFIED BY RECORDING SECRETARY	



Escambia High School Quarterback Club, Inc.

Booster Club Review

Office of Internal Auditing
October 2018

APPROVED
ESCAMBIA COUNTY SCHOOL BOARD

DEC 18 2018

MALCOLM THOMAS, SUPERINTENDENT
VERIFIED BY RECORDING SECRETARY

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

Audit Team:
Brad Mostert, CFE
Senior Auditor

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 Escambia High School Quarterback Club, Inc. board members. We did not encounter any restrictions to records or personnel, which would prohibit us from expressing an opinion or offering recommendations.

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 principal, school staff, and Escambia High School Quarterback Club, Inc. board members for their cooperation and commitment. We look forward to reviewing their progress when we follow-up on our recommendations.



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Executive Summary

During September 2018, the principal at Escambia High School (EHS) contacted the district investigator to express concerns regarding the activity of the Escambia High School Quarterback Club, Inc. (club), which were brought to his attention by a parent of a child who played football at EHS.

Due to the financial nature of the concerns, the district investigator requested assistance from the Office of Internal Auditing (Auditing). We conducted interviews, gathered documentation, and performed research.

During an interview with the principal, 6 concerns (noted in italics below) were brought to our attention and the results of our fieldwork were as follows:

- *Financial statements were not provided to the club at monthly meetings.*
 - Both club officers that were interviewed stated that financial information was (and is) provided at each meeting held, and they were not sure why anyone would state otherwise.
- *There was a request for money to be used at an event where all items had been donated.*
 - The event in question was an official practice/scrimmage with Northview High in which concession type items were sold at the club's spirit booth. These items were purchased and not donated. The only donation received for this event was tea from a local restaurant.
- *The Club was not aware of a credit card machine that had been used at events.*
 - Both club officers interviewed stated that all officers were aware of the Square device that was being utilized for spirit booth sales, and that the treasurer was the only person with the app on her phone. These funds went into the organization's checking account, and we noted where these Square deposits were made.
- *There were discussions of a savings account that no other club officers were aware existed.*
 - There is a separate savings account that the club utilizes to segregate team members' fundraising collections. These collections are monitored, and used to offset any necessary purchases by the players (i.e., cleats, etc.). We reviewed meeting minutes and confirmed that utilization and opening of this account was discussed and approved in the summer of 2018.

- *A budget was not provided for the year.*
 - Both club officers interviewed stated that this was true. A budget had not been prepared as the club was not in possession of the records they needed to prepare an accurate budget (both the school and our office had possession of the club's records once complaints were received by the school principal and our review began). We noted that the club did prepare budgets in the past, and submitted them to our office.
- *No meeting minutes were provided.*
 - Both club members interviewed stated that the president takes the minutes herself, as there hasn't been an official vote to confirm a new secretary. Club officers also stated that meeting minutes are not officially presented and approved at each meeting, rather they are provided any time a question arises.

In an effort to contain or resolve the above matters, **the principal froze all activity and instructed that all records be turned over to the school. Club records were then subsequently remitted to our office to aid in our review of the above mentioned complaints.**

This report includes 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.

Background

The District has established guidelines for outside support organizations.

Outside Support Organizations

The District encourages its citizens to form outside support organizations (OSOs). These organizations support individual schools, or activities at a school. Examples of such organizations include Parent Teacher Associations (PTAs) and booster clubs (e.g. quarterback clubs, band boosters, etc.). The activity of these organizations may either flow through the school's internal financial accounts, or a separate bank account outside of the school. The District has established certain guidelines for OSOs that operate outside of internal accounts entitled Guidelines for Outside Support Organizations (OSO Guidelines), which is available on the District's website. To ensure proper accounting of funds, promote accountability, and protect volunteers, OSOs agree to comply with the provisions of the policies outlined in the OSO Guidelines.

The District allows for fundraising activities to be conducted by the schools and/or associated booster clubs and has established certain

The District has established guidelines for fundraising events.

guidelines entitled the Fundraising Guidelines Handbook, which is also available on the District's website.

Escambia High School Quarterback Club, Inc.

EHS has a football program and an associated booster club, legally known as Escambia High School Quarterback Club, Inc., which is comprised of officers and parent volunteers. The club's primary purpose is to financially support the football program.

The club's treasurer position is responsible for handling the financial activity of the club. This includes, but is not limited to, verifying collections, depositing funds, paying vendors, recording the transactions, reconciling the bank statement, preparing the treasurer's report, and reporting the financial activity to the board and general membership.

The club manages its funds outside of the school.

The Booster Club manages its funds outside the school's internal accounts.

Six concerns were expressed by the parent of a player.

A total of 6 concerns were expressed to the school principal by the parent of a member of the football team:

- Financial statements were not provided to the club at monthly meetings
- There was a request for money to be used at an event where all items had been donated
- The club was not aware of a credit card machine that had been used at events
- There were discussions of a savings account that no other club officers were aware existed
- A budget was not provided for the year
- No meeting minutes were provided

The principal sent a letter to the club's president requesting the surrender of all books and records. He also directed that all bank account activity cease temporarily until these matters could be investigated and that all future collections be remitted to the school for deposit through internal accounts.

In September 2018, the principal contacted the district investigator to express the above concerns. Due to the financial nature of the concerns, the district investigator requested assistance from Auditing.

Objective

The purpose of this review was to review the specific financial concerns expressed regarding the activity of the club.

Scope

The scope of this review included interviewing the school principal, club president, club treasurer, the parent who brought the concerns to the principal, and any other parties deemed relevant to obtain an understanding of the specific financial concerns expressed.

We were not able to conduct an interview with the parent of the football player who brought these concerns to the school's principal, as our multiple attempts to get in contact went unanswered. We have been informed by the club's treasurer that the parent decided to no longer be associated with the club, and that the child decided to leave the football team.

We obtained financial records, bank records, meeting minutes, fundraising records, and other items.

Methodology

We interviewed the principal, club president, and club treasurer. We also attempted to interview the person who brought the previously mentioned concerns to the principal, but were ultimately unsuccessful. With each of the parties mentioned, we discussed our understanding of the concerns regarding the booster club, and obtained their commentary regarding those concerns.

Bank statements, financial records, supporting documentation, and the checkbook were obtained from the club. We examined the checkbook and various other documents included in the club's records.

We feel we have performed sufficient work to support our conclusions and provide recommendations.

Detailed Results

Financial information was appropriately provided.

Requests for reimbursement of expenses related to this event were appropriate.

The use of a Square device was known and documented.

The savings account was authorized by the club board.

Prior to Auditing's involvement, the principal directed the club to cease all bank activity until further notice. Club records were provided to our office.

Each of the concerns expressed by the parent and relayed by the principal, and our findings are discussed below:

Financial Statements Were Not Provided

During separate interviews, both the club's president and treasurer stated that financial information is presented at each official club meeting. Based on this discussion, and review of various financial information included in the club's records, it appears that appropriate financial information was presented at official club meetings.

Request for Money When All Items Were Donated

During separate interviews, both the club's president and treasurer stated that the event in question had only one item donated, which was tea from a local restaurant. Other items sold at the club's spirit booth were concession related items that were purchased by one of the club's officers for resale. Based on this discussion and review of various Sam's Club and other vendor receipts, it appears that requests for money to reimburse the officer for expenses related to this event were appropriate.

Use of an Unknown Credit Card Machine

During separate interviews, both the club's president and treasurer stated that there is a Square device utilized for spirit booth sales at games. They also stated that all other officers were aware of the device, and its use. Based on these discussions, it appears that other officers were aware of the Square's use for spirit booth sales, and that the money was deposited into the club's checking account directly.

Unknown Savings Account

During separate interviews, both the club's president and treasurer stated that there is a separate savings account established for the club. It is utilized to track fundraising collections by the team members separately from other funds. The money collected is utilized to offset expenditures for team members (i.e., cleats, etc.). They further claimed that the opening of this account was discussed, and approved, at a board meeting. This was verified by a review of minutes, including discussion and approval, from the summer of 2018, and a breakdown by student of balances related to this account. Based on these discussions and review of supporting documentation, it appears that other officers were aware of this account's existence and intended purpose.

A budget was not provided, as a budget had yet to be developed for the current year.

Budget Not Provided

*Based on separate interviews, both the club's president and treasurer stated that a budget was not provided, as claimed. They indicated that the school had taken their records and turned them over to our office for this review as reason why a budget had not been prepared/presented. Based on these discussions, **it appears that a budget was not provided.***

See our recommendation in the Recommendations section below.

Meeting minutes were not officially presented at meetings.

Meeting Minutes Not Provided

*Based on separate interviews, both the club's president and treasurer stated that meeting minutes are not officially presented, as claimed. They further stated that the president takes the minutes, as there had not been an official vote held to approve a new secretary. Additionally, they claimed that while the minutes were not always officially presented at meetings, the minutes are available for review if any questions arise. Based on this information, **it appears that meeting minutes were not presented officially at meetings.***

See our recommendation in the Recommendation section below.

Despite our best efforts, we were not able to interview the person who originally brought these issues to the attention of the school's principal.

Our office reached out to the individual expressing the above concerns multiple times for the purpose of conducting an interview to determine any relevant information related to these claims. Despite our efforts, we were not able to conduct this interview, as the individual never returned any of our calls and voicemails.

It should also be noted that during this investigation, but prior to issuance of this report, that student was withdrawn from the football team by this parent who brought the concerns to the principal's attention.

Recommendations

Prepare a budget and present to board for approval.

In an effort to ensure the club's officers have all necessary information, **we recommend the treasurer complete, and present for board discussion and approval, a budget for the club.**

Officially present, review, and approve minutes at meetings.

In an effort to ensure the board and membership are adequately informed, **we recommend the club's minutes be officially presented and reviewed at each meeting for approval.**

Management Response

As our recommendations are for the booster club, and not District management, no formal response is expected or necessary.