

# **Internal Audit Report**

**Management of Student Activity Funds**

**Clearwood Junior High School**

**June 2, 2025**

**St. Tammany Parish School System**

**Office of Internal Audit**

## **Background**

Clearwood Junior High (CJH) is located in Slidell, Louisiana and provides services to approximately 450 fourth to eighth grade students. The St. Tammany Parish School Board (STPSB) employs individuals to work at CJH. The management structure of CJH includes a Principal and one Assistant Principal with the bookkeeper reporting to the Principal.

Public schools in Louisiana are supported primarily by state and local taxes. In addition to this funding, individual schools generate additional revenues from other sources such as fundraisers and other school activities. These revenues, known as Student Activity Funds, supplement the instructional program and contribute to the educational experiences of the students and benefit the general welfare of the school.

The management of the Student Activity Funds is decentralized with oversight at the level of the Principal. Financial policies and procedures governing the management of the Student Activity Funds have been developed by STPSB and are updated annually and promulgated to all key school personnel.

## **Audit Objectives**

The objectives of the audit were to:

- Determine the adequacy of the internal control environment over the school's accounting function at CJH.
- Review the school's compliance with STPSB School Finance Handbook (Administrative Guidelines/Best Practices for School Activity Funds Accounting).

## **Audit Scope**

For the period 5/1/2024 to 4/30/2025, a limited review was performed of the financial records of CJH. The purpose of the audit was to determine if the school's financial records, policies, and procedures were maintained in accordance with the STPSB School Finance Handbook and Louisiana Revised Statutes. This review included tests of the accounting records and other auditing procedures deemed necessary.

## **Testing Method**

Key members of management, accounting and bookkeeping staff at CJH were interviewed to gain an understanding of the financial management of the school. In addition, financial policies and procedures contained in the STPSB School Finance Handbook were reviewed.

Procedures included the assessment of controls for each in-scope audit area. Documents that were reviewed during testing included supporting documentation for a combined thirty receipt and disbursement transactions. This documentation included but was not limited to invoices, receipts, bank records, purchase authorization forms, bank reconciliations, and bank statements.

Transactions tested for the period 5/1/2024 to 4/30/2025 were as follows:

- \$ 31,975 in receipts (29% of total \$'s receipted)
- \$ 19,965 in disbursements (21% of total \$'s disbursed)

## **Audit Observations/Results:**

### **1. Compliance With Fund Expenditure/Obtaining Proper Approval Prior to Purchasing School-Related Items (Repeat Observation)**

#### **Observation:**

As part of the disbursement testing, a sample of seventeen disbursements was reviewed. A review of the school's Purchase Request forms indicated that four of the seventeen Purchase Request forms selected did not contain the required prior approval needed in order to request and purchase items for the school's operation.

The STPSB School Finance Handbook indicates that expenditures require prior approval from the Principal with "an amount not to exceed, or exact total" provided on the Purchase Request form. The Principal's approval signature confirms that (a) the related account funds are available to cover the expenditure, (b) the person requesting the expenditure is authorized to do so., and (c) that the disbursement is in accordance with LSA-RS 17:414.3 (B)(3).

#### **Recommendation:**

In order to maintain an environment with appropriate internal controls regarding disbursements, all required prior written approvals or supporting documentation must be obtained and recorded. The school should follow the STPSB's School Finance Handbook that requires that the School Purchase Request form be completed prior to any purchase and that all documentation supporting the purchase be retained and provided as support for the purchase.

#### **Management Action Plan:**

In the future, in addition to virtual training for staff that addresses the STPSB's School Finance Handbook, the bookkeeper and/or Principal will also ensure staff is notified in person via in person professional development meeting. In addition, will reinforce through written reminders that the School Purchase Request form must be completed prior to any purchase and that all documentation supporting the purchase will be retained.