

Campus Based Controls Audit

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Date: May 15, 2024

To: Board of Trustees
Stephanie S. Elizalde, Ed.D., Superintendent

From: Robert Rubel, MBA, CPA, CIA, CISA
Chief Internal Audit Officer

Subject: Campus Based Controls Audit

Executive Summary

In accordance with the Fiscal Year (FY) 2023-24 Audit Plan, the Office of Internal Audit (OIA) completed the Campus Based Controls Audit. For this report, OIA visited six campuses between November 2023 and March 2024.

The audit focused on reviewing campus' activity funds, payroll (overtime), attendance for credit, and cafeteria operations to determine if they followed District policies, processes, and procedures.

Appendix 1 summarizes observations identified at the campuses.

Background

Activity Funds

Activity Funds are funds collected on a campus to provide opportunities for students above and beyond what's provided by the campus budget. These are funds consisting of resources received and held by the school as trustee, to be expended or invested in accordance with conditions of the trust. These funds are collected by school district personnel from students and must be handled through the activity fund accounts. Table 1 below shows activity fund information for the campuses reviewed.

Table 1 – Activity Funds Balance as of February 2024		
Campus	Campus Activity Fund Balance	Student Activity Fund Balance
Alex Sanger Preparatory	\$54,587	\$25,456
Ann Richards STEAM Academy	\$31,997	\$31,102
Billy Earl Dade MS	\$6,669	\$13,111
David W. Carter HS	\$69,643	\$82,852
Dr. L.G. Pinkston Sr. HS	\$75,702	\$57,114
Reinhardt ES	\$41,026	\$1,193

Attendance for Credit (AFC)

The purpose of the Attendance for Credit program is to provide an opportunity for students to restore credit or final grade(s) in accordance with TEC 25.092. The program takes effect for students who fall between a 75%-90% attendance threshold. If the student maintains a passing grade, the student may make up lost instructional time to earn credit for the class by completing a plan approved by the principal that meets the instructional requirements of the class. Table 2 below shows the number of students that participated in the AFC program during FY 2024 as of the audit testing date.

Table 2 – Attendance for Credit	
Campus	No. of Students in AFC
Alex Sanger Preparatory	13
Ann Richards STEAM Academy	123
Billy Earl Dade MS	96
David W. Carter HS	551
Dr. L.G. Pinkston Sr. HS	564
Reinhardt ES	28

Cafeteria Operations

Table 3 below shows the number of meals provided on campuses reviewed during FY 2024 as of the audit testing date.

Table 3 – Cafeteria Operations	
Campus	YTD Meals Provided as of February 2024
Alex Sanger Preparatory	93,044
Ann Richards STEAM Academy	119,623
Billy Earl Dade MS	138,840
David W. Carter HS	92,367
Dr. L.G. Pinkston Sr. HS	97,816
Reinhardt ES	72,450

Scope

The audit focused on activity from fiscal year (FY) 2023-2024. Certain other matters, procedures, and transactions outside that period were reviewed to understand and verify information during the audit period.

Objective

The audit objective was to determine if campuses complied with District policies, processes, and procedures related to the following:

- Activity Funds
- Payroll (Overtime)
- Attendance for Credit
- Cafeteria Operations

Methodology

OIA reviewed transactions and supporting documents related to campus operations for activity funds, payroll (overtime), attendance for credit, and cafeteria operations. OIA interviewed campus staff, conducted walkthroughs, and performed the following:

Activity Funds

1. Board of Control (BOC) – To determine if campuses complied with District requirements to establish a BOC and hold BOC meetings to review activity fund activities such as fundraisers, cash receipts, deposits, purchases, and transfers, OIA requested BOC meeting minutes and activity fund supporting documents.

Observations were noted. See Appendix 1.

2. Training – To determine if campus staff responsible for activity funds (i.e., principal, principal designee, bookkeeper, and sponsors) completed the required activity funds training and passed the training quiz, auditors identified campus staff responsible for activity funds and reviewed training certificates.

Observations were noted. See Appendix 1.

3. Monthly Reconciliations – To determine if cash receipts and bank deposits were properly accounted for, OIA obtained and reviewed the campus' bank reconciliation prepared by the General Ledger Division of the Accounting Services Department along with the reports below and verified there were no unusual or lengthy outstanding items:

- DISD Receipts Awaiting Remittance Report
- DISD Receipts Awaiting Bank Clearance Report
- DISD Activity Fund Unreconciled Transactions Detail Report

No observations were noted.

4. Cash Receipts – To determine if cash receipts for activity funds were properly supported, OIA obtained the *DISD Cash Receipts Register – Activity Funds* report from Oracle for FY 2023-24 as of the testing date and compared to activity funds records maintained at the campus. OIA selected a random sample of cash receipts for each campus and verified the following:

- *Oracle receipts were supported by an S-1 receipt or the FASC – Activity Funds Tabulation of Monies Collected from Students form (CAF 2062), as applicable.*
- *Oracle receipts were supported by the FASC – Activity Funds Sponsor/Staff Deposit Slip form (CAF 2063), if applicable.*
- Sponsors submitted funds to the bookkeeper on the date collected.
- Both the bookkeeper and sponsor signed the Oracle receipt.

Observations were noted. See Appendix 1.

5. Cash Safeguarding and Bank Deposits – To determine if cash collected was properly safeguarded and deposited in the bank, OIA verified the following:
 - The campus had a working safe.
 - Access to the safe was properly restricted.
 - The safe was kept locked.
 - There were no deposit bags in the safe with dates older than the last courier pick-up.

No observations were noted.

6. Purchases and Disbursements – To determine if the campus complied with policies and procedures for activity fund disbursements, OIA reviewed activity funds disbursements documentation maintained at the campus. In addition, auditors obtained the *DISD Requisitions PO by Line report from Oracle* for FY 2023-2024 as of the testing date and selected a random sample of activity fund disbursements for each campus and verified the following:
 - The *FASC Activity Funds Request for Purchase and Payment* form (CAF 2071) was signed by the principal and reviewed by the BOC.
 - The requisition was approved by the principal.
 - A quote was attached to the requisition.
 - The correct line code was used in the requisition.
 - A purchase order was created after the requisition was approved.
 - Items were received or services were rendered, and vendor provided an invoice before payment was made.
 - Sales tax was not included in the payment, unless required.
 - Purchases made with campus activity funds were made from a District approved vendor.
 - Purchases made with student activity funds complied with the intended purpose of the group.
 - Purchases were allowable per District policy.

Observations were noted. See Appendix 1.

7. Fundraising – To determine if fundraising activities were approved and if funds collected were properly accounted for, OIA obtained a report from Laserfiche showing the fundraiser permission forms submitted for approval during FY 2023-2024 as of the testing date. OIA then obtained a report showing the financial recap forms that were submitted in Laserfiche and verified a recap was submitted timely for each approved fundraiser. OIA then selected a random sample of five fundraisers per campus and verified the following:
 - There were no significant discrepancies between projected and net income.
 - Funds raised were receipted in Oracle using the correct account code.
 - Required forms were used (e.g., calendar of planned fundraising activities, Fundraiser Financial Recap worksheet, and Fundraiser Cancellation form)

Observations were noted. See Appendix 1.

8. Donations – To determine if donations were properly supported, accounted for, and reported, OIA identified organization donations in the *DISD Cash Receipts Register – Activity Funds* report and verified the following:

- The campus reported the donation to the Volunteer and Partnership Services department.
- The campus documented donor intent.
- The campus recorded donations in a specific campus activity funds account and disbursed funds according to donor intent.

Observations were noted. See Appendix 1.

Payroll (Overtime)

Overtime – To determine if the campus followed policies and procedures for overtime, OIA obtained the DISD GL Payroll Distribution Report from Oracle and verified the following:

- Overtime was pre-approved
- Overtime compensation did not exceed the 20% limit of employee's salary

Observations were noted. See Appendix 1.

Attendance for Credit

Attendance for Credit (AFC) – To determine if the campus complied with AFC requirements, OIA reviewed information from the AFC system and verified the following:

- A principal's plan is implemented.
- Seat time hours were documented, completed timely and in accordance with the assigned principal plan, and conducted outside of required instructional time.
- Assignments for content-specific work were completed during seat time hours and were maintained in the AFC system.
- Evidence of the Attendance Committee's approval/denial of credits to support final decisions.
- Any exceptions to the attendance for credit program requirements were accompanied by a valid petition.

Observations were noted. See Appendix 1.

Cafeteria Operations

1. Campus Cafeteria – To determine if the campus cafeterias were clean and up to date on required inspections, OIA performed the following:

- Completed a walkthrough of the kitchen and other areas to verify cleanliness, current state of equipment, and if staff were following procedures for proper food handling.
- Obtained the last two City of Dallas, Department of Code Compliance – Consumer Health Division, Retail Food Establishment Inspection Reports and verified the campus met the City of Dallas food protection and education sanitation standards.

No observations were noted.

2. Cash Handling – To determine if cash collected by the campus cafeteria was handled in accordance with District policy, OIA conducted a walkthrough with the campus kitchen supervisor and verified the following:

- Cash deposit bags were locked in the safe and recorded in the *Cafeteria Deposit Pick-up Log*.
- Change fund was secured in a black box or safe.
- Change fund matched the amount recorded in the cafeteria change fund form.

No observations were noted.

Primary criteria used for each area reviewed in this audit were:

Activity Funds

- 1) CFD (LOCAL), Activity Funds Management, last updated June 3, 2022
- 2) FJ (REGULATION), Student Fundraising, last updated May 17, 2017
- 3) CDC (REGULATION), Gifts and Solicitations, last updated August 31, 2023
- 4) Dallas ISD Activity Funds Manual, last updated June 2023
- 5) Dallas ISD Activity Funds Sponsor/Staff Handbook updated February 2022
- 6) Dallas Independent School District (ISD) Purchasing Manual, dated August 2023

Payroll

- 1) DEA (REGULATION), Compensation Plan, last updated March 28, 2022
- 2) Dallas ISD Oracle Payroll Manual, last updated July 10, 2023

Attendance for Credit

- 1) FEC (REGULATION), Attendance, Attendance for Credit, last updated November 4, 2016
- 2) FEC(LOCAL), Attendance for Credit, issued November 17, 2016
- 3) Texas Education Code, Section 25.092, Minimum Attendance for Class Credit or Final Grade, September 9, 2021
- 4) Attendance for Credit Procedural Manual 2023-2024

Cafeteria Operations

- 1) Dallas ISD Food and Child Nutrition Services Standard Operating Procedure, Cleaning and Sanitizing Food Contact Surfaces, last updated August 25, 2022
- 2) Dallas ISD Food and Child Nutrition Services Standard Operating Procedure, Date Marking Ready-to-Eat Time/Temperature Control for Safety Foods, last updated August 2022
- 3) Dallas City Code, Volume I, Chapter 17, Article X., Section 17-10, Compliance and Enforcement (as of this report date)

Conclusion

Appendix 1 summarizes observations identified at the campuses.

We would like to thank the campuses, Financial Services, and School Leadership for their cooperation and assistance during this audit.

The audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. Those standards require Internal Audit to plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. OIA believes the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Respectfully submitted,

Robert Rubel

Robert Rubel, MBA, CPA, CIA, CISA
Chief Internal Audit Officer

Cc: Pamela Lear, Ed.D., Deputy Superintendent, Chief of Staff and Racial Equity
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Summary of Observations by Campus

Tickmark Legend

- % Error Rate
 ** No Fundraiser permission was submitted, as such no Fundraiser recap was completed
 * Auditors were unable to obtain documentation to support seat time hours or work completed
 ✓ No exception noted
 X Exception
 N/A Not tested

No.	Testing Attributes	Alex Sanger Preparatory ES	Ann Richards STEAM Academy MS	Billy Earl Dade MS	David W. Carter HS	Dr. L.G. Pinkston Sr. HS	Reinhardt ES
1. Activity Funds							
1A. Board of Control (BOC)							
1	The campus has a BOC	✓	✓	✓	✓	✓	✓
2	BOC meets on a regular basis	✓	✓	X	✓	✓	✓
3	Applicable personnel attended BOC meetings	✓	✓	X	✓	✓	✓
4	Meetings were well documented and necessary activities were discussed	✓	✓	X	✓	✓	✓
1B. Training							
		17	20	12	29	16	10
1	Principal or designee completed Activity Funds Training and passed the quiz	100%	✓	100%	100%	✓	✓
2	Office Manager completed Activity Funds Training and passed the quiz	✓	✓	✓	✓	✓	✓
3	Financial Clerk completed Activity Funds Training and passed the quiz	✓	✓	✓	✓	✓	✓
4	Sponsors completed Activity Funds Training and passed the quiz	47%	✓	✓	✓	6%	✓
1C. Monthly Reconciliations							
1	No lengthy outstanding items in the 461-CAF reconciliations	✓	✓	✓	✓	✓	✓
2	No lengthy outstanding items in the 865-SAF reconciliations	✓	✓	✓	✓	✓	✓
1D.1 Cash Receipts							
		6	6	7	6	6	12
1	Oracle receipt was supported by S-1 receipt or Tabulation of Monies Form, as applicable	33%	✓	29%	50%	✓	✓
2	S-1 receipt/ Tab of monies completed entirely (dated, who submitted cash, who collected cash, etc)	33%	✓	43%	✓	✓	✓
3	Oracle receipt was supported by sponsor deposit form	17%	✓	29%	✓	✓	✓
4	Funds were submitted by the sponsor to the bookkeeper on the date collected	67%	✓	43%	33%	✓	✓
5	Oracle receipt was signed by bookkeeper and sponsor	✓	✓	14%	✓	17%	✓
1D.2 Cash Safeguarding and Bank Deposits							
1	The campus has and utilizes a working safe	✓	✓	✓	✓	✓	✓
2	Safe is secure and has appropriate access controls	✓	✓	✓	✓	✓	✓
3	The safe was locked at the moment of inspection	✓	✓	✓	✓	✓	✓
4	Access to the safe is restricted	✓	✓	✓	✓	✓	✓
5	There are not any deposit bags in the safe with dates older than the last courier pick up	✓	✓	✓	✓	✓	✓
1E. Disbursements (Purchases)							
		6	6	6	6	5	3
1	The FASC - Activity Funds Request for Purchase and Payment Form (CAF 2071) was reviewed by BOC	100%	✓	100%	33%	✓	✓

Summary of Observations by Campus (Continued)

Tickmark Legend

- % Error Rate
- ** No Fundraiser permission was submitted, as such no Fundraiser recap was completed
- * Auditors were unable to obtain documentation to support seat time hours or work completed
- ✓ No exception noted
- X Exception
- N/A Not tested

No.	Testing Attributes	Alex Sanger Preparatory ES	Ann Richards STEAM Academy MS	Billy Earl Dade MS	David W. Carter HS	Dr. L.G. Pinkston Sr. HS	Reinhardt ES
2	Requisition was approved by the principal in Oracle	✓	✓	✓	✓	✓	✓
3	A quote was attached to the Requisition (excluding catering)	✓	✓	✓	✓	✓	✓
4	Correct line code was used in the Requisition	✓	✓	✓	✓	✓	✓
5	Items were received/services were rendered, and vendor provided an invoice before payment was made	✓	✓	✓	✓	✓	✓
6	Sales tax was not included in payment, unless required to be included	✓	✓	✓	✓	✓	✓
7	Purchases with CAF (461) were made from DISD awarded vendors	✓	✓	✓	✓	✓	✓
8	Purchases with SAF (865) comply with the intended purpose of the group	✓	✓	✓	✓	✓	✓
9	If a reimbursement, approval was obtained and documented, and a legible, itemized receipt was submitted in iExpense within 10 days of purchase	✓	✓	✓	✓	✓	✓
1F. Fundraising		5	5	4	7	5	5
1	The Fundraiser Permission Form was completed	✓	✓	75%	✓	✓	✓
2	The Financial Recap Form was completed and submitted to the Principal within 10 days of the end of the fundraiser, except commission-based fundraisers	✓	✓	**	14%	✓	✓
3	Fundraiser Financial Recap Worksheet was completed by the Sponsor and attached to the Financial Recap Form in Laserfiche	✓	✓	**	57%	100%	✓
4	Projected income vs net income variances were deemed appropriate	✓	✓	✓	✓	✓	✓
5	Funds were received and recorded in Oracle	✓	✓	✓	✓	✓	20%
6	Funds were coded to the account approved on the fundraiser approval form	✓	✓	✓	✓	✓	✓
1G. Donations		4	4	2	9	N/A	2
1	Donor intent was documented	✓	✓	✓	✓	N/A	✓
2	The donation was reported to Volunteer and Partnership Services	✓	✓	✓	78%	N/A	✓
3	The donation was recorded and disbursed according to donor intent	✓	✓	✓	✓	N/A	✓
2. Payroll (Overtime)		1	1	3	5	5	4
1	Overtime was authorized in advance by the supervisor, excluding FCNS and custodial employees	✓	✓	✓	✓	100%	✓
2	Total overtime paid during FY did not exceed 20% of their yearly salary	✓	✓	✓	✓	✓	✓
3. Attendance for Credit		5	5	5	5	4	N/A
1	There's a principal's plan noting the hours of seat time per number of absences	✓	✓	✓	✓	✓	N/A
2	The number of absences on the Restoration Form and Intervention Report are consistent	✓	✓	✓	✓	✓	N/A

Summary of Observations by Campus (Continued)

Tickmark Legend

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- ** No Fundraiser permission was submitted, as such no Fundraiser recap was completed
- * Auditors were unable to obtain documentation to support seat time hours or work completed
- ✓ No exception noted
- X Exception
- N/A Not tested

No.	Testing Attributes	Alex Sanger Preparatory ES	Ann Richards STEAM Academy MS	Billy Earl Dade MS	David W. Carter HS	Dr. L.G. Pinkston Sr. HS	Reinhardt ES
3	The number of seat time hours assigned was in accordance with the determined hours on the Principal's Plan	✓	✓	✓	✓	✓	N/A
4	The logs documented the number of hours of seat time conducted	✓	✓	*	✓	50%	N/A
5	The seat time hours documented were equal to or greater than the hours assigned on the Restoration Form (for samples where seat time was logged)	✓	✓	*	✓	50%	N/A
6	The seat time hours were conducted outside of school hours (for samples where seat time was logged)	✓	✓	*	✓	✓	N/A
7	The work was completed by the student and documented the student's name, date, and time of completion	✓	✓	*	✓	100%	N/A
8	The work appeared to be for the subject/course tested (for samples where work was documented)	✓	✓	*	✓	N/A	N/A
9	The attendance committee appropriately approved awarded credit	✓	✓	✓	✓	100%	N/A
4. Cafeteria Operations							
1	Cafeteria is organized and clean	✓	✓	✓	✓	✓	✓
2	State of equipment is in good condition	✓	✓	✓	✓	✓	✓
3	Staff is sufficient	✓	✓	✓	✓	✓	✓
4	Students are eating the food	✓	✓	✓	✓	✓	✓
5	No items Out of Compliance in the last two Department of Code Compliance - Consumer Health Division, Retail Food Establishment Inspection Report	✓	✓	✓	✓	✓	✓
6	No significant observations made in the last two Inspection Reports	✓	✓	✓	✓	✓	✓
7	Cafeteria cash deposits are kept in the safe until courier pick-up	✓	✓	✓	✓	✓	✓
8	All deposit bags are in the safe recorded in the Cafeteria Deposit Pick Up Log	✓	✓	✓	✓	✓	✓
9	If the change fund is not in use, it is stored in the cafeteria black box or safe. If the fund is in use, the amount matches the amount recorded in the "start change money" located at top of C-1 form.	✓	✓	✓	✓	✓	✓