Escambia County
PUBLIC SCHOOLS

Bellview Elementary School

Audit of School Internal Accounts

For the year ended June 30, 2024

Office of Internal Auditing

September 2024

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

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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 Bellview Elementary 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.

Executive Summary

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.

Bellview received a full audit for the 2023-2024 fiscal year.

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 2023-2024 fiscal year, Bellview Elementary School (Bellview) received a full audit. This report documents the results of the audit.

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.

Minor instances of non-compliance are documented in the audit field notes.

We noted some minor instances of violation of Board Policies and Florida Statutes. These matters were documented and provided to the principal and bookkeeper.

Our testing resulted in seven audit findings.

Our testing resulted in seven audit findings:

- Purchases were made without prior written approval.
- There was no evidence of receipt of goods verification on items shipped to the school.
- Request for Purchase forms (RFPs) were not properly completed.
- Request Purchase Utilizing Purchasing Card forms were not properly completed.
- Credit card sign in/out log was not utilized.
- Deposits were not properly handled.
- Fundraiser Request/Reconciliation Forms were not completed for certain events.

The school's overall fund balance as of June 30, 2024 was $16,294.95.

The overall fund balance reported by the school at June 30, 2024 was $16,294.95. 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

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 2023-2024 fiscal year, Bellview received a full audit.

Outside support organizations are <u>not</u> included in this report and are <u>not</u> audited by our office.

Outside support organizations (school booster clubs and parent teacher associations) affiliated with this school that operate independent of a school's internal accounts **<u>are not included</u>** in this report and **<u>are not audited</u>** by the Office of Internal Auditing.

	Bellview last received a full audit in the 2020-2021 fiscal year. There were no matters that rose to the level of an auditing finding.
The prior bookkeeper terminated at the end of the prior year and was replaced in the next school year.	The school has had the same principal in place since the previous audit. The school's previous bookkeeper terminated in the prior year and was replaced in the beginning of the 2023-2024 school year.

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 believe our audit provides a reasonable basis for our opinion, findings, and recommendations.

Scope

Florida Statute 1011.07 states that the School Board is responsible for the administration and control of school's internal accounts. The Redbook requires school boards to provide for an annual audit of those accounts. Pursuant to this rule, we have audited the financial transactions of the internal accounts of the District's schools as of and for the fiscal year ended June 30, 2024. These accounts are the responsibility of the individual principals at each school. Oversight of these accounts and the annual financial statements are the responsibility of District management.

Methodology

Based on a rotating audit schedule, each year District schools receive either a "full" audit (including extensive testing of transactions), 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 year ended June 30, 2024, 23 schools were selected for "full" audits.

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

Each individual school audit consists of three phases: planning, fieldwork, and reporting.

The planning phase includes steps taken by the auditor to familiarize himself or herself with the school, and to determine their approach to the audit. 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.** 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.

No known conflicts of interest were identified.
Control risk for Bellview has been assessed at moderate.

The fieldwork phase involves the application of testing procedures to the financial records of the school. 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.

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

Finally, the reporting phase consists of communicating the results of the audit to the relevant parties in an easily readable and understandable format. Each phase consists of specific steps taken to ensure an audit is done in accordance with professional standards and currently accepted practices. 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, 7/1/2023	$	12,801.16
Total Receipts		72,071.85
Total Disbursements		(49,181.12)
Total Net Journal Entries		(19,396.94)
Ending Cash Balance, 6/30/2024	$	16,294.95
Audit Adjustments		-
Ending Fund Balance, 6/30/2024, Per Skyward	$	16,294.95
Cash Balance per Confirmation(s)	$	16,294.95
Outstanding Deposits		-
Outstanding Checks		-
Other Reconciling Items		-
Ending Fund Balance, 6/30/2024, Per Confirmation(s)	$	16,294.95

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.

Minor instances of non-compliance are documented in the audit field notes.

During our fieldwork, we noted minor instances of non-compliance, which are not included in this report. We documented these matters in our audit field notes, which were provided to the bookkeeper and principal.

Findings

One finding related to lack of prior written approval.

Prior Written Approval

Our testing indicated purchases were made prior to the principal's written approval date, as evidenced on the approval forms for both check requests and credit card purchase requests.

	The Internal Funds Policy Manual gives specific guidelines regarding the prior approval of purchases. Section VIII, A.1 of the Manual states, "All disbursements require **prior written** approval of the Principal or his/her designated representative. 'Prior written approval' may consist of a properly completed Purchase Requisition/Request for Purchase Oder. This must be done **BEFORE** the item is ordered and funds are obligated." In the case of credit card purchases, the Request Purchase Utilizing Purchasing Card approval form should be used. 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. The Internal Funds Policy Manual gives specific guidelines regarding documentation for expenditures. Section VIII, D.4, (e) 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 RFPs	*Request for Purchase forms* Our testing indicated Request for Purchase forms were not properly completed or present. The Internal Funds Policy Manual, Section VIII, D.1, 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 improper completion of purchasing card forms.	*Request Purchase Utilizing Purchasing Card forms* Our testing indicated Request Purchase Utilizing Purchasing Card forms were not properly completed or present. The Internal Funds Policy Manual gives specific guidelines regarding documentation for internal funds credit card purchases. Section VIII, E.2 (b), (f) of the Manual states, "All purchases must be listed on the Request Purchase Utilizing Purchasing Card form and approved by the

Principal prior to the purchase…If another person is making an order over the internet or phone then the 'Authorization to Assign to Another Person to Make this Purchase' section must be filled out and signed by the cardholder; this can be for multiple vendors for one project (i.e. 5th Grade Banquet, Band Trip, etc.)." In addition, the account name/number to be charged and the requestor's signature are expected to be completed.

See our recommendation in the Recommendations section below.

One finding related to the documentation of the purchasing card sign-in/out log.

Credit Card Sign-in/out Log
Our testing indicated the documentation of the signing-in/out of credit cards (purchase cards) was not properly completed.

The Internal Funds Policy Manual gives specific guidelines for the documentation of signing-in/out credit cards (purchase cards). Section VIII, E.2(d) of the Manual states, "Cardholders cannot check out the credit card until all approvals have been given in writing. Once all paperwork has been approved and signed then the cardholder must sign out the P-Card from the Card Manager." Section VIII, E.2(i) states, "Procurement Cards must be locked up by the card manager. When a purchasing request has been approved, the card will be signed out to the cardholder and must be signed back in within 2 days after the purchase date, unless prior approval has been given by the Principal to keep the card for an extended period of time due to a particular purpose. An example would be a P-Card is needed for out of county travel or in county travel that extends past the school hours of Friday and into the weekend or until Cardholder returns from the trip. **(The card should not be checked out for the entire school year, but rather for each purchase.)**"

See out recommendation in the Recommendations section below.

One finding related to improper handling of deposits.

Deposits – Properly Handled
Our testing indicated deposits did not include a separate deposit slip for <u>each</u> full day's collections.

The Internal Funds Policy Manual provides specific guidelines regarding deposits. Section VI, C of the Manual states, "…Total the actual amount of cash and checks on hand. Print the Deposit Report or Cash Receipt Report…The total of cash, checks and money orders on hand and the total on the Deposit or Cash Receipt Report for Cash Receipts *(reports total per day)* should match. Prepare a bank deposit slip in duplicate."

Section VI, C.3 of the Manual states, "The cash receipt, generated from the internal funds' software, post-date should be the bookkeeper's date listed at the bottom of the MCF, where he/she signs." Keep in

mind Skyward is date driven and there should be a separate deposit slip for each unique date. Meaning, everyday should have its own deposit slip regardless if you go to the bank or not. Most schools will run a deposit journal report at the end of the day; this report should equal the total on your deposit slip for the end of that day."

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.

Chapter 8 Section III, 4.3 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.

Opinion

Our responsibility is to express an opinion on the compliance of the transactions included in the accounts with the governing provisions of Florida Statutes, State Board of Education rules, and policies and procedures of the School Board, and to determine if the schools' financial records reconcile with corresponding bank statements and independent bank confirmations. During our evaluation, we also assessed the adequacy and effectiveness of the schools' system of internal controls.

The majority of the school's transactions were processed in accordance with all

In our opinion, the majority of transactions included in the schools' internal accounts where a full audit was performed were generally consistent with applicable Florida Statutes, State Board of Education rules, and policies and procedures of the School Board. In addition, we

applicable policies and procedures **The financial information reconciled with bank statements and independent confirmations.**	determined the schools' financial records reconcile with bank statements and independent bank confirmations. We determined the internal controls established by the District appear comprehensive, adequate, and effective. During our audit, we did become aware of matters that present opportunities for strengthening internal controls, increasing operating efficiencies, and/or assuring compliance with applicable laws, rules, regulations, policies and/or procedures. These matters are communicated in the Detailed Results section. 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 prior written approval for expenditures.	Prior Written Approval In an effort to address purchases made prior to receiving written approval from the principal/designee, **we recommend the principal and the bookkeeper review the Internal Funds Policy Manual and instruct staff on the proper procedures of obtaining prior written approval for expenditures**.
Review and instruct staff on policies and procedures related to evidence required to indicate receipt of goods.	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.**
Review policies and procedures related to the proper completion of RFPs.	Request for Purchase Forms In an effort to address the improper completion or lack of RFPs, **we recommend the principal and bookkeeper review the Internal Funds Policy Manual and instruct staff on the proper completion of the forms.**
Review and instruct staff on policies and procedures related to proper completion of purchasing card forms.	Request Purchase Utilizing Purchasing Card Forms In an effort to address the improper completion or lack of purchasing card forms, **we recommend the principal and bookkeeper review the Internal Funds Policy Manual and instruct school staff on the proper procedures related to credit card purchases, including prior written approval.**
Review and instruct staff on the policies and procedures	Credit Card Sign-in/out Log In an effort to address the documentation of credit cards being signed-in/out, **we recommend the principal and bookkeeper review the**

related to the documentation of the credit card sign-in/out log.	**Internal Funds Policy Manual and instruct staff on the proper procedures related to the use of the credit cards.**
Review and instruct staff on policies and procedures related to the handling of deposits.	<u>Handling of Deposits</u> In an effort to address the improper handling of deposits, **we recommend the principal and bookkeeper review the Internal Funds Policy Manual on the proper procedures related to the proper handling of deposits.** **We also recommend the bookkeeper ensure that the total of the deposit slips(s) agrees with the total of same-day collections and the total of the Bank Deposit Journal for each day. This should be the case whether deposits are made daily or are held for a few days; there should be a separate deposit slip for <u>each</u> day's collections.**
Review and instruct staff on policies and procedures related to fundraising activities.	<u>Fundraising Request/Reconciliation Forms</u> In an effort to address the improper completion or 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 the school's exit conference.

Management Response

Bellview Elementary School

MEMORANDUM

TO: David Bryant
Director of Internal Auditing

FROM: Ashley Kemp
Principal

DATE: October 11, 2024
SUBJECT: Audit Management Response

This is the first audit conducted for Bellview Elementary School as the Principal. Their former secretary was in the position for less than nine months during the 2023-2024 school year. We are currently seeking to hire a new secretary for the 2024-2025 school year that will manage our financial accounts following proper protocol and procedures.

The 2023-2024 full audit resulted in seven findings and it was reported that Bellview Elementary had "the majority of transactions included in the school's internal accounts were processed in accordance with applicable policies and procedures." Furthermore, the report states "the instances…do not have a material effect and are not severe enough to render the financial information unreliable."

Finding One: Purchases were made without prior written approval
Finding Two: There was no evidence of receipt of goods on items shipped to the school
Finding Three: Request for Purchase forms (RFPs) were not properly completed.
Finding Four: Request Purchase Utilizing Purchase Card forms were not properly completed.
Finding Five: Credit card sign in/out was not utilized
Finding Six: Deposits were not properly handled.
Finding Seven: Fundraiser Request/Reconciliation Forms were not completed for certain events

When the new secretary is hired at Bellview Elementary, we will ensure that she receives intensive training with the Internal Funds Department and be paired with a mentor bookkeeper that has a record of following proper procedure. I will be intentional to build systems with our new bookkeeper to hone in on the seven specific findings in an effort to correct each item in accordance with the procedure..

Thank you.

Ashley Kemp

Principal

Sabrina Cunningham
10-18-2024

Agenda Item Details

Meeting	Nov 19, 2024 - REGULAR MEETING AGENDA (5:30 PM)
Category	45. Internal Auditing
Subject	B. (ADD) School Internal Accounts Audit Reports
Type	Action, Reports
Fiscal Impact	No
Budgeted	No
Recommended Action	Acceptance of the school internal accounts audit reports.

Each year, we audit the internal accounts of the schools. As part of this process, a sample of schools receive audits with full procedures (financial and compliance), with the remaining schools receiving audits with limited procedures. Audits receiving full procedures are presented to the Board individually. Audits receiving limited procedures are included in the District-wide report. All audited schools are then combined into a District-wide audit report on schools internal accounts. These reports have been presented to and accepted by the Audit Committee, a standing committee of the Board. The reports are being presented to the Board for their review and entry into the minutes.

School Internal Accounts Audits - Elementary.pdf (8,143 KB)

School Internal Accounts Audits - Secondary and Centers.pdf (3,410 KB)

Motion & Voting

Acceptance of the school internal accounts audit reports.

Motion by Kevin Adams, second by Tom Harrell.
Final Resolution: Motion Carries
Yes: Kevin Adams, Paul Fetsko, David Williams, Carissa Bergosh, Tom Harrell

Workflow

Workflow	Nov 8, 2024 4:35 PM :: Submitted by David Bryant. Routed to David Bryant for approval. Nov 8, 2024 4:35 PM :: Approved by David Bryant. Routed to Shenna Payne for approval. Nov 8, 2024 4:36 PM :: Approved by Shenna Payne. Routed to Holley DeWees for approval. Nov 8, 2024 4:52 PM :: Final approval by Holley DeWees

Last Modified by Holley DeWees on November 19, 2024

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