



Escambia County
PUBLIC SCHOOLS

Jim Allen Elementary
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

Audit Team:
Jeanne Pilgrim
Audit Administration Specialist

Aaron Hirst
Audit Intern

Jacob Bruce
Audit Intern

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 Jim Allen 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

Jim Allen received a full audit for the 2023-2024 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 2023-2024 fiscal year, Jim Allen Elementary School (Jim Allen) 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.

Two adjusting journal entries were recommended.

Our audit procedures indicated matters that required adjustment of the school's records. Two journal entries were necessary:

- To correct the improper posting of a faculty breakfast to the Faculty Fund account.
- To correct the improper posting of picture commissions to the Donations – Unrestricted account.

These journal entries were processed by the bookkeeper in the following school year.

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 four audit findings.

Our testing resulted in four audit findings:

- Receipts were not properly recorded.
- Receipts were not deposited in a timely manner.
- Donation letters did not contain the proper language.

The school’s overall fund balance as of June 30, 2024 was \$21,831.86.

The majority of transactions included in the school’s internal accounts were processed in accordance with applicable policies and procedures.

- There was no evidence of receipt of goods verification on items shipped to the school.

The overall fund balance reported by the school at June 30, 2024 was \$23,831.86. We have determined that the financial information reported by the school 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.

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, Jim Allen received a full audit.

Outside support organizations are not included in this report and are not 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 **are not included** in this report and **are not audited** by the Office of Internal Auditing.

Jim Allen last received a full audit in the 2021-2022 fiscal year. There were eight matters that rose to the level of audit findings. There were findings related to the documentation of evidence of receipt of goods, prior written approval, credit card reconciliation, credit card log, gift card log, proper completion of fundraising forms, report of saleable inventory, and restricted expenditures, which were determined to be addressed adequately during a subsequent follow-up audit.

The bookkeeper transferred schools in August 2023, and was subsequently replaced during the next school year.

The school has had the same principal in place since the previous audit. The school's previous bookkeeper transferred in August 2023, and was replaced during the next 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

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

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

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

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.

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.

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.

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	\$ 15,489.32
Total Receipts	56,069.24
Total Disbursements	(23,208.47)
Total Net Journal Entries	(26,518.23)
Ending Cash Balance, 6/30/2024	\$ 21,831.86
Audit Adjustments	-
Ending Fund Balance, 6/30/2024, Per Skyward	\$ 21,831.86
Cash Balance per Confirmation(s)	\$ 21,899.65
Outstanding Deposits	-
Outstanding Checks	(94.79)
Other Reconciling Items	27.00
Ending Fund Balance, 6/30/2024, Per Confirmation(s)	\$ 21,831.86

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.

As a result of our fieldwork, two additional adjusting journal entries were recommended:

- To correct the improper posting of a faculty breakfast to the Donations – Unrestricted account, we recommend a journal entry be processed for \$152.65.
- To correct the improper posting of picture commissions to the Donations – Unrestricted account, we recommend a journal entry be processed for \$543.96.

After fieldwork, but prior to the issuance of this report, the school implemented our recommendations to process all journal entries mentioned above.

During our fieldwork, we noted minor instances of non-compliance, which are not included in this report. We documented these matters

Two adjusting journal entries were recommended.

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

One finding related to improper recording of collections.

in our audit field notes, which were provided to the bookkeeper and principal.

Findings

Receipts – Properly Recorded

Our testing indicated Monies Collected Forms (MCFs) were entered into Skyward with a date that was not the date collections were remitted to the bookkeeper.

Section VI, B.10 of the Internal Funds Policy Manual states, “The secretary/bookkeeper will verify that the items listed on the MCF re-add to the total amount listed and that the total on the MCF agrees with the money remitted and acknowledge receipt by signing and dating the MCF.” Section VI, A.3 of the Manual states, “All money received by the school must be substantiated by using a Monies Collected Form (MCF) and an Official Receipt.”

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.”

See our recommendation in the Recommendations section below.

One finding related to the timeliness of deposits.

Timeliness of Deposits

Our testing indicated deposits were not made within five working days after receipt of funds.

Chapter 8, Section III, 1.4(c) of the State Board of Education Rules states, “All money collected must be deposited intact to a depository as frequently as feasible and as dictated by sound business practices. IN ANY EVENT, FUNDS COLLECTED MUST BE DEPOSITED WITHIN FIVE (5) WORKING DAYS” (AFTER RECEIPT).

The Internal Funds Policy Manual, Section VI, C.1 states, “Funds collected shall be deposited as frequently as feasible, preferably daily. In any event, funds collected must be deposited within five (5) working days after receipt. Under no circumstances shall funds be left on the school premises except in a secure safe or vault. Any District employee who fails to remit funds each day shall be liable for any loss.”

See our recommendation in the Recommendations section below.

One finding related to lack of proper language in donation request letters.

Donation Request Letters – Proper Language

Our testing indicated one or more donation request letters did not contain the required language.

The Internal Funds Policy Manual provides specific guidelines regarding donation requests. Section XIII, A of the Manual states, “No student may be charged a fee as a condition of enrollment in a class

One finding related to lack of evidence of receipt of goods.

leading towards graduation.” Fees and other charges may be applied to a few programs or activities as listed in the manual. In addition, Section XIII, C of the Manual states, “Schools are authorized to solicit donations from parents and the general public to supplement the normal curricular activities provided by the District. It should be made clear that such solicitations are strictly voluntary and no student will be prevented from participating in an activity if their parents choose not to contribute. However, you may remind students and parents that the lack of donations can, and most likely will, limit or eliminate some activities later in the term when funds for the class have been exhausted.”

Due to the sensitivity of the matter, any donation request letter found which omits the required wording of “voluntary” and “no student will be prevented from participating” (or intent of such) will result in an audit finding.

See our recommendation in the Recommendations section below.

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.”

This is a repeat finding from 2021-2022.

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

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

The financial information reconciled with bank statements and independent confirmations.

assessed the adequacy and effectiveness of the schools' system of internal controls.

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 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 the timeliness of receipts

Recording of Receipts

In an effort to address the improper recording of receipts, **we recommend the principal and bookkeeper review the Internal Funds Policy Manual on the proper procedures for the recording of receipts.**

Review and instruct staff on policies and procedures related to the timeliness of deposits.

Timeliness of Deposits

In an effort to address the timeliness of deposits, **we recommend the principal and bookkeeper review the Internal Funds Policy Manual and instruct staff on the proper procedures related to deposits.**

Review and instruct staff on policies and procedures related to donation request letters.

Donation Request Letters

In an effort to address the lack of proper language included in donation request letters, **we recommend that the principal review the Internal Funds Policy Manual and instruct staff on the policies and procedures associated with donation request letters. We also recommend that the principal ensure that all donation request letters distributed contain the appropriate language. Sample letters are included in the Internal Funds Policy Manual.**

Review and instruct staff on policies and procedures

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**

related to evidence required to indicate receipt of goods.

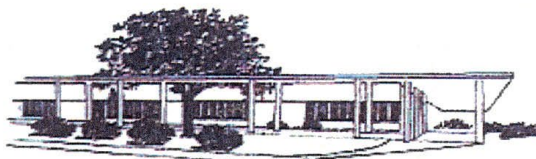
Funds Policy Manual and instruct staff on the proper procedure of documenting receipt of goods.

We will follow-up on these recommendations approximately 90 days after the school's exit conference.

Management Response



Stephanie Gilmore
Assistant Principal



Shannon Cross
Principal



Brianna Cooks
Curriculum Coordinator

JIM ALLEN ELEMENTARY SCHOOL

1051 Hwy. 95-A North Cantonment, FL 32533 Phone: 937-2260

October 11, 2024

David Bryant
Director of Internal Auditing
Escambia County School District

Mr. Bryant:

I am writing in response to the Audit of School Internal Accounts for Jim Allen Elementary School for the year ending June 30, 2024. There are four audit findings in this report. This letter will address each and the efforts that will be made to prevent similar findings in the future.

1. Receipts - Properly Recorded

As noted in the report, "monies collection forms (MCF)s were entered into Skyward with a date that was not the date the collections were remitted to the bookkeeper." It was determined that our bookkeeper, newly hired in August of 2023, was unaware of this requirement. She was making the deposits in a timely manner, but entering the information into Skyward on another date, recording the actual date instead of the date of the deposits. Now that she is aware of this requirement, she will ensure that the entries in Skyward contain the same date as the date of the deposits. This will comply with Section VI, C.3 of the Internal Funds Policy Manual, which 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." In addition, the principal and the bookkeeper will review the Internal Funds Policy Manual on the proper procedures for the recording of receipts.

2. Timeliness of Deposits

The audit report indicates that some “deposits were not made within five working days after the receipt of funds.” It was determined that, at times, the bookkeeper retained some non-cash deposits for several days until she felt there were enough to warrant a trip to the bank. From now on, the bookkeeper will make a trip to the bank each time she has monies that need to be deposited, or at least once a week. Making frequent daily or weekly deposits will maintain compliance with both Chapter 8, Section III, 1.4(c) of the State Board of Education Rules and the Internal Funds Policy Manual which state “ All money collected must be deposited intact to a depository as frequently as feasible and as dictated by sound business practices. IN ANY EVENT, FUNDS COLLECTED MUST BE DEPOSITED WITHIN FIVE (5) WORKING DAYS” and “Funds collected shall be deposited as frequently as feasible, preferably daily. In any event, funds collected must be deposited within five (5) working days after receipt.” Also, the principal and the bookkeeper will review the Internal Funds Policy Manual and instruct staff on the proper procedures related to deposits.

3. Donation Request Letters - Proper Language

The report indicates that “one or more donation request letters did not contain the required language.” The principal and bookkeeper are both aware that all donation request letters must include language that indicates that all donations are voluntary and that no student will be prevented from participating due to lack of a donation. Unfortunately, two donation letters were sent home without the required language. To prevent this from happening again, all donation request letters will be drafted using the sample letter provided in the Internal Funds Manual. In addition, all donation request letters will be approved by the principal and checked by the bookkeeper before being sent home. All letters will make “clear that such solicitations are strictly voluntary and no student will be prevented from participating in an activity if their parents choose not to contribute, ” as stated in Section XIII, C of the Internal Funds Manual. In addition, the principal and the bookkeeper will review the Internal Funds Policy Manual and instruct staff on the policies and procedures associated with donation request letters.

4. Evidence of Receipt of Goods

As noted in the audit report a small number of "invoices/packing slips used as supporting documentation for expenditures did not include evidence indicating receipt of goods." It is school policy that all goods received will be counted and the receipt assigned and dated. We will ensure that all packing slips are collected, signed, dated, and submitted to the bookkeeper. When a packing slip is missing, we will use the purchase receipt as a substitute, and sign and date the receipt with a note indicating the goods were received. The principal and the bookkeeper will also review the Internal Funds Policy Manual and instruct staff on the proper procedure for documenting the receipt of goods.

Thank you for your time and attention to this matter.

Sincerely,



Shannon Cross
Principal

C7
10/21/24

**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

**Agenda Item Details**

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Last Modified by Holley DeWees on November 19, 2024