



Escambia County
PUBLIC SCHOOLS

Northview High 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

Audit Team:
Jeanne Pilgrim
Audit Administration Specialist

Mindy Waldie
Auditor

Sara Heuer
Audit Intern

Jacob Bruce
Audit Intern

Aaron Hirst
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 Northview High 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

Northview 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, Northview High School (Northview) 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 five audit findings.

Our testing resulted in five 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.

The school's overall fund balance as of June 30, 2024 was \$204,633.71.

The overall fund balance reported by the school at June 30, 2024 was \$204,633.71. 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.

Background

Outside support organizations are not included in this report and are not audited by our office.

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, Northview received a full audit.

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.

Northview last received a full audit in the 2021-2022 fiscal year. There were three matters that rose to the level of audit findings. There were findings related to the proper completion of the credit card log, the proper reconciliation of the accounts payable account, and the proper completion of fundraiser forms, which were determined to be addressed adequately during a subsequent follow-up audit.

The bookkeeper retired at year-end 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 retired in September 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

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.

**No known conflicts of interest were identified.
Control risk for Northview 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.

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	\$ 250,614.45
Total Receipts	380,136.03
Total Disbursements	(180,689.93)
Total Net Journal Entries	(245,426.84)
Ending Cash Balance, 6/30/2024	\$ 204,633.71
Audit Adjustments	-
Ending Fund Balance, 6/30/2024, Per Skyward	\$ 204,633.71
Cash Balance per Confirmation(s)	\$ 210,442.58
Outstanding Deposits	1,332.34
Outstanding Checks	(7,074.64)
Other Reconciling Items	(66.57)
Ending Fund Balance, 6/30/2024, Per Confirmation(s)	\$ 204,633.71

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

Prior Written Approval

One finding related to lack of 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.

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

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 Order. 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.

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.

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.

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

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

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.

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.)**”

This is a repeat audit 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 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 applicable policies and procedures

The financial information reconciled with bank statements and independent confirmations.

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 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 related to the documentation of the credit card sign-in/out log.

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 Internal Funds Policy Manual and instruct staff on the proper procedures related to the use of the credit cards.**

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

Management Response



NORTHVIEW HIGH SCHOOL

4100 West Hwy 4

Bratt, FL 32535

☎ (850) 761-6000

Fax (850) 327-6106

www.northviewchiefs.com

Michael Sherrill
Principal

Gerry Pippins
Assistant Principal

October 14, 2024

Dear Mr. Bryant,

The purpose of this correspondence is to explain the corrective action concerning the audit findings for the Audit Findings Report for Northview High School from the fiscal year ending on June 30, 2024.

Audit Finding # 1

Purchases were made without prior written approval.

Corrective Action

The Senior School Financial Specialist will diligently check Purchase Order Forms and Requests for Purchase Forms to ensure that no purchases are made prior to principal approval. Staff meetings are held to remind personnel about the rules for purchasing items.

Audit Finding # 2

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

Corrective Action

The Principal and Senior School Financial Specialist will remind staff that all purchased items need to be verified when delivered. In instances when a packing slip is not included with the delivery, we will instruct staff to utilize the invoice form for that purchase to ensure that all items were delivered and not damaged.

Audit Finding # 3

Request for Purchase forms (RFPs) were not properly completed.

Corrective Action

The Principal and Senior Financial Specialist will meet with staff to retrain them as to how this form is to be completed properly. They will be told that the desired purchase cannot move forward until all documentation is completed correctly.

Audit Finding #4

Request Purchase Utilizing Purchasing Card forms were not properly completed.

Corrective Action

The Principal and Senior Financial Specialist will meet with staff to retrain them as to how this form is to be completed properly. They will be told that the desired purchase cannot move forward until all documentation is completed correctly.

Audit Finding #5

Credit card sign in/out log was not utilized.

Corrective Action

The Principal and Senior Financial Specialist have reviewed the Internal Funds Policy Manual and the Financial Specialist has instructed all card holders on the proper procedures for signing in/out and usage of cards.

Please contact me if you need further assistance or clarification.

Sincerely,

Michael Sherrill

Michael Sherrill
Principal

**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