



Escambia County
PUBLIC SCHOOLS

Bellview Middle 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
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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 Middle 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

Bellview 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, Bellview Middle 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.

Four adjusting journal entries were recommended.

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

- To correct the posting of a reading incentive purchase.
- To record unrecorded interest for the school's CD account.
- To correct the posting of fuel charges.
- To correct the posting of a supply purchase.

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 three audit findings.

Our testing resulted in three audit findings:

- Sales tax on purchases was not properly handled.
- Fundraiser Request/Reconciliation Forms were not properly completed.
- The Fundraising Log Sheet was not property utilized.

The school’s overall fund balance as of June 30, 2024 was \$30,205.56.

The overall fund balance reported by the school at June 30, 2024 was \$30,205.56. 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 not

Outside support organizations (school booster clubs and parent teacher associations) affiliated with this school that operate independent of a

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

school's internal accounts are not included in this report and are not audited by the Office of Internal Auditing.

There was a change in the school's principal and bookkeeper since the previous audit.

Bellview last received a full audit in the 2020-2021 fiscal year. There was one matter that rose to the level of an auditing finding. The finding was related to proper utilization of budgeted funds, which was determined to be addressed adequately during a subsequent follow-up audit.

The school's principal has changed since the previous audit. The school's bookkeeper changed during 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

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

**No known conflicts of interest were identified.
Control risk for Bellview 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	\$	37,978.90
Total Receipts		17,297.98
Total Disbursements		(5,346.18)
Total Net Journal Entries		(19,725.14)
Ending Cash Balance, 6/30/2024	\$	30,205.56
Audit Adjustments		-
Ending Fund Balance, 6/30/2024, Per Skyward	\$	30,205.56
Cash Balance per Confirmation(s)	\$	30,242.07
Outstanding Deposits		-
Outstanding Checks		(5.78)
Other Reconciling Items		(30.73)
Ending Fund Balance, 6/30/2024, Per Confirmation(s)	\$	30,205.56

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.

Four adjusting journal entries were recommended.

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

- To correct the posting of a reading incentive purchase to the Volleyball account, we recommended a journal entry be processed for \$27.96.
- To record unrecorded interest related to the CD account, we recommended a journal entry be processed for \$30.73.
- To correct the posting of fuel charges to the General account, we recommended a journal entry be processed for \$19.45.
- To correct the posting of a supplies purchase to the General account, we recommended a journal entry be processed for \$23.31.

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

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

Findings

Sales Tax Payments

One finding related to proper handling of sales tax for instrument rentals.

Our testing indicated that sales tax was not properly handled for instrument rentals. Sales tax was not collected and remitted to the Florida Department of Revenue.

Section XII, A of the Manual states, "In general, all purchases made by a school which are deemed to be for educational purposes are tax exempt. The sales tax exemption cannot be used by any other organization or individual including District school board members, employees and students, except as directly related to a school purchase. The intent of this section is to identify when schools should be paying sales tax on purchases and/or on revenues collected. A general rule in determining whether sales tax should be paid on a school internal funds purchase is determined by "ownership" of the tangible personal property purchased. If the ownership passes from the school to an individual, then sales tax should be paid on the purchase unless the item is specifically tax exempt".

Section XII, C of the Manual states, "When required, the District prefers that taxes be paid directly to the vendor at the time of purchase to avoid having to file a tax return with the Florida Department of Revenue." Section IX, A(2) of the Manual states, "Sales tax cannot be reimbursed with the exception of purchases from the faculty account and items purchased for resale."

See our recommendation in the Recommendations section below.

One finding related to completion of the FRR forms.

Fundraiser Request/Reconciliation Forms – Proper Completion

Our testing indicated Fundraiser Request/Reconciliation (FRR) forms were not properly completed or present.

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.

One finding related to improper completion of the Fundraiser Log Sheet.

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.

Fundraiser Log Sheet

Our testing indicated the Fundraiser Log Sheet was not properly completed and maintained.

The Fundraising Guidelines Handbook approved by the School Board states, “Each district school board shall maintain records documenting the occurrence of any exempted school-sponsored fundraisers to demonstrate compliance with this rule.”

Effective with the 2016-17 school year, the District implemented utilizing the Fundraising Log Sheet to document all fundraising activity and identify the occurrence of exempted events.

See our recommendation in the Recommendations section below.

Opinion

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

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.

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.

The financial information reconciled with bank statements and independent 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 sales tax.

Sales Tax on Purchases

In an effort to address the proper handling of sales tax for instrument rentals, **we recommend the principal and bookkeeper review the Internal Funds Policy Manual and instruct staff on the proper procedures for payment and non-payment of sales tax.**

Contact Accounting Operations for assistance with sales tax owed.

We also recommend the bookkeeper contact the Accounting Operations Department for assistance with determining the amount of sales tax owed and the appropriate process for remitting the tax.

Review and instruct staff on policies and procedures related to fundraising activities.

Fundraising Request/Reconciliation Forms

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.**

Review and instruct staff on policies and procedures related to the Fundraiser Log Sheet.

Fundraiser Log Sheet

In an effort to address the improper completion of the Fundraiser Log Sheet, **we recommend the principal and the bookkeeper review the Internal Funds Policy Manual's rules regarding the utilization and maintenance of a Fundraiser Log Sheet.**

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

Management Response



BELLVIEW MIDDLE SCHOOL

6201 Mobile Hwy
Pensacola, Florida 32526
Office: (850) 595-6888 Fax: (850) 941-6073



Mrs. Adrienne Green, Principal

Dr. Travis Griffin, Assistant Principal

To: Auditing Department
Escambia County Public Schools

From: Mrs. Adrienne Green, Principal
Bellview Middle School

Date: October 10, 2024

Subject: Audit Findings Corrective Action Plan

Please see the enclosed corrective action plan to the audit findings.

Purchases

Sales & Use Tax Collections & Remittances

During review of the Band Instrument Rental account (B2010.01), we noted no sales tax on rentals had been collected and remitted to the Florida Department of Revenue. In addition, review of the history of this account indicated the last remittance of sales tax occurred in the school year ended 6/30/19. **T-7; AUDIT FINDING**

Audit Recommendation

We recommend the school bookkeeper contact the Accounting Operations Department for assistance on determining the amount of sale tax owed and the appropriate process for remitting the tax.

Implementation Plan of Action

The school bookkeeper will contact the Accounting Operations Department for assistance on determining the amount of sales tax owed. The Principal and bookkeeper will clarify the procedure of rental of instruments and ensure sales tax is charged in the future. The bookkeeper will reach out for assistance by November 8th.



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Mrs. Adrienne Green, Principal

Dr. Travis Griffin, Assistant Principal

Report of Saleable Inventory

Proper Documentation

One of one account did not document their year-end inventory counts properly:

- The Yearbook account failed to submit the Report of Saleable Inventory form

Section IV, B.11 of the Manual states, "Any remaining saleable inventory must be accounted for at the end of all fundraisers by completing the Report of Saleable Inventory form. This form must be turned in to the bookkeeper and be available for audit."

Audit Recommendation

We advise the bookkeeper instruct school staff on the proper completion of the Report of Saleable Inventory form. (This comment will not be brought forward as a formal recommendation in the report.)

Implementation Plan of Action

The school bookkeeper will ensure the Report of Saleable Inventory form is completed alongside any sponsor that will have saleable inventory. Once the report is completed, the report will be submitted to the Principal for final review and approval.

Please provide any further actions that need to be taken to Principal Green.

**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