Escambia County
PUBLIC SCHOOLS

Escambia High School

Audit of School Internal Accounts
For the year ended June 30, 2025

Office of Internal Auditing
October 2025

McKenzie Lane, CFE
Director – Internal Auditing

Audit Team:
Jeanne Pilgrim
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Auditor
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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 and align with the District's strategic goals by ensuring effective stewardship of internal funds.

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 Escambia 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 2024 Global Internal Audit Standards issued by the Institute of Internal Auditors, which establish the principles and expectations for the professional practice of internal auditing.

We thank the principals, assistant principals, bookkeepers, secretaries, and various support personnel throughout the District for their cooperation and commitment.

Executive Summary

Escambia received a full audit for the 2024-2025 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 2024-2025 fiscal year, Escambia High School (Escambia) 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 conclusion, findings, and recommendations. This engagement adds value by promoting sound financial management, supporting compliance with policies and laws, and strengthening accountability at the school level.

Nine adjusting journal entries were recommended.

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

- To correct the improper posting of a purchase of screwdrivers for school use.
- To correct the posting of furniture to be used in the check-in area of the school.
- To correct the posting of a pizza purchase for Student of the Week.
- To record CD interest for the 6/30 balance.
- To correct the posting of R&R Vending commissions.
- To correct the posting of Coca-Cola Vending commissions.
- To correct the posting of Quercus Films commissions.
- To correct the posting of Kay Brown photo commissions.
- To correct the posting of yearbook rebates.

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:

- There was no evidence of receipt of goods verification on items shipped to the school.
- The signing-in/out of credit cards was not properly completed.
- Internal funds were utilized when budgeted funds were available.

The school's overall fund balance as of June 30, 2025 was $353,572.04.

The overall fund balance reported by the school at June 30, 2025 was $353,572.04. 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.

We concluded that 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 2024-2025 fiscal year, Escambia 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.

Escambia last received a full audit in the 2022-2023 fiscal year. There were two matters that rose to the level of audit findings. There were findings related to the documentation of evidence of receipt of goods and the proper treatment of voided checks, which were determined to be addressed adequately during a subsequent follow-up audit.

School Administration has been consistent for several years.

The school has had the same principal and bookkeeper in place since the previous audit.

Objective

The purpose of our audit was to evaluate the accuracy, reliability, and compliance of the internal funds maintained by the school for the fiscal year ended June 30, 2025. Specifically, our objectives were to determine whether the financial information reported in the school's internal accounts reconciled with corresponding bank statements and independent bank confirmations; whether transactions were processed in accordance with applicable Florida Statutes, State Board of Education Rules, and School Board policies and procedures; and whether any instances of non-compliance or internal control weaknesses were significant enough to impact the reliability of the reported financial information. We also sought to identify opportunities for operational improvements or enhancements to internal controls where appropriate. This engagement also supports the District's strategic objective of ensuring fiscal accountability at the school level.

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

Scope

The scope of this engagement included a full audit of the school's internal accounts as of and for the fiscal year ended June 30, 2025. This engagement focused solely on internal funds maintained at the school level and did not include an audit of external support organizations such as PTAs or booster clubs.

Audit procedures included the examination of financial records, transaction testing, evaluation of supporting documentation, and confirmation of cash and investment balances. These procedures were designed based on an engagement-level risk assessment conducted during the planning phase, which helped guide the nature, timing, and extent of testing.

The authority to perform this audit is established by Florida Statute 1011.07, which designates the School Board as responsible for the administration and control of internal accounts, and by the Redbook, which requires an annual audit of those accounts. While each school principal is responsible for maintaining their school's internal accounts, District management retains oversight of internal account policies and the preparation of year-end financial statements.

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, 2025, 20 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

No known conflicts of interest were identified.	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. The internal audit team affirms that this engagement was conducted independently and objectively. **No impairments to independence or objectivity were identified.** An engagement-level risk assessment was conducted to identify and evaluate potential risks relevant to the school's internal funds. This included consideration of the school's prior audit history, recent staffing changes, the overall complexity of financial operations, and known or suspected control weaknesses.
Control risk for Escambia has been assessed at moderate.	Based on this assessment, control risk for the school was determined to be moderate, and standard audit procedures were applied accordingly. If control risk is assessed at a level higher than moderate, additional procedures may be performed. The engagement risk assessment informed the development of our audit program, including the nature, timing, and extent of procedures necessary to provide reasonable assurance regarding the reliability of the school's financial information and compliance with applicable statutes, rules, and Board policies.
For our purposes, exceptions of greater than or equal to 20% of the total population may exist before an audit finding is issued.	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		
07/01/24 Cash Balance	$	296,240.52
Total Receipts		425,022.53
Total Disbursements		(147,454.08)
Total Net Journal Entries		(220,236.93)
06/30/25 Balance, per Skyward	$	353,572.04
Audit Adjustments		-
06/30/25 Audited Balance	$	353,572.04
06/30/25 Cash Balance, per Confirmation(s)	$	348,634.28
Outstanding Deposits		8,664.48
Outstanding Checks		(3,745.66)
Other Reconciling Items		18.94
06/30/25 Reconciled Balance	$	353,572.04

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.

Nine adjusting journal entries were recommended.

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

- To record unrecorded interest related to the A1118 CD account, we recommended a journal entry be processed for $6.06.
- To correct the misposting of a screwdriver expense to the F6255 Reimbursable by District account, we recommended a journal entry be processed for $25.51.
- To correct the misposting of a furniture purchase to the F6255 Reimbursable by District account, we recommended a journal entry be processed for $1,991.94.
- To correct the misposting of a pizza purchase to the F6080 Unrestricted Donations account, we recommended a journal entry be processed for $79.21.

- To correct the misposting of R&R Vending commissions to the F6080 Unrestricted Donations account, we recommended a journal entry be processed for $607.01.
- To correct the misposting of Coca-Cola Vending commissions to the F6080 Unrestricted Donations account, we recommended a journal entry be processed for $4,766.83.
- To correct the misposting of Quercus Films Vending commissions to the F6080 Unrestricted Donations account, we recommended a journal entry be processed for $2,500.00.
- To correct the misposting of Kay Brown photo commissions to the F6080 Unrestricted Donations account, we recommended a journal entry be processed for $2,395.50.
- To correct the misposting of a yearbook rebate to the F6080 Unrestricted Donations account, we recommended a journal entry be processed for $1,050.00.

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

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

Evidence of Receipt of Goods

One finding related to lack of 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 audit finding from 2022-2023.

See our recommendation in the Recommendations section below.

Credit Card Sign-in/out Log

One finding related to the

Our testing indicated the documentation of the signing-in/out of credit

documentation of the credit card sign-in/out log	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(j) 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 or for a sport season. **(The card should not be checked out for the entire school year, but rather for each purchase.)**" See our recommendation in the Recommendations section below.
One finding related to the utilization of budgeted funds before internal funds.	*Budgeted Funds vs. Internal Funds* Our testing indicated expenses were made from internal funds when District budgeted funds were available to defray all, or a portion, of these costs. Purchases for such items from internal funds when budgeted funds are available reduces the amount of internal funds available for other intended purposes. Chapter 8, Section III, 3.4(a) of the State Board of Education Rules states, "The following expenditures from internal funds are deemed inappropriate and shall not be made except from trust funds collected for a specifically identified purpose: Equipment, supplies, forms, and postage for curricular or classroom use" for which school board funds are available. See our recommendation in the Recommendations section below.

Conclusion

As part of this engagement, our responsibility is to form a conclusion regarding whether transactions recorded in the school's internal accounts complied with applicable Florida Statutes, State Board of Education rules, and School Board policies and procedures, and

	whether the school's financial records reconciled with corresponding bank statements and independent bank confirmations. In conducting this evaluation, we also assessed the adequacy and effectiveness of internal controls relevant to the administration of internal funds.
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.**	Based on the procedures performed, we conclude that, for schools where a full audit was conducted, the majority of transactions were consistent with applicable Florida Statutes, State Board of Education rules, and policies and procedures of the School Board. Additionally, the financial records reconciled appropriately with independent bank confirmations and bank statements. In our evaluation, we determined the internal controls established by the District appear comprehensive, adequate, and effective in supporting the proper management of internal funds. While we identified some areas 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 were not significant enough to affect the overall reliability of the school's reported financial information. These observations, along with related recommendations for improvement, are detailed in the Detailed Results section of this report.

Recommendations

Review and instruct staff on policies and procedures related to evidence required to indicate receipt of goods.	<u>Receipt of Goods</u> 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.** **Risk Prioritization: 3 of 3** **Risk Significance: Moderate**
Review and instruct staff on the policies and procedures related to the documentation of the credit card sign-in/out log.	<u>Credit Card Sign-in/out Log</u> 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.** **Risk Prioritization: 2 of 3** **Risk Significance: Moderate**

Review policies and procedures related to budgeted funds.	Budgeted Funds vs. Internal Funds In an effort to address the proper utilization of budgeted funds prior to internal funds, **we recommend the principal review the State Board Rules pertaining to budgeted funds and instruct school staff on the proper procedures for utilizing budgeted District funds prior to the utilization of school internal funds.** **Risk Prioritization: 1 of 3** **Risk Significance: Low** We will follow-up on these recommendations approximately 90 days after the school's exit conference.

Management Response

ESCAMBIA HIGH SCHOOL

1310 NORTH 65th AVENUE, PENSACOLA, FLORIDA 32506

Dr. Dana Boddy, **Principal**
Alan Culp, **Assistant Principal**
Shanae Teasley, **Assistant Principal**

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To: McKenzie Lane

From: Dana Boddy, Principal DB

Date: November 21, 2025

Subject: Audit Findings for the 2024-2025 School Year

The following are my responses to the findings that were presented in the Audit Findings Report for the fiscal year ending on June 30, 2025. We appreciate the thorough examination conducted by the Internal Auditing department and acknowledge the importance of rectifying the identified issues. After reviewing the report, Escambia High School has developed the following corrective actions to ensure all concerns are fully addressed.

Expenditures - Receipt of Goods Evidence:
The principal and bookkeeper will conduct a formal review of the *Internal Funds Policy Manual* to ensure all staff are fully aware of the required procedures. We will provide targeted training for staff responsible for ordering, receiving, and documenting goods. This will include:

- Implementing a standardized receipt-of-goods form.
- Requiring signatures and dates confirming receipt.
- Ensuring all documentation is filed promptly and accurately.
- Training will be completed and procedures reinforced at upcoming faculty meetings and through written guidance.

Credit Card Sign-In/Out Log:
The principal and bookkeeper will review the *Internal Funds Policy Manual* and provide staff with clear instructions regarding proper credit card handling. Escambia High School will implement the following procedures:

- A credit card will not be issued to any staff member until the bookkeeper obtains a completed sign-out signature on the updated credit card log.
- The bookkeeper will conduct daily checks to ensure all credit cards have been returned.
- If a credit card is not returned by the end of the day, the bookkeeper will immediately call the individual to retrieve the card.
- Upon return, the bookkeeper will ensure the card is properly signed back in, including date and time of return.

Budgeted Funds vs. Internal Funds:
The principal will review the State Board Rules regarding the required utilization of budgeted District funds before internal funds are used. Moving forward, Escambia High School will implement the following procedures:

- Before any purchase is made using internal funds, staff will verify that budgeted District funds are not available for that item or expense.
- Staff will receive updated guidance and reminders regarding the appropriate use of District versus internal funds.

Escambia High School is committed to maintaining full compliance with internal controls and financial procedures. The corrective actions outlined above will be implemented immediately, and we will continue monitoring these areas throughout the school year to ensure ongoing improvement.

Appendix

Risk Rating	Criteria
High	Significant internal control or risk management concern that if not corrected or mitigated could lead to serious consequences. Immediate attention from Escambia County School District personnel required.
Moderate	Minor procedural lapses, internal control gaps, and/or failure of defined controls which could lead adverse impacts. Timely attention from Escambia County School District personnel is warranted.
Low	Recommendation may lead to improvement in the quality and/or efficiency of the process or area audited, or conformance to best practices. Routine attention from Escambia County School District personnel is warranted.

The IIA's 2024 Global Internal Audit Standards requires internal auditors to "prioritize each engagement finding based on its significance, using methodologies established by the chief audit executive."

Agenda Item Details

Meeting	Dec 16, 2025 - REGULAR MEETING AGENDA (5:30 PM)
Category	45. Internal Auditing
Subject	A. 2024-2025 School Internal Accounts Audit Reports
Type	Action, Reports
Fiscal Impact	No
Budgeted	No
Recommended Action	Acceptance of the 2024-2025 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. 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.

2024-2025 School Internal Accounts Audits - Elementary.pdf (2,948 KB)

2024-2025 School Internal Accounts Audits - Secondary and Centers.pdf (6,226 KB)

Motion & Voting

Acceptance of the 2024-2025 school internal accounts audit reports.

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

Workflow

Workflow	Dec 3, 2025 11:52 AM :: Submitted by McKenzie Lane. Routed to McKenzie Lane for approval. Dec 3, 2025 11:53 AM :: Final approval by McKenzie Lane

Last Modified by Holley DeWees on December 16, 2025