



Escambia County
PUBLIC SCHOOLS

J.M. Tate 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:
Mindy Waldie
Auditor
Sara Heuer
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 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 J.M. Tate 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

Tate 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, J.M. Tate High School (Tate) received a full audit. This report documents the results of the audit.

Two adjusting journal entry was recommended.

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.

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

- To transfer the improper posting of senior class expenses to the General Account (G7000).
- To correct the improper posting of faculty coffee bar expenses to the General Account (G7000).

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:

- Gift cards were not properly handled

The school's overall fund balance as of June 30, 2025 was \$718,672.99.

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

- The signing-in/out of credit cards was not properly completed.
- Receipts were not properly recorded.

The overall fund balance reported by the school at June 30, 2025 was \$718,672.99. We have determined that the financial information reported by the school reconciles with bank statements and independent bank confirmations.

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

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

reconciliation of bank statements and confirmations). For the 2024-2025 fiscal year, Tate 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.

Tate last received a full audit in the 2022-2023 fiscal year. There were no matters that rose to the level of an auditing finding.

The bookkeeper left 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 left Tate on August 30, 2024, and was replaced during the next school year.

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

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

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.

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

No known conflicts of interest were identified.

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. 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. 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

Control risk for Tate 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.

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.

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	\$ 713,672.03
Total Receipts	1,174,877.65
Total Disbursements	(492,891.32)
Total Net Journal Entries	(676,985.37)
06/30/25 Balance, per Skyward	\$ 718,672.99
Audit Adjustments	-
06/30/25 Audited Balance	<u>\$ 718,672.99</u>
06/30/25 Cash Balance, per Confirmation(s)	\$ 719,704.14
Outstanding Deposits	-
Outstanding Checks	(7,601.19)
Other Reconciling Items	6,570.04
06/30/25 Reconciled Balance	<u>\$ 718,672.99</u>

One adjusting journal entry was recommended.	<p><u>General Ledger Review</u></p> <p>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.</p> <p>As a result of our fieldwork, one additional adjusting journal entry were recommended:</p> <ul style="list-style-type: none"> • To correct the mis posting of a Faculty expense to the G7000 General account, we recommended a journal entry be processed for \$72.02.
Minor instances of non-compliance are documented in the audit field notes.	<p>After fieldwork, but prior to the issuance of this report, the school implemented our recommendations to process all journal entries mentioned above.</p> <p>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.</p>
One finding related to the improper handling of gift cards.	<p><u>Findings</u></p> <p><i>Gift Cards – Properly Handled</i></p> <p>Our testing indicated gift cards were not properly handled.</p> <p>The Internal Funds Policy Manual gives specific guidelines to be followed for the handling of gift cards. Section IV, M.2 states, “Gift cards can Not be purchased: a) With a P-card, b) As a holiday or other gift for employees, students, etc. EXCEPTION: Faculty and Hospitality funds may be used to purchase gift cards...” Section IV, M.1 states, “Gift cards may be purchased for student incentives or from the faculty funds. Gift cards must have a face value of \$50.00 or less. A face value greater than \$50.00 must have prior approval from the Internal Funds Department.”</p> <p>See our recommendation in the Recommendations section below.</p>
One finding related to the documentation of the purchasing card sign-in/out log.	<p><i>Credit Card Sign-in/out Log</i></p> <p>Our testing indicated the documentation of the signing-in/out of credit cards (purchase cards) was not properly completed.</p>

One finding related to improper recording of collections.

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.

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.

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

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.

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.

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 the policies and procedures related to gift cards.

Gift Card Purchases

In an effort to address the improper purchasing of gift cards, **we recommend the principal and the bookkeeper review the Internal Funds Policy Manual's rules regarding the proper procedures for the purchasing of gift cards.**

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.

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.**

Risk Prioritization: 1 of 3

Review and instruct staff on policies and procedures related to the recording of receipts.

Risk Significance: Moderate

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.**

Risk Prioritization: 2 of 3

Risk Significance: Moderate

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

Management Response



Laura Touchstone
Principal

Greg Blackmon
Assistant Principal

Brandy White
Assistant Principal

Austin Courson
Assistant Principal

November 20, 2025

Dear Ms. McKenzie Lane,

Thank you for providing the 2025 Internal Funds Audit Report and for the continued guidance and support from your department. We appreciate the thorough review and take each finding seriously. In response, I am writing to outline our understanding of the audit items and the corrective measures we have already implemented to ensure full compliance with the Internal Funds Manual.

1. Policies – Gift Card Purchases

Audit Finding: Gift cards were purchased using a P-Card, contrary to Section IV, M.2(a), and proper check procedures outlined in Section IV, M.3 were not followed.

Corrective Measures:

- All gift card purchases are now processed exclusively by check in accordance with the guidelines.
- The bookkeeper will maintain a centralized Gift Card Log, with documentation attached to each check stub as required.
- Any exception requiring Internal Funds Department approval will be obtained prior to purchase without exception.

2. Purchasing Card Log – Sign-In/Sign-Out Procedures

Audit Finding: The P-Card sign-out and sign-in logs were not properly maintained, as required under Section VIII, E.2(d) and E.2(i).

Corrective Measures:

- Written approval is required before checkout.
- Signatures for both issuing and returning the card are required.
- The card manager has been retrained to ensure the P-Cards are stored securely and only signed out for individual transactions, consistent with the Manual.
- A two-business-day return requirement has been reinforced, and exceptions will only occur with prior written approval from the principal.

3. Receipts Properly Recorded – Date Accuracy

Audit Finding: In 40 of 74 receipts tested, the Skyward receipt date did not match the date on the Monies Collected Form (MCF), contrary to Sections VI, A.3, B.10, and C.3.

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Affirmative Action / Equal Opportunity Employer

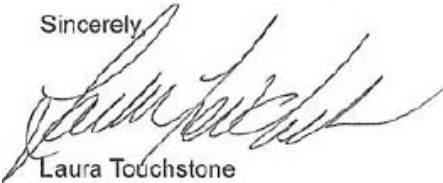
Corrective Measures:

- The bookkeeper has been retrained, emphasizing same-day dating requirements for Skyward posting and MCF verification.
- The bookkeeper now cross-checks each MCF and Skyward entry at the time of processing to confirm date alignment.
- Weekly reviews of all MCFs and Skyward receipts will be completed for the remainder of the school year to reinforce consistent compliance.

We value the importance of strong internal controls and are committed to maintaining the highest standards of financial accountability. The corrective steps outlined above are already in place, and we will continue monitoring our procedures to prevent future discrepancies.

Thank you again for your guidance and partnership as we work to ensure accuracy and compliance in all internal fund operations. Please let me know if further documentation or clarification is needed.

Sincerely,



Laura Touchstone
Principal

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