Escambia County
PUBLIC SCHOOLS

Brown Barge Middle 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
Internal Auditor

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 Brown Barge 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 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

Brown Barge 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, Brown Barge Middle School (Brown Barge) 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.

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 seven audit findings.

Our testing resulted in seven 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.
- Gift cards were not properly handled.
- Fundraiser Request/Reconciliation Forms were not properly completed.

The school's overall fund balance as of June 30, 2025 was $78,284.01

The overall fund balance reported by the school at June 30, 2025 was $78,284.01. 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, Brown Barge Middle received a full audit.

Outside support organizations are <u>not</u> included in this report and are <u>not</u> 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 **<u>are not included</u>** in this report and **<u>are not audited</u>** by the Office of Internal Auditing. Brown Barge Middle last received a full audit in the 2023-2024 fiscal year. There was one matter that rose to the level of audit findings. The timely completion of the Fundraising Request/Reconciliation form, which were determined to be addressed adequately during a subsequent follow-up audit.
The bookkeeper resigned at year-end and replaced during the next school year.	The school's previous bookkeeper resigned at year-end 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

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, twenty 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.

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.

Control risk for Brown Barge 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,

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

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.

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	$	37,280.42
Total Receipts		144,937.10
Total Disbursements		(52,502.63)
Total Net Journal Entries		(51,430.88)
06/30/25 Balance, per Skyward	$	78,284.01
Audit Adjustments		-
06/30/25 Audited Balance	$	78,284.01
06/30/25 Cash Balance, per Confirmation(s)	$	79,309.01
Outstanding Deposits		-
Outstanding Checks		(1,025.00)
Other Reconciling Items		
06/30/25 Reconciled Balance	$	78,284.01

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.

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

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." 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 or present. 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 fields such 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 or present. 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 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.
One finding related to the documentation of the credit card sign-in/out log	*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(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 improper handling of gift cards.

Gift Cards – Properly Handled
Our testing indicated gift cards were not properly handled.

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."

See our recommendation in the Recommendations section below.

One finding related to improper 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 this rule are met through the proper completion of the Fundraising Request/Reconciliation Form.

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.

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

<u>Prior Written Approval</u>

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**

related to prior written approval for expenditures.	**instruct staff on the proper procedures of obtaining prior written approval for expenditures**. **Risk Prioritization: 3 of 7** **Risk Significance: Moderate**
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: 5 of 7** **Risk Significance: Moderate**
Review policies and procedures related to the proper completion of RFPs.	<u>Request for Purchase Forms</u> 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.** **Risk Prioritization: 1 of 7** **Risk Significance: Moderate**
Review and instruct staff on policies and procedures related to proper completion of purchasing card forms.	<u>Request Purchase Utilizing Purchasing Card Forms</u> 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.** **Risk Prioritization: 2 of 7** **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: 4 of 7** **Risk Significance: Moderate**
Review and instruct staff on policies and procedures related to gift card purchases.	<u>Gift Card Purchases</u> In an effort to address the improper purchase of a Gift Card with a P-Card, **we recommend the principal and the bookkeeper review the Internal Funds Policy Manual's rules regarding the**

Review and instruct staff on policies and procedures related to fundraising activities.	**Risk Prioritization: 7 of 7** **Risk Significance: Moderate** <u>Fundraising Request/Reconciliation Forms</u> 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.** **Risk Prioritization: 6 of 7** **Risk Significance: Moderate** We will follow-up on these recommendations approximately 90 days after the school's exit conference.

Management Response

Brown-Barge Middle School

201 E. Hancock Lane – Pensacola, FL 32503 - Phone 850.494.5640
Website: brown-bargems@escambiaschools.org

Janet Penrose – Principal **Lauri Jackson – Assistant Principal**

December 1, 2025

Brown-Barge MS Audit Finding 2024-2025

To: McKenzie Lane, Director of Internal Auditing

From: Janet Penrose, Principal, Brown-Barge Middle School

The reason for this correspondence is to address the audit findings from our recent exit interview with Mindie Waldie. Many of the findings are easily corrected. With our bookkeeper being new to her role, she has already improved many of the findings listed below. We will continue to work on these concerns to eliminate them completely.

- Audit Finding # 1 - Lack of Prior Written Approval
  - We have discussed this audit finding and decided to tighten up our current procedure to ensure prior written approval is given on all purchases.
- Audit Finding # 2 - Lack of Evidence of Receipt of Goods
  - Since many of the Amazon packages do not include packing lists, we will print off the order and use it as a checklist to ensure all items have been received.
- Audit Finding # 3 - Improper Completion of RFPs
  - We need to ensure that all forms are completed prior to making purchases.
- Audit Finding # 4 - Improper Completion of Purchasing Card Forms
  - This process will be reviewed with all staff who make purchases to ensure forms are being completed correctly.
- Audit Finding # 5 - Documentation of Credit Card Sign In/Out log
  - We will be more diligent with signing our cards in and out, even if we are only using them for a few minutes during the school day.
- Audit Finding # 6 - Improper Handling of Gift Cards
  - We have been instructed on how to best document the handling of gift cards. This process will be followed moving forward.
- Audit Finding # 7 - Improper Completion of the FRR Forms
  - The bookkeeper did not realize that the top section of the FRR form needed to be filled out along with the other forms. This has been corrected and will no longer be an issue.

After completing our Exit Interview, Ms. Smith and I spoke about each of the findings listed above and planned out how we can modify our current processes to ensure all activities are properly completed. Our next audit will show our hard work and dedication to our school's finances.

Sincerely,

Janet Penrose

Janet Penrose, Principal

cc: Dr. Michael Roberts, Director of Middle Schools
Mrs. Mindie Waldie, Internal Auditor
Mrs. Cynthia Smith, Brown-Barge MS Bookkeeper

Dr. Michael G. Roberts 12/1/25

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