

C.A. Weis Elementary
Audit of School Internal Accounts
For the Year Ended June 30, 2021

Office of Internal Auditing
September 2021

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VERIFIED BY RECORDING SECRETARY

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.

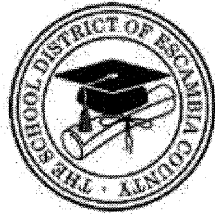
Audits, reviews, and other engagements are determined through a District-wide risk assessment process, and are incorporated into the annual work plan of the Office of Internal Auditing, as approved by the Audit Committee. Other assignments are also undertaken at the request of District management.

This engagement was conducted with the full cooperation of C.A. Weis Elementary 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.



Office of Internal Auditing
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Executive Summary

Weis received a full audit for the 2020-2021 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 2020-2021 fiscal year, C.A. Weis Elementary School (Weis) received a full audit. This report documents the results of the audit.

Our testing resulted in three audit findings.

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.

Our testing resulted in three audit findings:

- Purchases were made without prior written approval.
- Deposits were not properly handled.
- Monies Collected Forms (MCFs) were not properly completed.

The school's overall fund balance as of June 30, 2021 was \$5,159.85.

The overall fund balance reported by the school at June 30, 2021 was \$5,159.85. 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 2020-2021 fiscal year, Weis 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.

Weis last received a full audit in the 2018-2019 fiscal year. There were three matters that rose to the level of audit findings. There were findings related to prior written approval for disbursements, evidence of receipt of goods, and utilizing the Fundraiser Log, which were determined to be addressed adequately during a subsequent follow-up audit.

**The principal was reassigned and replaced in the next school year.
The bookkeeper transferred and was replaced on August 12, 2020.**

The school's previous principal was reassigned at year-end, and was replaced during the next school year.

The school's previous bookkeeper transferred on July 28, 2020, and was replaced on August 12, 2020.

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 have conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditing, and have planned and performed our audit to obtain reasonable assurance that transactions were made in accordance with applicable policies and laws and that the financial information presented is reliable.

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

Scope

The State Board of Education Redbook, Chapter 8, Section I, 1(b) states that the District School Board is responsible for the administration and control of school's internal accounts and in connection therewith shall provide for an audit of those accounts. Pursuant to this rule, we have audited the financial transactions of the internal accounts of the school as of and for the fiscal year ended June 30, 2021. These accounts are the responsibility of the principal of that school.

Methodology

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

Each audit consists of three phases, containing specific steps to ensure it is done in accordance with professional standards and current accepted practice.

The Planning Phase

The planning phase serves as the initial stage of an audit, where the auditor determines which schools are audited, ensures his or her independence, assesses the overall control environment and risk factors, and selects the samples of transactions to be tested.

No known conflicts of interest were identified.

Control risk for Weis 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.

School Sample

Rather than auditing 100% of schools each year, a system of rotation is utilized that is based primarily on school classification (i.e., elementary, middle, high).

Ensuring Independence

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.**

Control Risk Assessment

At the beginning of each audit, the two prior audits and work papers, as well as any follow-up audits, are reviewed. We also determine whether there have been any significant personnel changes (i.e., principal, bookkeeper).

Each school’s bookkeeper and principal are given internal control questionnaires to complete prior to their audit beginning. We review the responses, and discuss any items of concern with the appropriate staff. These questionnaires represent only a portion of our assessment of the overall control environment.

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.

Transactional Samples

Statistical sampling for attributes has been chosen. This method allows conclusions to be drawn about the population based on statistical inference. If after testing we determine the sample does not provide adequate coverage of the total population, auditor judgment and discussion with the Director of Internal Auditing are used to determine whether additional sampling methodologies are necessary (judgmental sampling, whole population, etc.).

The Fieldwork Phase

The fieldwork phase involves transactional testing of the school’s internal accounts. The items in each of our samples are tested for compliance with applicable Florida Statutes, State Board of Education Rules, Board Policies, contract terms and conditions, and grantor restrictions.

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.

The Reporting Phase

Upon the completion of the planning and fieldwork phases of an audit, the results of those phases are compiled into an easily readable and understandable format (i.e., the audit report). The report is presented to, and approved by, the Audit Committee and the School Board at the end of each audit cycle.

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, 7/1/2020	\$ 5,926.97
Total Receipts	25,280.60
Total Disbursements	(20,117.76)
Total Net Journal Entries	(5,929.96)
Ending Cash Balance, 6/30/2021	\$ 5,159.85
Audit Adjustments	-
Ending Fund Balance, 6/30/2021, Per Skyward	<u>\$ 5,159.85</u>
Cash Balance per Confirmation(s)	\$ 5,159.85
Outstanding Deposits	-
Outstanding Checks	-
Other Reconciling Items	-
Ending Fund Balance, 6/30/2021, Per Confirmation(s)	<u>\$ 5,159.85</u>

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.

One finding related to lack of prior written approval.

Findings

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.

This is a repeat audit finding from 2018-2019.

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.

One finding related to improper handling of deposits.

Deposits – Properly Handled

Our testing indicated deposits did not include a separate deposit slip for each full day's collections.

The Internal Funds Policy Manual provides specific guidelines regarding deposits. Section VI, C of the Manual states, "...Total the actual amount of cash and checks on hand. Print the Bank Deposit Journal... The total of cash, checks and money orders on hand and the total on the Bank Deposit Journal (*reports total per day*) should match. Prepare a bank deposit slip in duplicate."

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." Keep in mind Skyward is date driven and there should be a separate deposit slip for each unique date. Meaning, everyday should have its own deposit slip regardless if you go to the bank or not. Most schools will run a deposit journal report at the end of the day; this report should equal the total on your deposit slip for the end of that day."

One finding related to improper completion of MCFs

Monies Collected Forms – Proper Completion

Our testing indicated Monies Collected forms were not properly completed.

The Internal Funds Policy Manual gives specific guidelines to be followed for the receipt of monies. These guidelines mention specific procedures to be followed concerning indication of whether the monies were remitted in cash or check, requirements of the teacher or sponsor to sign the monies collected form, and verification by the bookkeeper of the monies collected and the counter signature on the forms.

See our recommendation in the Recommendations section below.

Opinion

The financial information reconciled with bank statements and independent confirmations.

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

Our opinion is divided into two major areas: whether or not the financial information reported by the school reconciles with corresponding bank statements and independent bank confirmations; and an assessment of the compliance of transactions included in the internal accounts with the governing provisions of Florida Statutes, State Board of Education rules, and policies and procedures of the School Board. An overall assessment is also made as to 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.

We have determined that the financial information reported reconciles with bank statements and independent bank confirmations.

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.

Recommendations

Review and instruct staff on policies and procedures related to prior written approval for expenditures.

Prior Written Approval

In an effort to address purchases made prior to receiving written approval from the principal/designee, **we recommend the principal and the bookkeeper review the Internal Funds Policy Manual and instruct staff on the proper procedures of obtaining prior written approval for expenditures.**

Review policies and procedures related to the handling of deposits.

Handling of Deposits

In an effort to address the improper handling of deposits, **we recommend the principal and bookkeeper review the Internal Funds Policy Manual on the proper procedures related to the proper handling of deposits.**

Review and instruct staff on policies and procedures related to proper completion of MCFs.

Monies Collected Forms

In an effort to address the improper completion MCFs, **we recommend the principal and bookkeeper review the Internal Funds Policy Manual and instruct staff on the proper completion of MCFs.**

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

Management Response

Dr. Kimberly Thomas
Principal

Trudy Comerford
Assistant Principal

Lisa Smith-Coleman
CPS Director



2701 North Q Street, Pensacola Florida 32505

Phone (850) 595-6888 Fax (850) 595-6893

January 14, 2022

Dear Mr. Bryant,

C.A. Weis Elementary School received a financial audit finding from the 2020-21 school year. The findings indicated the following:

- Purchases were made without prior written approval.
- Deposits were not properly handled.
- Monies Collected Forms were not properly completed.

I have corrected the finding by communicating to faculty and staff that purchases must be approved by the administrator before purchasing. I also will ensure that the date of the approval and the date of the invoice are aligned. In regards to the deposits, I reviewed with the secretary that deposits must be entered in Skyward on the date of the receipt. Additionally, I have communicated with the faculty and staff that if there is an error entered on the Monies Collected Form, a new form is to be used or if changes are made on the form, then whoever completes the form must initial next to error. These policies and procedures have been reviewed with the secretary as well as staff members. In the future, if either of us is unsure of policies and procedures, I will contact the Internal Auditing Department.

Sincerely,

Dr. Kimberly Thomas
C.A. Weis Elementary School

CG
1/18/2022

Uniting our school, families, and community for shared success and well-being