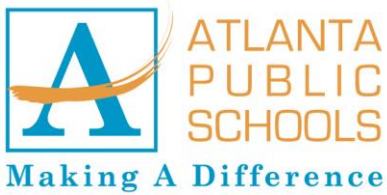


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South Atlanta High School Summary of Findings

October 3, 2016

Dr. Patricia Ford
Principal
South Atlanta High School
800 Hutchens Road SE
Atlanta GA 30354

Dr. Ford,

The Office of Internal Compliance concluded its performance of an operational and compliance audit on the Miscellaneous Cash Activity Account Fund (MCAAF) administered by South Atlanta High School (S. Atlanta). This report provides, as a follow up to the exit conference comments, written communication of the results of testing derived from certain audit procedures designed to meet the audit objective.

Audit Objective

The objectives of the audit were to document the processes utilized by S. Atlanta to perform cash collections derived from school based activities and to determine whether disbursement processes were performed according to established procedures documented in the *School Based Services Financial Guidelines*.

Audit Scope

The scope of the audit includes the review of financial records from May 1, 2015 to June 29, 2016 and operational procedures for administering the Miscellaneous Cash Activity Account Fund (MCAAF).

Audit Procedures

In order to meet the requirements of the established objectives, we requested documentation, conducted interviews, and performed various audit tests. The documentation requested included the following:

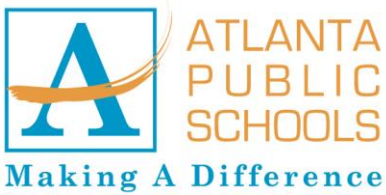
- ✓ Updated School Compliance and Audit Questionnaire
- ✓ Sponsorship Agreement
- ✓ Banks Statements
- ✓ Bank Reconciliations
- ✓ Deposit Slips/Receipts
- ✓ Selected Receipt Books
- ✓ Disbursement Documentation

We performed the following tests to achieve our objective:

- ✓ Analyzed the Updated School Compliance and Audit Questionnaire
- ✓ Surveyed and Interviewed Selected School Personnel
- ✓ Reviewed Bank Reconciliations for Abnormal Reconciling Transactions

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- ✓ Testing Sample of Receipts from Collection Approval to Bank deposit
- ✓ Testing Sample of Disbursements from Request to Approval/Disbursement

Audit Results

The performance of the procedures resulted in the following opportunities for improvement, which were verbally discussed with school administrators during an exit conference after completing audit field work. The results are categorized as Cash Receipt Analysis and Cash Disbursement Analysis. S. Atlanta's response is included after each finding recommendation.

CASH RECEIPT ANALYSIS

As a result of interviewing school personnel at S. Atlanta, we noted that the cash receipt process includes sponsors collecting funds from students, parents, and donations from program business partners. S. Atlanta's process is designed for all collected funds to be submitted to the school secretary daily.

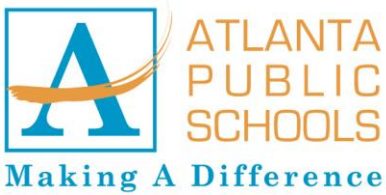
We reviewed the financial records and selected nineteen (19) receipt records out of 516 total receipts and fifty-five (55) deposit records out of 221 total deposits to test for compliance. The cash handling, recording, and depositing of the cash of the Miscellaneous Cash Activity Account Fund appear adequate, but lack administrative protocols.

16-MCAAF-SAHS-01 Failure to Complete Sponsorship Agreement and Ensure Sponsor Training

Criteria	School Based Systems (SBS) instituted a process to properly document the principal's approval of activities, designation of approved Sponsors, and documentation of the assigned receipt books to Sponsors by utilizing a form referred to as a <i>Sponsorship Agreement</i> . Also, SBS required all Principals, Secretaries, and Sponsors attend training.
Condition	4 of 31 Sponsors (13%) did not attend the required training. Principal did not attend required training. Also, we noted that S. Atlanta has a process (<i>Sponsorship Agreement</i>) in place to account for personnel operating as activity Sponsors, but three Sponsors listed on the <i>Receiptee History Report</i> were not listed on the <i>Sponsorship Agreement</i> .
Cause	School personnel did not ensure all Sponsors were listed on the <i>Sponsorship Agreement</i> . S. Atlanta did not ensure all Sponsors attend SBS required training.
Effect	No account for all sponsors and sponsored activities regarding the collection of school activity funds results in no sponsorship controls and no management of school activity funds. Sponsors not participating in SBS required training provides an opportunity for improper collection and submission procedures of the sponsored activity.
Recommendation	School personnel should ensure that all Sponsors are listed on the <i>Sponsorship Agreement</i> . Also, S. Atlanta should ensure all Sponsors attend SBS required training.

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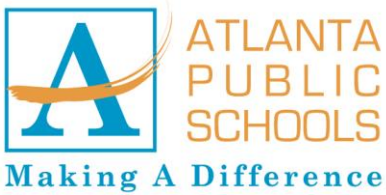
Response	All Sponsors are required to submit Sponsorship Agreement forms, all forms must be approved and signed by the Principal. Once agreement forms are submitted, Sponsor must attend training with school Secretary.
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16-MCAAF-SAHS-02 Failure to Submit Funds Daily

Criteria	<p>3.4 Basic Guidelines For Collection of Funds, <i>School Based Services Financial Guidelines</i>.</p> <p>The Principal is responsible for the security of school funds at all times. School personnel handling money will be responsible for making immediate restitution of funds that are lost or stolen due to procedure violations. All money received in the name of the school, whether or not it is receipted during school hours or on school property must be deposited to the school's bank account and receipted through the school activity banking program (SABO). Monies collected should be turned into the School Secretary on the same day as collected. The School Secretary must issue an official SABO generated receipt to the sponsor after verifying funds. No funds should be stored in or on personal property.</p> <ul style="list-style-type: none"> • ... • The total of all receipts issued shall ALWAYS be equal to the sum of the monies deposited. Before making a deposit, run a tape to verify reconciliation of receipts to the receipt book to the monies for deposit. • ...
Condition	<p>In reviewing sponsor receipt books, sponsors collect monies from students and/or parents between one (1) to twenty-six (26) days before submitting funds to Secretary to post and deposit.</p> <p>We were unable to verify the posting and deposit of receipts #215811 through #215815 and #215821 totaling \$480.00 into SABO. The Sponsor was absent and another Sponsor collected funds on her behalf and receipted the students. Upon the Sponsor's return, the funds were given to her instead of submitting to S. Atlanta personnel for deposit. When querying SABO, we found no entries (deposits) for the absent Sponsor during that time frame and several months after. This means that \$480 were unaccounted.</p>
Cause	Sponsors elected to hold monies until the end of an event and/or not make deposits daily. Sponsors were collecting funds from students and not making deposits.
Effect	Failure to deposit collected funds daily decreases internal controls and exposes the school to possible lost and/or stolen funds.
Recommendation	S. Atlanta should ensure sponsors submit all funds collected on a daily basis to the School Secretary. S. Atlanta should ensure that Sponsors approved to collect for sponsored activities are collecting and submitting funds daily. If not, receipt books should be retrieved from Sponsors not submitting funds.

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Response	All approved Sponsors must understand the daily collection of funds. If policy continues to go unfollowed, receipt book will be retrieved from the Sponsor.
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16-MCAAF-SAHS-03 Failure to Follow Collection Procedures

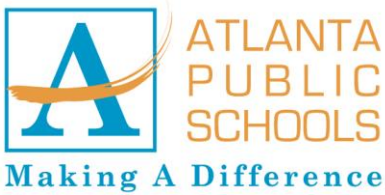
Criteria	3.3 Receipts and Collections, <i>School Based Services Financial Guidelines</i> . Each student activity fund sponsor should receive a receipt collections form (...) or a pre-numbered receipt book (...) from the School Secretary. Sponsors should turn in all monies collected to the School Secretary or designee on the day collected. Sponsors should never hold money overnight. All sponsors must maintain proper documentation of all monies collected throughout the school year. At the end of the school year the receipt book must be returned to the School Secretary for proper storage.
Condition	3 of 19 receipts (16%) did not have receipts or <i>Receipt Collection Form</i> on file. One receipt indicated direct deposit instead of receipt book beginning number and end number.
Cause	Sponsors did not submit receipts from a receipt book or a <i>Receipt Collection Form</i> . School personnel's SABO inputs were incorrect.
Effect	Unable to verify funds collected from students and/or parents. Official receipt displayed incorrect information.
Recommendation	S. Atlanta should follow the Receipts and Collections section as noted in the <i>SBS Financial Guidelines</i> . School personnel should ensure SABO inputs are accurate.
Response	Weekly SABO reports of Sponsor receipts and collections will be monitored by the Principal to ensure all SBS Financial Guidelines are followed properly. Principal has also requested to have meetings twice a month to review SABO reports. Principal has also assigned one Bookkeeper to handle all financial obligations via SBS.

16-MCAAF-SAHS-04 Failure to Safeguard Funds

Criteria	SECTION 5: Do's and Don'ts for School Checking Account, <i>School Based Services Financial Guidelines</i> . The following serves as a preventive checklist that, if followed, should enhance the internal control environment at your school: 11. Do not hold deposits in excess of 72 hours. ...
Condition	In reviewing deposits, prior to July 1, 2015, S. Atlanta personnel transported all deposits to the bank.
Cause	School personnel during this period elected not to use the Dunbar Service.

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Effect	Failure to use Dunbar Services for deposits places school personnel and sponsored activity funds at risk.
Recommendation	S. Atlanta should ensure all deposits are transported by Dunbar Services.
Response	Weekly review of Dunbar services will be monitored by the Principal to ensure all deposits are transported by Dunbar.

CASH DISBURSEMENT ANALYSIS

The interviews with school personnel provided insight of the process utilized by the school to disburse funds. S. Atlanta's process for disbursing funds is in accordance with guidelines.

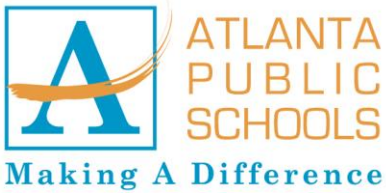
We reviewed the financial records and selected twenty (20) out of 324 disbursements to test for compliance. The process for disbursement of checks processed from the Miscellaneous Cash Activity Account Fund appear adequate, but lacks administrative protocols.

16-MCAAF-SAHS-05 Proper Support Not Submitted Prior to Disbursement Request

Criteria	3.7 Basic Guidelines For Distribution of Funds, <i>School Based Services Financial Guidelines</i> . <ul style="list-style-type: none"> • Requests for reimbursement must be presented with all original documentation attached. • Types of documentation acceptable are invoices, itemized receipts, sales slips, or event registration. • All documentation must be original. No copies will be accepted. • Items presented for payment or employee reimbursement without prior approval of purchase become the responsibility of the employee.
Condition	<i>Disbursement Requests</i> prior to July 1, 2015, were not completed or signed by the employee. One reimbursement overpaid an employee by \$410.20. 10 of 19 reimbursements (53%) did not have written prior approval of purchase with the appearance of circumventing the procurement process. Support documentation was from APS approved vendors.
Cause	School personnel completed form for employee electronically. School personnel did not correctly calculate request. Employees submitted <i>Disbursement Requests</i> with receipts from APS vendors that circumvented the procurement process.
Effect	Not having the employee complete and sign <i>Disbursement Request</i> decreases internal controls (employee completing form and school personnel verifying submission). Not carefully reviewing original itemized receipts and <i>Disbursement Request Forms</i> may lead to improper disbursement of funds. No verification of approval prior to purchase did not

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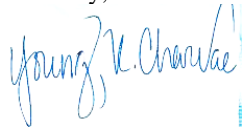
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	provide proper support documentation for <i>Disbursement Request</i> approval. Not initiating a requisition for the goods or services eliminates the competitive bidding process and verification of available funds.
Recommendation	S. Atlanta should ensure employees complete and sign <i>Disbursement Requests</i> . S. Atlanta should recoup the \$410.20 overpayment from the employee. S. Atlanta should also ensure that employees request written approval of item(s) prior to purchase that they plan to submit for reimbursement and follow the <i>School Based Services Financial Guidelines</i> and the <i>Procurement Services Procedures Manual</i> .
Response	Weekly <i>Disbursement Requests Forms</i> will be monitored by the Principal to ensure all employees complete forms and provide supporting documentation for request, i.e. written approval of item(s) prior to purchased and follow the <i>School Based Services Financial Guidelines</i> and the <i>Procurement Services Procedures Manual</i> . S. Atlanta will recoup the \$410.20 overpayment from the employee by September 27, 2016.

I want to thank you and your school personnel for their warm welcome and participation throughout this process. It was truly a pleasure working with everyone.

Sincerely,



K. Charvae Young, MBA, MA
Lead Internal Auditor