

Office of Internal Compliance

130 Trinity Avenue S.W.

Atlanta, Georgia 30303

(404) 802-1700 (phone)

(404) 802-1717 (fax)



ATLANTA
PUBLIC
SCHOOLS

Making A Difference

William M. Boyd Elementary School Final Report

August 16, 2017

Joi C. Kilpatrick, Ed.S
Principal, Boyd Elementary School
1891 Johnson Road, NW
Atlanta, Georgia 30318

Ms. Kilpatrick,

The Office of Internal Compliance performed an operational and compliance audit on the Miscellaneous Cash Activity Account Fund (MCAAF) administered by William M. Boyd Elementary School (Boyd). 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 Boyd 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 July 1, 2015 to July 10, 2017 and operational procedures for administering the Miscellaneous Cash Activity Account Fund (MCAAF).

Audit Procedures

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
- ✓ Tested a sample of Receipts from Collection Approval to Bank deposit
- ✓ Tested a sample of Disbursements from Request to Approval/Disbursement

Audit Conclusion

The cash handling, recording, and depositing of the cash for the Miscellaneous Cash Activity Account fund appear adequate, but lack minor administrative protocols. Based upon the testing performed, the following opportunities for improvements were identified and discussed with school administrators during an exit conference. The opportunities are categorized as General Administration, Cash Receipt Analysis, and Cash Disbursement Analysis. Boyd's response is included after each finding recommendation.

GENERAL ADMINISTRATION

Observation #1

No training administered to 19 of 19 Sponsors (100%) for SY2016-2017 and SY2015-2016.

All Principals, Secretaries, and Sponsors are required to attend training at the beginning of each school year.

Failure to ensure all Sponsors are trained provides the opportunity for unauthorized collection of monies and a probability for lost/stolen funds.

Recommendation(s)

Boyd leadership should ensure that all Sponsors are trained prior to collecting funds from students/parents.

Response

Boyd leadership will ensure that all Sponsors are trained prior to collecting funds from students and parents

Observation #2

***Sponsorship Agreement* was without return dates and approval by the Principal. OIC test results indicate the following:**

- **SY2015-2016 *Sponsorship Agreements* did not indicate the return date for receipt books;**
- **SY2016-2017 *Sponsorship Agreement* was not signed and dated by Principal and did not indicate the return date for all receipt books issued (repeat finding);**
- **3 of 19 Sponsors (16%) were issued a receipt book and listed on the *Sponsorship Agreement* but did not submit funds**

The instituted process requires the school to properly document the principal's approval of activities, designation of approved sponsors, and documentation of the assigned receipt books to sponsors.

Failure to document the principal's approval of activities, designation of approved sponsors, and documentation of assigned receipt books to Sponsors provides the opportunity for unauthorized collection of monies and a probability for lost/stolen funds.

Recommendation(s)

Boyd leadership should ensure all Sponsors submit funds, issue receipts to parent/students, and are listed on the *Sponsorship Agreement* at the beginning of each school year.

Response

Boyd leadership will ensure all Sponsors submit funds and issue receipts to parent/students.

Observation #3

OIC encountered instances where complete financial records were unavailable for inspection and review. The following are a few of the financial records missing and/or unavailable with no explanation from the Secretary.

- **Receipt Books (2 of 19) – 11%**
- ***Request for Fundraising Project forms***

School financial records must be retained in the school for a minimum of two years and maintained in storage for an additional three years. The guidelines require all fundraising events to be approved by the Principal and Associate Superintendent prior to the activity taking place.

Failure to maintain financial records may be an attempt to cover financial improprieties and/or hide noncompliance with policies and procedures. Also, failure to ensure school fund raising events are approved by the Principal and Associate Superintendent prior to the activity taking place provides an opportunity for theft and unauthorized collection of funds.

Recommendation(s)

Boyd leadership ensure all school financial records are maintained according to Records Retention guidelines. Boyd leadership should ensure *Request for Fund Raising Project Forms* are completed and approved by the Principal and Associate Superintendent.

Response

Boyd leadership will ensure all school financial records are maintained according to Records Retention guidelines. Boyd leadership will ensure *Request for Fund Raising Project Forms* are completed and approved by the Principal and Associate Superintendent.

CASH RECEIPT ANALYSIS

Observation #4

Receipts totaling \$290 were not posted and deposited. According to the Sponsor, after she receipted the individuals, instead of turning the money over to the Secretary, she gave the money to another Sponsor. The new Sponsor then paid a vendor directly, in cash.

The current guidelines require Sponsors to personally deliver funds daily to the Secretary and to never send directly to a vendor.

Failure to deposit collected funds daily and fully complete the receipts decrease internal controls and exposes the school to possible lost or stolen funds.

Recommendation(s)

Boyd leadership should ensure all Sponsors follow the procedures outline in the Receipts and Collections section of the *SBS Financial Guidelines*.

Response

Boyd Leadership will ensure all Sponsors follow the procedures outline in the Receipts and Collections section of the *SBS Financial Guidelines*.

Observation #5

Sponsors hold monies from students and/or parents between one (1) to twelve (12) days before submitting funds to Secretary to post and deposit.

The current guidelines require the Sponsors to submit funds daily to the Secretary.

Failure to deposit collected funds daily decreases internal controls and exposes the school to possible lost or stolen funds.

Recommendation(s)

Boyd leadership should ensure all Sponsors follow the procedures outline in the Receipts and Collections and Special Guidelines sections of the *SBS Financial Guidelines*.

Response

Boyd Leadership will ensure all Sponsors follow the procedures outline in the Receipts and Collections section of the *SBS Financial Guidelines*.

Observation #6

4 of 10 Bank Reconciliation Reports (40%) were submitted between 8 to 51 days late.

The *SBS Financial Guidelines* require the Principal to review the entire packet then sign each form that requires his/her signature and e-mail those documents no later than the 15th of each month.

Failure to review *Bank Reconciliation Reports* timely may result in unreliable accounting records.

Recommendation(s):

Boyd leadership should ensure *Bank Reconciliation Reports* are reviewed, signed, and returned in a timely manner.

Response

Boyd Leadership will ensure all *Bank Reconciliation Reports* are reviewed, signed, and returned in a timely manner.

CASH DISBURSEMENT ANALYSIS

Observation #7

20 of 20 checks (100%) were without prior written authorization to purchase or invoice.

The *SBS Financial Guidelines* require employees to obtain written approval by the Principal prior to making purchases.

Failure to obtain prior written approval for purchases and proper supporting documentation may prevent an employee from receiving the reimbursement.

Recommendation(s)

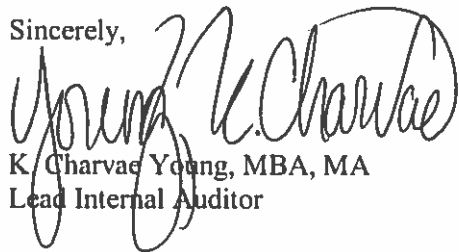
Boyd leadership should ensure employees obtain pre-authorization to make purchases that will be submitted for reimbursement.

Response

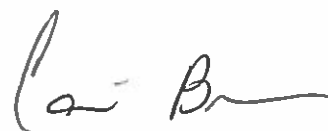
Boyd Leadership will ensure all employees obtain pre-authorization to make purchases that will be submitted for reimbursement.

We want to thank you and your school personnel for their warm welcome and participation throughout this process.

Sincerely,



K. Charvae Young, MBA, MA
Lead Internal Auditor



Connie Brown, CIA, CRMA
Executive Director, Internal Compliance