

Office of Internal Compliance

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Usher-Collier Heights Elementary School Summary of Findings

October 4, 2017

Mr. Jerry Parker, Principal
Usher-Collier Heights Elementary School
631 Harwell Rd. NW
Atlanta, GA 30318

Mr. Parker,

The Office of Internal Compliance performed an operational and compliance audit on the Miscellaneous Cash Activity Account Fund (MCAAF) administered by Usher-Collier Heights Elementary School. 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 objectives.

Audit Objective

The objectives of the audit were to determine the processes utilized by Usher-Collier Heights Elementary School 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 (SBS) Financial Guidelines.

Audit Scope

The scope of the audit includes the review of financial records from July 1, 2015 to June 30, 2017 and operational procedures for administering the Miscellaneous Cash Activity Fund (MCAAF).

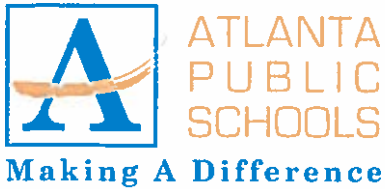
Audit Procedures

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

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- ✓ Tested Receipts Books for Skipped and/or Voided Receipts

Audit Conclusion

The cash handling, recording, and depositing of the cash for the Miscellaneous Cash Activity Account Fund appear adequate, but lack administrative protocols. Based on the testwork performed, the following opportunities for improvements were identified and discussed with the school administrators during an exit conference. The opportunities are categorized as General Administration, Cash Receipt Analysis and Cash Disbursement Analysis.

GENERAL ADMINISTRATION

Finding #1

The Secretary and Sponsors are not adhering to the Receipt and Collection Section of the *SBS Financial Guidelines*. Infractions included are as follows:

- No evidence of training administered to Sponsors for SY 15-16 and SY 16-17.
- No evidence of training administered to Secretary for SY 16-17.
- 1 of 18 (6%) receipt books could not be found during the audit.
- 4 of 18 (22%) receipt books had no return date listed on the Sponsorship Agreement.

All Principals, Secretaries, and Sponsors are required to attend training at the beginning of each school year. Failure to ensure all school personnel are trained provides the opportunity for unauthorized collection of monies and a probability for lost or stolen funds.

The current *SBS Financial Guidelines* require receipt books be issued to each sponsor and that those books be returned to the Secretary at the end of each school year for proper storage. Failure to properly issue and return the receipt books exposes school to possible misappropriated funds and the ability to produce financial records if required.

Recommendation(s)

- School leadership should ensure that Secretary and all Sponsors are trained prior to collecting funds from students/parents.
- School leadership should ensure all receipt books are returned by Sponsors and documented on the Sponsorship Agreement at the end of the school year.

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Response

SABO access has been restored in the main office, and the complete transaction will take place in the main office at time of collection. If there are issues with SABO post and deposit completion, an email will be sent to Ms. Phyllis Graham, Budget Person, and placed in school file. The Sponsor will receive coverage (for their classroom) to bring funds for deposit.

CASH RECEIPT ANALYSIS

Finding #2

- SABO receipts were not issued to the Sponsor immediately upon collection of funds.

The current *SBS Financial Guidelines* requires that the School Secretary issue an official SABO receipt to the Sponsor after verifying funds. Also, the *SBS Financial Guidelines* requires that the Sponsor wait until the School Secretary has validated the deposit and issue a SABO receipt.

Failure to issue a SABO receipt upon collection of funds exposes the school to possible misappropriated funds and or unaccounted for funds.

Recommendation(s)

- School leadership should ensure all Sponsors are issued a SABO receipt immediately upon collection of funds by the Secretary to ensure validation of the deposit.

Response

The Sponsor will receive classroom coverage so they will be able to bring funds to the Secretary for deposit. Receipts will be placed in the Sponsor's hand instead of mailboxes upon completion of the deposit.

Finding #3

- One Sponsor did not submit \$16.03 collected from student/parents.

Receipt #	Date	Amount
2523	12/11/2015	\$9.03
2524	12/14/2015	\$7.00

- In reviewing receipt books, it was noted that dates were not written on all receipts.

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- Dates were not written on receipt #1255 in book #8 and receipt #5015 in book #11.

The Secretary could provide no supporting documentation to show what happened to the \$9.03 or the \$7.00. As such, OIC could not verify that the \$9.03 or the \$7.00 received by the Secretary got posted into SABO and was picked up by Dunbar for deposit. Failure to post deposits into SABO exposes the school to lost or stolen funds.

The current *SBS Financial Guidelines* requires each receipt must show date of collection, name of payee, the amount collected and the collector's signature for accurate record-keeping purposes.

Recommendation(s)

- School leadership should recoup the missing \$16.03 deposit and ensure the related student activity account receives credit and use of the funds as originally collected and submitted.
- School leadership should ensure all receipts are filled out properly in the receipt book by the Sponsor for accuracy purposes.

Response

The \$16.03 had been deposited in the media account to rectify the finding.

Finding #4

- **Monies collected from students and/or parents was held by Sponsor between 1 to 8 days before submitting funds to Secretary for post and deposit.**
- **6 of 10 (60%) receipts were not posted into SABO timely by the Secretary. Monies were posted into SABO between 1 to 11 days late.**
- **1 of 10 receipts (10%) did not have the check copy on file as supporting documentation.**

The current SBS Guidelines require Sponsors to submit funds daily to the Secretary. The current SBS Guidelines also require Secretaries to post funds daily into SABO for deposit.

Failure to submit collected funds daily for deposit exposes the school to possible lost or stolen funds. Also, failure to post funds daily into SABO for deposit exposes the school to possible lost, stolen or unaccounted for funds.

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The Secretary is responsible for keeping adequate documentation for each deposit (e.g. deposit slip, check copies, bank bag seal, yellow copy of receipts).

Failure to retain/attach proper documentation for deposits provides an opportunity for misuse of funds and allows for unaccounted funds.

Recommendation(s)

- School leadership should ensure the Secretary and Sponsors follow the procedures outlined in the Receipt and Collections section of the SBS Financial Guidelines.
- School leadership should consider establishing a set time (e.g. planning period) for Sponsors to deliver funds to the Secretary.
- School leadership should ensure the Secretary retain check copies on file for document retention.

Response

Teachers have been given a refresher on the collection of school activity funds and will have coverage for submitting deposits. The school has a daily drop time period from 11:00am to 11:15am when Sponsors are to bring their receipt book and funds collected for deposit. At that time, the Secretary is available to process the SABO receipt before the Sponsor leaves and the transaction is completed. The school remind Sponsors daily to adhere to the policy.

CASH DISBURSEMENT ANALYSIS

Finding #5

8 of 9 (89%) bank recons records were not completed by the Principal. The 8 bank recons were signed by the Principal but not dated. As such, OIC could not complete the test to determine the timeliness of the review.

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

Failure to review Bank Reconciliation Reports may result in school leadership being unable to address financial issues and irregularities in a timely manner.

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Recommendation(s)

School leadership should ensure Bank Reconciliation Reports are reviewed, signed, dated and returned no later than the 15th of the month and/or no later than 5 business days if received after the 15th of the month from Special Revenue Accounting.

Response

The new Principal will date all recons at time of sign-off.

Finding #6

- **11 of 11 checks (100%) were approved without prior written authorization to purchase**

The current SBS Financial Guidelines require employees to obtain written approval by the Principal prior to making purchases and prior to checks being generated. Failure to obtain prior written approval for purchases may prevent a purchase from taking place and an employee from receiving reimbursement.

Recommendation(s)

School leadership should ensure the Sponsors obtain prior written approval (via email or the Pre-Authorization Disbursement Request form) before making purchases and requesting reimbursement.

Response

Training will be given to entire staff. The Principal will express the importance of pre-authorization and that staff will not be reimbursed without the correct paperwork. The school is still awaiting support from the central office for on-site training. The School will proceed in accordance with the current financial guidelines.

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We 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,

Connie Brown, CIA, CRMA
Executive Director, Internal Compliance

Tiffany Cherry
Lead Internal Auditor