

## Office of Internal Compliance

130 Trinity Avenue S.W.  
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### Thomas Jefferson Perkinson Elementary School Summary of Findings

October 10, 2017

Tony Ford, Principal  
Thomas Jefferson Perkinson Elementary School  
2040 Brewer Blvd SW  
Atlanta, GA 30310

Mr. Ford,

The Office of Internal Compliance performed an operational and compliance audit on the Miscellaneous Cash Activity Account Fund (MCAAF) administered by Thomas Jefferson Perkinson 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 Thomas Jefferson Perkinson 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 written evidence of receipt books having been assigned to 5 Sponsors by the Secretary for SY 15-16**
- **2 receipt books could not be found by the Secretary and therefore were not provided to OIC during the audit for review**
- **No return receipt book dates were listed on the Sponsorship Agreement for SY 15-16**
- **No fundraiser forms were completed/approved for the following fundraisers: Cookie Dough and Domino's Pizza**

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.

The current *SBS Financial Guidelines* require school records be kept in accordance to the Records Retention Guidelines.

Failure to adhere to the Records Retention guidelines may limit a school's ability to account for and reconcile funds received and disbursed.

The current *SBS Financial Guidelines* require all fundraising events be approved by the Regional K-12 Executive Director and School Principal prior to the activity taking place. Failure to ensure fundraising events are documented on the fundraising form and approved provides the opportunity for unauthorized collection of monies and probability of lost/stolen funds.

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### **Recommendation(s)**

- School leadership should ensure the Secretary and Sponsors follow the procedures outlined in the Receipt and Collections and Records Retention section of the SBS Financial Guidelines.
- School leadership should ensure fundraising forms are completed and approved by the Principal before any school fundraising activities take place.

### **Response**

- School will make sure all personnel receive the new Sponsorship Agreement forms which will be signed by the Principal.
- School will make sure all receipt books are turned in prior to the end of the school year.
- School will make sure all fundraiser forms are completed and signed by the Principal before any monies are collected.

### **Finding #2**

- Sponsorship Agreement for SY 15-16 was not signed and dated by the Principal as proof of approval for activities
- No Sponsorship Agreement was completed for SY 16-17

For best practices, all Sponsors should sign a Sponsorship Agreement prior to any school activity fund procedures are performed. These Sponsorship Agreements should be approved by the Principal prior to the collection any school activity funds.

Failure to obtain Sponsorship Agreement can expose the school to unauthorized collection of funds and probability of lost/stolen funds.

### **Recommendation(s)**

- School Leadership should ensure Sponsorship Agreements are obtained and proper approval is provided to all Sponsors before any school activity fund procedures are performed.

### **Response**

- School will make sure staff members are completing the new Sponsorship Agreement forms which will be signed by the Principal.

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### **Finding #3**

- **Sponsors collected funds from parents/students without receiving training in SY 15-16 and SY 16-17**

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 probability of lost/stolen funds.

### **Recommendation(s)**

- School Leadership should ensure proper training is provided to all Sponsors and Secretary before any school activity fund procedures are performed.

### **Response**

- School will make sure formal training takes place with the staff. During the meeting, the staff will receive a handout with procedures and sign that they are aware of all procedures.

## **CASH RECEIPT ANALYSIS**

### **Finding #4**

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

- **Monies collected from students and/or parents were held by the Sponsors between 1 to 102 days before submitting funds to Secretary for post and deposit.**
- **Receipt book #4, receipt #265429 thru 265441 were not completed properly by the Sponsor. These receipts only had the first name of the payee and the amount collected listed. White copies of these receipts were left in the book and not given to the payee as required.**

The current SBS Guidelines require Sponsors to submit funds daily to the Secretary. Failure to submit collected funds daily for deposit exposes the school to possible lost or stolen funds.

The current SBS Guidelines require that each written receipt must show the date of collection, name of payee, the amount collected, the activity for which the funds are being collected and the

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collector's signature. The original receipt must be given to the payee and a copy must be maintained in the school files. Receipts should also be written in sequential order for best practices. Failure to write/complete receipts properly can expose the school to inaccurate record keeping and not properly providing proof of purchase to the payee.

### 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 which states Sponsors are required to submit funds daily to the Secretary and complete written receipts for payee proof of purchase.
- School leadership should consider establishing a set time (e.g. planning period) for Sponsors to deliver funds to the Secretary.

### Response

- Secretary will make sure receipt books are given directly to her by the Sponsors when they submit funds collected.
- Secretary will initial the receipts in the receipt book to indicate that funds add up to the amount received from the Sponsor.
- Secretary will order triplicate receipt books so that the yellow copy of the receipts can be attached to the deposit supporting documentation.

### Finding #5

**The Secretary is not maintaining accurate and complete financial records. Infractions included are as follows:**

- **Incorrect receipt numbers (from the receipt books) were listed on the SABO receipt by the Secretary. This action by the Secretary indicates that funds submitted by the Sponsors were not being reconciled to the receipt books to verify the source of funds. As such, \$2,151.45 of funds collected was not missing but could not be accounted for (in the receipt books) as having been receipted to students/parents.**

The current guidelines require the Secretary to verify reconciliation of receipts to the receipt book and issue an official SABO receipt to the Sponsor after verifying funds. Failure to reconcile receipts to funds submitted by the Sponsor exposes the school to possible lost or stolen funds.

For best practices, the Principal should sign the Deposit Analysis as proof of review. All

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Deposit Slip Detail forms should be completed by the Sponsor and signed by both the Sponsor and Secretary to verify the count of funds. Lastly, correct receipt numbers from the receipt book should be listed on the SABO receipt by the Secretary to accurately verify the source of funds. Failure to ensure best practices can expose the school to lost or stolen funds and inaccurate recording keeping.

### Recommendation(s)

- School leadership should ensure the Secretary reconcile the funds collected by the Sponsor to the receipt books to identify the source of funds.
- School leadership should ensure the Secretary list the correct receipt number ranges from the receipt book into SABO to correctly verify the source of funds.

### Response

- Secretary will make sure receipt books are given directly to her by the Sponsors when they submit funds collected.
- Secretary will initial the receipts in the receipt book to indicate that funds add up to the amount received from the Sponsor.
- Secretary will order triplicate receipt books so that the yellow copy of the receipts can be attached to the deposit supporting documentation.

### Finding #6

- **7 of 8 (88%) bank reconciliations were not reviewed timely by the Principal. Bank Reconciliations were reviewed by the Principal between 7 to 18 days late.**

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 15<sup>th</sup> 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.

### Recommendation(s)

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

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### Response

- For bank reconciliations sent by Special Revenue Accounting to the school after the 15<sup>th</sup> of the month, emails will be kept by the school in the school file to indicate the time and date the recon was sent. The bank recons will be signed by the Principal and sent back to Special Revenue Accounting within 5 business days.

### Finding #7 (repeat finding)

- **3 of 10 deposits (30%) were not deposited into the school's bank account within 72 hours. The funds were deposited 2 to 7 days late.**

The *SBS Financial Guidelines* requires that deposits not be held in excess of 72 hours. Failure to deposit funds timely (within 72hrs) exposes the school to possible lost or stolen funds.

### Recommendation(s)

School leadership should ensure deposits are sent to the bank timely (within 72 hours of receiving the funds).

### Response

- For funds picked-up by Dunbar that are not deposited within 72 hours, the school will contact the Finance Department for them to check with Dunbar to see why funds were not picked-up timely. This will be done by the school as part of the bank recon review.

## CASH DISBURSEMENT ANALYSIS

### Finding #8

- **10 of 10 checks (100%) were approved without prior written authorization to purchase (repeat finding)**
- **10 of 10 checks (100%) had the Disbursement Request Form completed by the Secretary and not by the per requesting the funds**
- **1 of 10 checks (10%) did not have four written quotes for purchase over \$2,001 as required by the APS Procurement Policy**

The current SBS Financial Guidelines require employees to obtain written approval by the Principal prior to making purchases and prior to checks being generated. For best practices, the Disbursement Request Forms should be completed by the person requesting the funds and



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reviewed by the Secretary before approval by the Principal. Failure to obtain prior written approval for purchases may prevent a purchase from taking place and an employee from receiving reimbursement.

The APS Procurement Services Procedure Manual, *Quotes- purchases under \$25,000* section, requires 4 written quotes be obtained and kept in schools records for purchases of goods and services over \$2,001. These quotes can be obtained by phone, fax, email or catalog. All vendor quotes should be submitted in writing and kept on file at the school.

Failure to obtain 4 written quotes may lead to schools not receiving the best value for their dollars.

### Recommendation(s)

- School leadership should ensure the Disbursement Request form is completed by the person requesting the funds and is reviewed by the Secretary before approval is given by the Principal for best practices.
- 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.
- School leadership should ensure the Sponsors and Secretary follow the APS Procurement Services Procedure Manual for purchases over \$2,001.

### Response

- School will make sure all disbursements are requested through the usage of the Pre-Authorization Disbursement request form. This form will be signed by the Principal.
- The Disbursement Request form will be used as authorization for the checks to be generated. This form will be signed by the Principal.
- School will make sure that any check over \$2,001 will have four quotes and then sent to the Finance Department for approval before the check generation process begins.



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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