

Office of Internal Compliance

130 Trinity Avenue S.W.
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Forrest Hill Academy

June 7, 2018

Dr. Zawadaski Robinson, Principal
Forrest Hill Academy
2930 Forrest Hills Drive
Atlanta, Georgia 30315

Dr. Robinson,

The Office of Internal Compliance performed an operational and compliance audit on the Miscellaneous Cash Activity Account Fund (MCAAF) administered by Forrest Hill Academy. 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 Forrest Hill Academy 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, 2016 to April 30, 2018 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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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

- **Principal did not attend training for SY 17-18**
- **Secretary did not attend training for SY 16-17 and SY 17-18**

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 the Principal and Secretary attend required training at the beginning of the school year.**

Response

The Principal and Secretary will attend financial services training each academic year.

CASH RECEIPT ANALYSIS

Finding 2:

- **10 of 10 (100%) receipts did not have the Deposit Slip Detail form in the school file as evidence of the count to verify collected funds**
- **9 of 10 (90%) deposit analysis forms were not signed by the Secretary**
- **There is no 2nd verifier to verify the collection of funds before money is sealed in the bank bag**

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The Secretary is responsible for keeping adequate documentation for each deposit (e.g. deposit analysis, deposit slip, deposit slip detail form, check copies, bank bag seal, SABO receipt, receipt collection form) as best business practices.

Failure to retain/attach proper documentation for deposits or have a 2nd verifier to count funds before money is sealed in bank bag provides an opportunity for misuse of funds and allows for unaccounted funds.

Recommendation

- The Secretary should ensure deposit slip, check copy, bank bag seal, SABO receipt and deposit slip detail forms are all attached to the Deposit Analysis for best practices and documentation retention purposes.
- 2nd verifier should be designated to count funds before money is sealed in bank bag to ensure accuracy and best practices. 2nd verifier should sign the Deposit Analysis as proof of count.

Response

The Secretary will use the Deposit Slip Detail form and attach it to the Deposit Analysis form. Proper signatures will be obtained on the forms. A 2nd verifier will be assigned to count the funds along with the Secretary before money is sealed in the bank bag.

CASH DISBURSEMENT ANALYSIS

Finding 3:

- 10 of 10 checks (100%) had no prior written approval of permission for purchase
- 4 of 10 checks (40%) had no Disbursement Request form in the school file
- 1 of 10 checks (10%) had a Disbursement Request form on file that was not signed by the Principal

The current SBS Financial Guidelines require employees to obtain written approval by the Principal prior to making purchases and prior to checks being generated. Disbursement Request forms should be signed by the Principal and kept in school files for best practices and document retention purposes. Supporting receipts and/or invoices should be kept on file for document retention purposes.

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Failure to obtain prior written approval for purchases may prevent a purchase from taking place and an employee from receiving reimbursement.

Recommendation

- School leadership should ensure the Teachers and Secretary obtain prior written approval (via the Pre-Authorization Disbursement Request form) before making purchases and requesting reimbursement.
- School leadership should ensure the Disbursement Request form is completed and signed by the Principal and kept in the school files for document retention purposes.

Response

The Pre-Authorization Disbursement Request form will be used along with the Disbursement Request form for purchases. Both forms will be signed by the Principal.

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, CFE
Lead Internal Auditor