

Office of Internal Compliance

130 Trinity Avenue S.W.
Atlanta, Georgia 30303
(404) 802-1700 (phone)
(404) 802-1717 (fax)



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Tuskegee Airmen Global Academy School

September 17, 2018

Ms. Yolanda Weems, Principal
Tuskegee Airmen Global Academy Elementary School
1654 S. Alvarado Terrace, SW
Atlanta, GA 30311

Ms. Weems,

The Office of Internal Compliance performed an operational and compliance audit on the Miscellaneous Cash Activity Account Fund (MCAAF) administered by Tuskegee Airmen Global Academy 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 Tuskegee Airmen Global Academy 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, 2016 to June 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

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

Observation #1

- **No Sponsorship Agreements completed for SY 16-17 and SY 17-18**
- **No list of Sponsors on file for SY 16-17 and SY 17-18**
- **No evidence of Sponsor training on file for SY 16-17 and SY 17-18**
- **Not all receipt books were found and provided to OIC for SY 16-17 and SY 17-18**

Sponsors should sign a Sponsorship Agreement before any school activity fund procedures are performed. These Sponsorship Agreements should be approved by the Principal prior to the collection any school activity funds and retained in school files. Failure to obtain Sponsorship Agreement can expose the school to unauthorized collection of funds and probability of lost/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. The current *SBS Financial Guidelines* require school records be kept in accordance to the Records Retention Guidelines. School financial records must be retained in the school for a minimum of two years and maintained in storage for an additional three years.

Failure to adhere to the Records Retention guidelines may limit a school's ability to account for and reconcile funds received/disbursed and the ability to produce financial records if required.

Recommendation(s)

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

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Response

The Bookkeeper will speak with staff members by grade level to ensure they know the policies, procedures and expectations when dealing or handling funds. Sponsorship Agreements will be reviewed and signed by each Sponsor/Teacher who will collect money over \$10.00. The Records Retention section of the SBS Financial Guidelines will be followed.

CASH RECEIPT ANALYSIS

Observation #2

- For 1 of 10 (10%) receipts, funds were held by Sponsor for 12 days before submission to Secretary for post and deposit
- 7 of 10 (70%) receipts had no bank bag seal on file
- 5 of 10 (50%) receipts had no Deposit Analysis form on file
- 6 of 10 (60%) receipts had no Deposit Slip Detail form on file
- 6 of 10 (60%) receipts had no yellow copy of receipts on file
- 1 of 10 (10%) receipts had no Deposit Slip on file
- 1 of 10 (10%) receipts had no supporting documentation on file
- There is no 2nd verifier who counts the money with the Secretary before money is sealed in the bank bag

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. Also, failure to 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.

The Secretary is responsible for keeping adequate documentation for each deposit (e.g. deposit analysis, deposit slip detail form, deposit slip, check copies, bank bag seal, yellow copy of receipts, SABO receipt, receipt collection form) as best business practices. Failure to retain/attach proper documentation for deposits provides an opportunity for misuse of funds and allows for unaccounted funds.

The current *SBS Financial Guidelines* require school records be kept in accordance to the Records Retention Guidelines. School financial records must be retained in the school for a minimum of two years and maintained in storage for an additional three years. Failure to adhere to the Records Retention guidelines may limit a school's ability to account for and reconcile funds received/disbursed and the ability to produce financial records if required.

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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 write receipts and submit funds daily to the Secretary.
- The Secretary should ensure yellow receipt copy, deposit slip, bank bag seal, SABO receipt and deposit slip detail forms are all attached to the Deposit Analysis for accuracy 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.
- 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.

Response

The Bookkeeper will follow all policies and procedures when collecting monies from Sponsors/Teachers. The yellow receipt copy, deposit slip, bank bag seal, SABO receipt and deposit slip detail forms will be retained and attached to the Deposit Analysis. All deposits will have a 2nd verifier before the bag is sealed. The 2nd verifier will sign the deposit analysis form and the deposit slip detail form as verification of the count. All supporting documentation will be kept in school files readily available upon request.

Observation #3

- **4 of 8 (50%) Bank Reconciliations were reviewed/signed late by the Principal. The Bank reconciliations were signed between 7 to 33 calendar days late.**
- **1 of 8 (13%) Bank Reconciliations was not on file at the school and provided to OIC during the audit.**

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.

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.

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- School leadership should ensure the Secretary follow the procedures outlined in the Records Retention section of the SBS Financial Guidelines.

Response

Bank recons will be signed by the Principal within 5 business days of receipt from Accounting. All supporting documentation will be kept in school files readily available upon request.

CASH DISBURSEMENT ANALYSIS

Observation #4

- 5 of 10 (50%) checks had no Disbursement Request Form on file
- 4 of 10 (40%) checks had no prior written authorization before purchase was made
- 3 of 10 (30%) checks had no supporting documentation on file
- 1 of 10 (10%) checks had no void proof form on file

The current SBS Financial Guidelines require all disbursement requests must be submitted on a Disbursement Request Form (with all original documentation i.e. invoices or receipts) and approved by the Principal before disbursements are made. Failure to complete the form and obtain proper approval for purchases may prevent a vendor and/or an employee from receiving reimbursement.

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 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 by the Sponsor, reviewed by the Secretary and approved by the Principal before checks are generated and disbursed.
- School leadership should ensure all checks supporting documentation (including voids) is kept in school files for document retention purposes.

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Response

All disbursement request forms (i.e. Pre-Authorization Disbursement Request form and the Disbursement Request form) will be completed by the Sponsor, reviewed by the Secretary and approved by the Principal before any check is generated and disbursed. All supporting documentation will be kept in school files readily available upon request.

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