

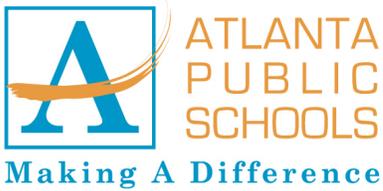
Office of Internal Compliance

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Mary Lin Elementary School Final Report

May 20, 2020

Ms. Sharyn Briscoe, Principal
Mary Lin Elementary School
586 Candler Park Drive NW
Atlanta, Georgia 30307

Ms. Briscoe,

The Office of Internal Compliance performed an operational and compliance audit on the Miscellaneous Cash Activity Account Fund (MCAAF) administered by Mary Lin 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 objective.

Audit Objective

The objectives of the audit were to document the processes utilized by Mary Lin 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 *Atlanta Public Schools (APS) Finance Policies and Procedures Manual*.

Audit Scope

The scope of the audit includes the review of financial records from July 1, 2019 to January 31, 2020 for elementary, middle schools and high schools.

Audit Procedures

We performed the following tests to achieve our objective:

- Analyzed the Audit Questionnaire
- Surveyed and Interviewed Selected School Personnel
- Tested a sample of Receipts from Collection Approval to Bank deposit
- Tested a sample of Disbursements from Request to Approval/Disbursement
- Reviewed Bank Reconciliations for Abnormal Reconciling Transactions

Audit Conclusion

The controls to ensure proper cash handling of funds, recording and depositing of the cash, and the disbursement of funds are not effective and require re-enforcement to mitigate the following risks:

- Unauthorized collection of funds;
- Unauthorized and inaccurate count of funds; and
- Unauthorized disbursement of funds.

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 Disbursements Analysis. Mary Lin Elementary School's response is included after each observation recommendation.

GENERAL ADMINISTRATION

Observation #1

- **6 of 36 (17%) Sponsors did not have a Sponsorship Agreement form on file.**
- **1 of 36 (3%) Sponsorship Agreement forms was not signed/approved by the Principal.**
- **2 parents collected schools fund during the audit scope.**
- **4 of 36 (11%) Sponsors did not attend the required school cash activity training.**

The Finance Policies and Procedures manual require all Sponsors to sign a Sponsorship Agreement prior to any school activity fund procedures are performed. These Sponsorship Agreements must be approved by the Principal prior to the collection any school activity funds and retained in school files. Funds are not allowed to be collected by non APS approved Sponsors. Also, all Sponsors are required to have training prior to any school activity fund procedures are performed.

Risk:

- Not obtaining Sponsorship Agreements and not making sure all Sponsors are approved and trained provides the opportunity for unauthorized collection of funds and the probability of lost/stolen funds.

Recommendation(s)

- School leadership should consider implementing more training as it relates to Sponsor responsibilities to improve school activity collection procedures and minimize the likelihood of funds being mishandled.
- School leadership should consider implementing a better process to monitor the Principal's approval of Sponsors before they are allowed to collect funds to minimize the likelihood of unauthorized collection of funds and lost/stolen funds.

Implementation Plan:

All Sponsors will be trained and Sponsorship Agreement Form signed and dated by the Principal as well. The Secretary will review each form to make sure that the Sponsor and Principal has signed and dated with the receipt book number noted. During the training, the Principal and Secretary will make sure that the staff knows that parents are not to collect money. Only staff members that have been trained can collect funds. Also, if someone misses the training, they will have a one-on-one training with Ms. Morgan within three days.

Implementation Date: August 21, 2020

Responsible Party for Implementation:

Charissa Morgan, Secretary & Sharyn Briscoe, Principal

CASH RECEIPT ANALYSIS

Observation #2

- **For 5 of 13 (38%) receipts, funds were being held by the Sponsor between 1 to 5 days before submission to the Secretary for post and deposit into SABO.**
- **No written documentation to verify the count of funds between the Sponsor and the Secretary before generation of SABO receipt.**
- **No 2nd verifier is in place to verify funds before they are sealed in the plastic bank bag.**

The Finance Policies and Procedures Manual require Sponsors to submit funds on the same day as collected to the Secretary. Each deposit brought to the Secretary must be verified and receipted to the Sponsor.

Risks:

- Sponsors not submitting funds on the same day as collected to the Secretary for deposit, not having written/signed documentation to verify the count of funds between the Sponsor and the Secretary before generation of SABO receipt and not having a 2nd verifier to count funds before money is sealed in bank bag provides an opportunity for an inaccurate count of funds and mishandling of funds.

Recommendation(s)

- School leadership should consider implementing a better process to improve same day submission of collected funds by the Sponsor to the Secretary to reduce the likelihood of lost or stolen funds.
- School leadership should consider implementing a better verification process to monitor the count of funds between the Secretary and Sponsors to minimize the likelihood of lost or stolen funds.
- School leadership should consider implementing a better verification process to monitor funds before they are sealed in the plastic bank bag to reduce the likelihood of lost or stolen funds.

Implementation Plan:

School Leadership will ensure Sponsors will be trained in grade level meetings to make sure funds will be submitted on the same day collected. Principal Briscoe will make note of turning in funds in the weekly notes. Ashley Mason, School Clerk, will be the 2nd verifier. The Secretary and Sponsors will use the Deposit Slip detail form to verify the count. All Sponsors will receive a copy of the Deposit Slip Detail Form.

Implementation Date: August 21, 2020

Responsible Party for Implementation:

Charissa Morgan, Secretary & Sharyn Briscoe, Principal

CASH DISBURSEMENT ANALYSIS

Observation #3

- **7 of 15 (47%) checks had no evidence of Disbursement Pre-Authorization Request form and/or Disbursement Request form on file to verify Principal approval.**
- **2 of 15 (13%) checks had purchases made prior to written approval from Principal.**
- **1 of 15 (7%) Disbursement Pre-Authorization Request form had no date noted.**
- **3 of 3 (100%) Disbursement Request forms without Budget approval for checks over \$2,000.**

The Finance Policies and Procedures manual requires the Principal to authorize all purchases and all payments. Proposed SABO purchases must have written approval from the Principal prior to purchase using the required Disbursement Pre-Authorization Request Form and Disbursement Request Form. Pre-approval from Accounting Services must be obtained for checks over 2,000 for Elementary Schools.

Risks:

- Not obtaining prior written approval from the Principal for purchases with proper dates and keeping the documentation of file may allow for unauthorized purchases to take place and keep an employee from receiving reimbursement.
- Not obtaining pre-approval from Accounting Services for checks exceeding the limit may allow for unauthorized purchases and subject the school accounts to suspension.

Recommendation(s)

- School leadership should consider implementing more training to Sponsors and Secretaries to improve the usage and proper completion of the Pre-Authorization Disbursement Request form and the Disbursement Request form to minimize the likelihood of unauthorized purchases.
- School leadership should consider implementing a better process to obtain pre-approval from Accounting Services for checks exceeding the limit to prevent the likelihood of unauthorized purchases and school accounts suspension.

Implementation Plan:

The Secretary was not aware of the Disbursement Pre-Authorization Form for every check request. Going forward, every check will have the Disbursement Pre-Authorization Form and Disbursement Request Form signed and dated by Principal Briscoe before checks are disbursed. The Secretary will train all Sponsors on how to use the forms. We will get pre-approval from Accounting Services for any checks over \$2,000 and have documents noted and obtained in school files.

Implementation Date: August 21, 2020

Responsible Party for Implementation:

Charissa Morgan, Secretary & Sharyn Briscoe, Principal

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

Sincerely,

Tiffany Cherry, CFE
Lead Internal Auditor

Connie Brown, CIA, CRMA
Executive Director, Internal Compliance

Petrina Bloodworth, CIA, CFE, CRMA
Senior Manager (Consultant)