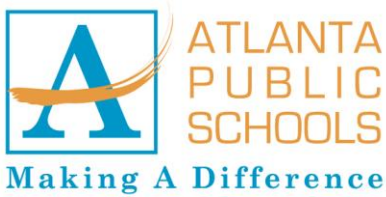


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### D. M. Therrell High School Summary of Findings

October 3, 2016

Ms. Shelly Powell  
Principal  
D M Therrell High School  
3099 Panther Train SW  
Atlanta GA 30311

Ms. Powell,

The Office of Internal Audit concluded its performance of an operational and compliance audit on the Miscellaneous Cash Activity Account Fund (MCAAF) administered by D. M. Therrell High School (Therrell). 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 Therrell 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 Financial Guidelines*.

#### Audit Scope

The scope of the audit includes the review of financial records from May 1, 2015 to July 11, 2016 and operational procedures for administering the Miscellaneous Cash Activity Account Fund (MCAAF).

#### Audit Procedures

In order to meet the requirements of the established objectives, we requested documentation, conducted interviews, and performed various audit tests. The documentation requested included the following:

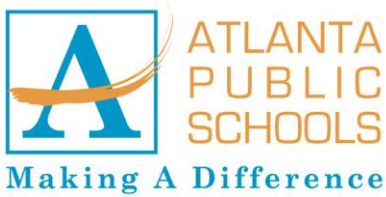
- ✓ Updated School Compliance and Audit Questionnaire
- ✓ Sponsorship Agreement
- ✓ Banks Statements
- ✓ Bank Reconciliations
- ✓ Deposit Slips/Receipts
- ✓ Selected Receipt Books
- ✓ Disbursement Documentation

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

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- ✓ Testing Sample of Receipts from Collection Approval to Bank deposit
- ✓ Testing Sample of Disbursements from Request to Approval/Disbursement

### Audit Results

The performance of the procedures resulted in the following opportunities for improvement, which were verbally discussed with school administrators during an exit conference after completing audit field work. The results are categorized as Cash Receipt Analysis and Cash Disbursement Analysis. Therrell's response is included after each finding recommendation.

### CASH RECEIPT ANALYSIS

As a result of interviewing school personnel at Therrell, we noted that the cash receipt process includes sponsors collecting funds from students, parents, and donations from program business partners. Therrell's process is designed for all collected funds to be submitted to the school secretary daily.

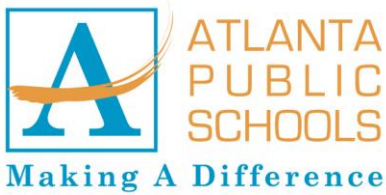
We reviewed the financial records and selected sixteen (16) receipt records out of 578 total receipts and forty-two (42) deposit records out of 166 total deposits to test for compliance. The cash handling, recording, and depositing of the cash for the Miscellaneous Cash Activity Account Fund appear adequate, but lack administrative protocols.

### 16-MCAAF-THS-01 Failure to Complete Sponsorship Agreement and Ensure Sponsor Training

<b>Criteria</b>	School Based Systems (SBS) instituted a process to properly document the principal's approval of activities, designation of approved Sponsors, and documentation of the assigned receipt books to Sponsors by utilizing a form referred to as a <i>Sponsorship Agreement</i> . Also, SBS required all Principals, Secretaries, and Sponsors attend training.
<b>Condition</b>	During the review, we noted that Therrell has a process ( <i>Sponsorship Agreement</i> ) in place to account for personnel operating as activity Sponsors, but 20 of 23 Sponsors (87%) did not have a "Returned Receipt Date" noted for May 2015. Dates were noted for all Sponsors for May 2016. One Sponsor listed on the <i>Receiptee History Report</i> was not listed on the <i>Sponsorship Agreement</i> . Also, 23 of 26 Sponsors (85%) did not attend the required training. Principal did not attend required training.
<b>Cause</b>	School personnel did not indicate a return receipt book date upon receipt. School personnel did not ensure all Sponsors were listed on the <i>Sponsorship Agreement</i> . Therrell did not ensure all Sponsors attend SBS required training.
<b>Effect</b>	Not always ensuring the retrieval of receipt books provides a probability for lost/stolen funds and unauthorized collection of funds. No account for all sponsors and sponsored activities regarding the collection of school activity funds results in no sponsorship controls and no management of school activity funds. Sponsors not participating in SBS required training provides an opportunity for improper collection and submission procedures of the sponsored activity.

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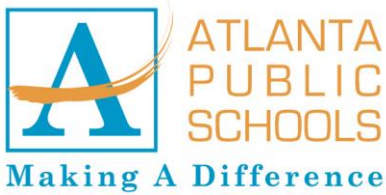
<b>Recommendation</b>	School personnel ensure the completion of the <i>Sponsorship Agreement</i> and that all Sponsors are listed. Therrell ensure all Sponsors attend SBS required training.
<b>Response</b>	Previously, only those assigned to collect funds attended the SBS training. For the 2016-2017 school year, all collectors and Sponsors attended the finance training before fees could be collected.

### 16-MCAAF-THS-02 Failure to Follow Collection Procedures and Maintain Proper Documentation

<b>Criteria</b>	<p>3.3 Receipts and Collections, <i>School Based Services Financial Guidelines</i>. Each student activity fund sponsor should receive a receipt collections form (...) or a pre-numbered receipt book (...) from the School Secretary. At the end of the school year the receipt book must be returned to the School Secretary for proper storage.</p> <p>The Receipt Collection Form is intended for the sponsor to maintain a record of monies collected from students.</p>
<b>Condition</b>	<p>5 of 16 receipts (31%) did not have receipts from a receipt book or a <i>Receipt Collection Form</i> attached.</p> <p>5 of the remaining 11 receipts indicated a facility usage fee with no support documentation attached (e.g., letter, donation form, check/money order copy). When reviewing the <i>School Usage Permit Form</i>, the rental fee was waived by the Principal for the organization. The organization made a donation to the school. Donations were posted and deposited into several different accounts (basketball, athletic fund raising activities, general, class project 9<sup>th</sup> grade) instead of 4034, Donations to School and were not identified in SABO as donations. The funds were identified as school usage fee, facility usage fee, or gym usage fee.</p>
<b>Cause</b>	Sponsors did not submit receipts from a receipt book or a <i>Receipt Collection Form</i> . Principal thought she could waive the rental fee and access a fee for the organization to pay the school.
<b>Effect</b>	Unable to verify funds collected from students and/or parents provides a probability for lost/stolen funds. Failure to properly account for and retain supporting documentation, such as award letter and other supporting documentation, on donations impedes the school's ability to be accountable for utilizing donated funds for their intended purpose. Unable to verify that facilities and grounds were used for educational, civic, cultural, recreational, artistic and charitable activities and programs to benefit the community.
<b>Recommendation</b>	Therrell should follow the Receipts and Collections and Donations to Schools sections as noted in the <i>SBS Financial Guidelines</i> .

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<b>Response</b>	All organizations who will use the facility and give a donation to school instead of a rental fee, will complete the <i>APS Donation Form</i> . The completed form will be filed along with the <i>Use of Facility</i> packet.
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### 16-MCAAF-THS-03 Failure to Safeguard Funds

<b>Criteria</b>	SECTION 5: Do's and Don'ts for School Checking Account, <i>School Based Services Financial Guidelines</i> . The following serves as a preventive checklist that, if followed, should enhance the internal control environment at your school: <b>11. Do not hold deposits in excess of 72 hours.</b> ...
<b>Condition</b>	21 of 42 deposits (50%) were not deposited into the school's bank account with 72 hours. These deposits were between 5 to 18 days late.
<b>Cause</b>	Due to the school personnel's scheduled work hours, Dunbar may arrive before the deposit is prepared.
<b>Effect</b>	Failure to ensure funds were deposited within 72 hours may appear as petty cash and/or provide an opportunity for lost or stolen funds.
<b>Recommendation</b>	School personnel should coordinate their schedules with Dunbar Services to ensure deposits are made within 72 hours.
<b>Response</b>	The report time for the bookkeeper for the 2016-2017 school year has been changed and a secondary bookkeeper (Erin Reese) has been assigned to ensure that deposits are made when Dunbar Services drivers arrive and within 72 hours.

### CASH DISBURSEMENT ANALYSIS

The interviews with school personnel provided insight of the process utilized by the school to disburse funds. Therrell's process for disbursing funds is in accordance with guidelines.

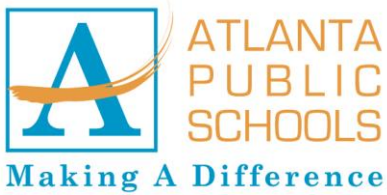
We reviewed the financial records and selected twenty (20) out of 324 disbursements to test for compliance. The process for disbursement of checks processed from the Miscellaneous Cash Activity Account Fund appear adequate, but lacks administrative protocols.

### 16-MCAAF-THS-04 Proper Support Not Submitted Prior to Disbursement Request

<b>Criteria</b>	3.7 Basic Guidelines For Distribution of Funds, <i>School Based Services Financial Guidelines</i> . <ul style="list-style-type: none"><li>All disbursements of school activity monies shall be approved in writing by the principal prior to purchase.</li></ul>
<b>Condition</b>	8 of 20 check (40%) pre-authorizations were completed after purchase and/or pre-authorization did not have a signature.
<b>Cause</b>	School personnel thought all documentation was attached.

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<b>Effect</b>	Not having approval prior to purchase could prevent employee from obtaining reimbursement. Failure to obtain pre-authorization may result in no verification of approval prior to purchase does not provide proper support documentation for <i>Disbursement Request</i> approval.
<b>Recommendation</b>	School personnel should ensure the <i>Disbursement Request Forms</i> have proper documentation to support the requested check as directed in the <i>School Based Services Financial Guidelines</i> before checks are prepared and submitted for approval.
<b>Response</b>	The bookkeeper will obtain a signature on <i>Disbursement Request Forms</i> instead of typing the name of the person requesting the check.

I 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,

K. Charvae Young, MBA, MA  
Lead Internal Auditor