

## Office of Internal Compliance

130 Trinity Avenue S.W.  
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### Richard Nathaniel Fickett Elementary School Final Report

July 17, 2017

Ms. Benita Grant, Principal  
Richard Nathaniel Fickett Elementary School  
3935 Rux Road SW  
Atlanta, GA 30331

Ms. Grant,

The Office of Internal Compliance performed an operational and compliance audit on the Miscellaneous Cash Activity Account Fund (MCAAF) administered by Richard Nathaniel Fickett 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 Richard Nathaniel Fickett 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 19, 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*. Infraction included is as follows:**

- **Receipt book #3 was not returned by the Sponsor and book #6 could not be located by the Secretary. Therefore, neither book was provided to OIC upon request during the audit.**

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.

#### **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*.

#### **Response**

Going forward there will be a checkout system put in place for each Sponsor to adhere to prior to the start of school. This system will include documenting the name of the fundraiser and the timeline of the fundraiser. This will be turned into the office before money is collected.

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### CASH RECEIPT ANALYSIS

#### **Finding #2**

- For 3 of 15 receipts (20%) monies collected from students and/or parents were held by the Sponsors between 1 to 3 days before submitting funds to Secretary for post and deposit.

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.

#### **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.
- School leadership should consider establishing a set time (e.g. planning period) for Sponsors to deliver funds to the Secretary.

#### **Response**

Money collected from students and parents will be submitted daily to Secretary for post and deposit. During pre-planning this protocol will be given, and a written notice will be required to be signed by all Sponsors regarding daily delivery of funds to the Secretary.

#### **Finding #3**

**6 of 9 (67%) bank reconciliations were not reviewed timely by the Principal. Bank Reconciliations were reviewed by the Principal between 8 to 39 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.

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### **Recommendation(s)**

School leadership should ensure Bank Reconciliation Reports are reviewed, signed, and returned in a timely manner.

### **Response**

Bank reconciliations will be reviewed and signed off on in a timely manner by the Principal no later than the 15<sup>th</sup> of each month.

## **CASH DISBURSEMENT ANALYSIS**

### **Finding #4**

- 7 of 10 checks (70%) were approved without prior written authorization to purchase
- 1 of 10 checks (10%) did not have four written quotes for purchase of services 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. 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 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 follow the APS Procurement Services Procedure Manual for purchases.

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### Response

Checks will not be approved without proper written authorization to purchase, this will be outlined in our protocol and documented in our staff handbook. In addition, we will also have four written quotes prior to any purchase over \$2,001 as required by the APS procurement policy.

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