

Office of Internal Compliance

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ATLANTA
PUBLIC
SCHOOLS

Making A Difference

Benjamin E Mays High School Final Report

October 27, 2017

Mr. Richard Fowler, Principal
Benjamin E Mays High School
3450 Benjamin E Mays Drive
Atlanta, Georgia 30331

Mr. Fowler,

The Office of Internal Compliance performed an operational and compliance audit on the Miscellaneous Cash Activity Account Fund (MCAAF) administered by Benjamin E Mays High School (Mays). 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 Mays 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 April 1, 2016 to August 18, 2017 and operational procedures for administering the Miscellaneous Cash Activity Account 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

Observation #3

Complete financial records were unavailable for inspection and review. Receipt books from 23 of 32 Sponsors (72%) were missing and/or unavailable.

School financial records must be retained in the school for a minimum of two years and maintained in storage for an additional three years. The guidelines require all fundraising events to be approved by the Principal and Associate Superintendent prior to the activity taking place.

Failure to maintain financial records may be an attempt to cover financial improprieties and/or hide noncompliance with policies and procedures.

Recommendation(s)

Mays leadership ensure all school financial records are maintained according to Records Retention guidelines.

Response

Mays will ensure collection of receipt books prior to the last day of school.

CASH RECEIPT ANALYSIS

Observation #4

The Secretary and Sponsors are not adhering to the Receipts and Collections Section of the *SBS Financial Guidelines*. Violations included but not limited to the following:

- **not reconciling receipts (money received) to the receipt book**
- **not always recording accurate information on SABO receipt to indicate source of funds**

The current guidelines require the Secretary to verify reconciliation of receipts to the receipt book and issue an official SABO receipt to the Sponsor after verifying funds. Also, the guidelines require Sponsors to submit funds daily to the Secretary.

Failure to reconcile receipts to funds submitted by Sponsors and issue an official SABO receipt exposes the school to possible lost or stolen funds.

Recommendation(s)

Mays leadership should ensure the designated bookkeeper and all Sponsors follow the procedures outline in the Receipts and Collections and Special Guidelines sections of the *SBS Financial Guidelines*.

Response

We will ensure that the bookkeeper and all Sponsors follow the procedures outlined in the receipts and collections and special guidelines sections of the SBS.

Observation #5

The Receipts and Collections section of the *SBS Financial Guidelines* is not followed consistently.

- **10 of 15 receipts (67%) missing support documentation (e.g., check copy, receipt book receipts, ticket report, donation form, OSP transaction details);**
- **For 9 of 15 receipts (60%), count of Sponsors submission to Secretary not verified because *Deposit Slip Detail Forms* were not used; and**

CASH DISBURSEMENT ANALYSIS

Observation #7

18 of 18 checks (100%) were without proper support documentation and/or were not processed according to *SBS Financial Guidelines*. Violations included but not limited to the following:

- 4 of 18 disbursements (80%) did not have proper support documentation (e.g., original invoice, Void Proof Sheet);
- 17 of 18 disbursements (25%) were approved without prior written authorization to purchase or invoice;
- 9 of 18 *Disbursements Request Forms* (100%) were not completed by the requester; and
- 5 of 18 (6%) disbursements did not have four written quotes for purchases over \$2,001.

The *SBS Financial Guidelines* require *Reimbursement Requests Forms* be presented with all original documentation (e.g., invoices, itemized receipts, sales slips). The guidelines require employees to obtain written approval by the Principal prior to making purchases. The current *Procurement Services Procedures Manual* requires purchases from \$2,001 to \$25,000 to have four written quotes via phone, fax, e-mail, or catalog.

Failure to obtain prior written approval for purchases and proper supporting documentation may prevent an employee from receiving the reimbursement. Failure to seek competitive bids may result in paying higher than necessary prices for goods and services.

Recommendation(s)

Mays leadership should ensure employees follow the *SBS Financial Guidelines*, to include but not limited to:


- Employees/Sponsors submit all appropriate documentation that clearly justifies his/her reimbursement;
- Obtain pre-authorization to make purchases that will be submitted for reimbursement; and
- Obtain four written quotes for purchases from \$2,001 to \$25,000.

Response

Teachers are now required to complete Disbursement Requests. Mays leadership will ensure quotes are obtained moving forward.

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

Sincerely,



K. Charvae Young, MBA, MA
Lead Internal Auditor



Connie Brown, CIA, CRMA
Executive Director, Internal Compliance