

## Office of Internal Compliance

130 Trinity Avenue S.W.  
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### Maynard H. Jackson High School Summary of Findings

October 27, 2017

Mr. Adam Danser, Principal  
Maynard H. Jackson High School  
801 Glenwood Ave SE  
Atlanta, GA 30316

Mr. Danser,

The Office of Internal Compliance performed an operational and compliance audit on the Miscellaneous Cash Activity Account Fund (MCAAF) administered by Maynard H. Jackson High 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 Maynard H. Jackson High 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 May 1, 2015 to June 30, 2017 and operational procedures for administering the Miscellaneous Cash Activity Fund (MCAAF).

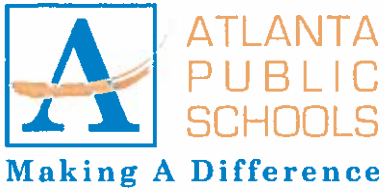
#### Audit Procedures

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 is not adhering to the Receipt and Collection Section of the *SBS Financial Guidelines*. Infractions included are as follows:**

- **Sponsorship Agreements for SY 15-16 and SY 16-17 were not signed by the Principal.**
- **5 of 30 (17%) Sponsors who collected funds and wrote receipts were not listed on the Sponsorship Agreement for SY 15-16 and/or SY16-17. 4 of those 5 Sponsors had no evidence that a receipt book had been assigned and returned.**
- **No return receipt dates listed on the SY 15-16 and 16-17 Sponsorship Agreement.**
- **3 fundraiser forms were not signed by the Principal for SY 16-17 as documentation of approval.**

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.

For best practices, all Sponsors should sign a Sponsorship Agreement prior to any school activity fund procedures are performed. These Sponsorship Agreements should be approved by the Principal prior to the collection any school activity funds. Failure to obtain Sponsorship Agreement can expose the school to unauthorized collection of funds and probability of lost/stolen funds.

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The current *SBS Financial Guidelines* require all fundraising events be approved by the Regional K-12 Executive Director and School Principal prior to the activity taking place. Failure to ensure fundraising events are documented on the fundraising form and approved provides the opportunity for unauthorized collection of monies and probability of lost/stolen funds.

### 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.
- School leadership should ensure fundraising forms are completed and approved by the Principal before any school fundraising activities take place.
- School Leadership should ensure Sponsorship Agreements are obtained and proper approval is provided to all Sponsors before any school activity fund procedures are performed.

### Response

- Moving forward, all sponsorship/fundraiser agreements will be signed and filed in the Secretary's Office.
- School Secretary will adhere to all procedures outlined in the Receipt and Collections and Records Retention section of the SBS Financial Guidelines.
- School Secretary will ensure that all fundraising forms are completed and approved by the Principal.
- School Secretary will distribute a sponsorship checklist inclusive of the following steps for any staff member who is requesting to be a sponsor: completion of sponsorship agreement and notification and approval of sponsorship request with Principal.
- Guidelines for usage of receipt books will be provided to all sponsors to ensure that receipt books are assigned and returned.

### Finding #2

- **14 of 30 (47%) Sponsors collected funds from parents/students without receiving training in SY 15-16 and SY 16-17.**

All Principals, Secretaries, and Sponsors are required to attend training at the beginning of each school year. Failure to ensure all school personnel are trained provides the opportunity for unauthorized collection of monies and probability of lost/stolen funds.

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### Recommendation(s)

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

### Response

- The Principal and School Secretary will ensure that everyone who handles school activity funds will be properly trained.
- A sign-in sheet will be used for school collection fund training.

## CASH RECEIPT ANALYSIS

### Finding #3

The Sponsors are not adhering to the Receipt and Collection Section of the *SBS Financial Guidelines*. Also, the Secretary did not always follow best practices for reconciling and posting funds. Infractions included are as follows:

- 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. (repeat finding)
- Secretary does not reconcile source of funds submitted by the Sponsors to the receipt books. Also, the Secretary does not always post funds into SABO under the Sponsor's name who collected the funds
- For 2 of 20 deposits (10%), money was posted into SABO by the Secretary between 3 to 4 days after the money was picked up by Dunbar.

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.

The current SBS Guidelines require the Secretary to post funds daily into SABO upon receiving funds from the Sponsors. Failure to post collected funds daily for deposit exposes the school to possible lost or stolen funds.

The current SBS Guidelines require that each written receipt must show the date of collection, name of payee, the amount collected, the activity for which the funds are being collected and the collector's signature. The original receipt must be given to the payee and a copy must be

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maintained in the school files. Receipts should also be posted into SABO under the Sponsor's name for best practices. Failure to post funds under the Sponsor's name (who collected the funds) can expose the school to inaccurate record keeping and not properly providing proof of post and deposit to the Sponsor.

### **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 submit funds daily to the Secretary and complete written receipts for payee proof of purchase.
- School leadership should consider establishing a set time (e.g. planning period) for Sponsors to deliver funds to the Secretary.
- School leadership should ensure the Secretary post funds daily into SABO to ensure timely deposits and timely pick-ups by Dunbar.
- School leadership should ensure the Secretary reconcile the source of funds to the receipt books and post funds under the Sponsor's name (who wrote the receipt and collected the funds) for best practices.

### **Response**

- Sponsors will be re-notified that monies collected from students and/or parents must be submitted to the Secretary by close of business on the same day collected.
- Unless the money is collected after business hours (e.g. athletic games, plays, etc) the School Secretary and School leadership will ensure that Sponsors do not hold monies collected overnight and that proper documentation is maintained for all monies collected throughout the school year. Note: Money collected after school hours is kept in a lockbox in the Athletic Director's office. The funds are stored here to be turned in to the Secretary the next day.
- The School Secretary and Sponsors will adhere to all procedures outlined in the Receipt and Collections section of the SBS Financial Guidelines.
- School Secretary will post funds daily into SABO to ensure that best practices are adhered to.
- School leadership and School Secretary will re-distribute the timeline for fund collection and submission to all Sponsors.

### **Finding #4**

- 9 of 10 (90%) receipts had no Deposit Slip Detail form on file
- 3 of 10 (30%) receipts had no check copy kept on file

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- **3 of 10 (30%) receipts had no documentation on file for the donation**

The Secretary is responsible for keeping adequate documentation for each deposit (e.g. deposit slip, check copies, bank bag seal, yellow copy of receipts). Guidelines require an award letter, copy of check, and supporting documentation for all donations. Also, the Deposit Slip Detail Form (DSD) should be attached to the Deposit Analysis and SABO receipt to show proof of funds/denominations submitted to the Secretary by the Sponsor for best practices.

Failure to retain/attach proper documentation for donations and deposits provides an opportunity for misuse of funds and allows for unaccounted 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.
- The Secretary should ensure yellow receipt copies, check 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.
- The Secretary should maintain supporting documentation for donations on file at the school to prevent misuse of funds.

### Response

- Moving forward, the School Secretary will ensure the SBS Financial Guidelines are followed.
- Daily, the School Secretary will ensure that the yellow receipt copies, check copy, deposit slip, bank bag seal, SABO receipt and deposit slip detail forms are attached to the Deposit Analysis for accuracy and required retention purposes.
- Moving forward, the School Secretary will ensure that all documentation for donations are appropriately file to prevent misuse of collected funds.

### Finding #5

- **4 of 20 (20%) deposit were not deposited timely. Deposits were between 5 to 8 days late. (repeat finding)**
- **For 2 of 20 (10%) deposits, money was taken to the bank by Secretary. Dunbar Armored services was not used as required.**

The *SBS Financial Guidelines* requires that deposits not be held in excess of 72 hours. Deposits are to be transported to the bank via Dunbar Armored Services.

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Failure to deposit funds timely (within 72hrs) exposes the school to possible lost or stolen funds. Also, failure to use the Armored Car Services for deposits places the school personnel and funds at risk.

### **Recommendation(s)**

School leadership should ensure deposits are sent to the bank timely (within 72 hours of receiving the funds) and transported by the Armored Car Services.

### **Response**

- Moving forward, the School Secretary will ensure that all deposits are submitted in a timely manner.
- Moving forward, the School Secretary will not transport funds to the bank. All funds will be transported by Dunbar.

## **CASH DISBURSEMENT ANALYSIS**

### **Finding #6**

- **6 of 11 checks (55%) were approved without prior written authorization to purchase (repeat finding)**
- **1 of 11 checks (9%) did not have four written quotes for purchase 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 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.

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.



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### 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 and Secretary follow the APS Procurement Services Procedure Manual for purchases over \$2,001.

### Response

- Moving forward, the School Secretary will ensure all authorization guidelines are followed.
- The School Secretary will continue to follow the APS Procurement Services Procedure Manual.

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