

## Office of Internal Compliance

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### B.E.S.T. Academy 6-12

March 20, 2018

Dr. Timothy D. Jones, Principal  
B.E.S.T. Academy 6-12  
1190 Northwest Drive NW  
Atlanta, Georgia 30318

Dr. Jones,

The Office of Internal Compliance performed an operational and compliance audit on the Miscellaneous Cash Activity Account Fund (MCAAF) administered by B.E.S.T. Academy 6-12. 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 B.E.S.T. Academy 6-12 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, 2016 to February 28, 2018 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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### 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 Cash Receipt Analysis and Cash Disbursement Analysis.

### CASH RECEIPT ANALYSIS

#### Finding #1

- 3 of 11 (27%) receipts had no check copy kept on file

The Secretary is responsible for keeping adequate documentation for each deposit (e.g. deposit slip, check copies, bank bag seal, SABO receipts). The current SBS Financial Guidelines require an award letter, copy of check, and supporting documentation for all donations.

Failure to retain/attach proper documentation for donations and deposits provides an opportunity for misuse of funds and allows for unaccounted funds.

#### Recommendation(s)

- The Secretary should ensure 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 all supporting documentation for donations on file at the school to prevent misuse of funds.

#### Response

Since current SBS Financial Guidelines require a copy of the check for all donations, we will initiate a new protocol to include copies of ALL checks and money orders received and attach them to all deposits.

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### CASH DISBURSEMENT ANALYSIS

#### Finding #2

- 9 of 11 (82%) disbursements were approved without prior written authorization to purchase

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.

#### **Recommendation(s)**

- School leadership should ensure prior written approval (via the Pre-Authorization Disbursement Request form) before making purchases and requesting reimbursement.

#### **Response**

All future purchases will require pre-authorization by way of a completed Disbursement Pre-Authorization Request Form.

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, CFE  
Lead Internal Auditor