

Office of Internal Compliance

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Benjamin E Mays High School Final Report

May 20, 2020

Dr. Mulanta Wilkins, Principal
Benjamin E Mays High School
3450 Benjamin E Mays Drive
Atlanta, Georgia 30331

Dr. Wilkins,

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 *Atlanta Public Schools (APS) Finance Policies and Procedures Manual*.

Audit Scope

The scope of the audit includes the review of financial records from July 1, 2019 to January 31, 2020 for elementary, middle schools and high schools.

Audit Procedures

We performed the following tests to achieve our objective:

- Analyzed the Audit Questionnaire
- Surveyed and Interviewed Selected School Personnel
- Tested a sample of Receipts from Collection Approval to Bank deposit
- Tested a sample of Disbursements from Request to Approval/Disbursement
- Reviewed Bank Reconciliations for Abnormal Reconciling Transactions

Audit Conclusion

The controls to ensure proper cash handling of funds, recording and depositing of the cash, and the disbursement of funds are not effective and require re-enforcement to mitigate the following risks:

- Unauthorized collection of funds;
- Unauthorized and inaccurate count of funds; and
- Unauthorized disbursement of funds.

Based upon the testing performed, the following opportunities for improvements were identified and discussed with school administrators during an exit conference. The opportunities are categorized as Training, Cash Management, and Check Disbursements. Mays' response is included after each observation recommendation.

TRAINING

Observation #1

6 of 27 Sponsors (22%) did not attend the school cash activity training conducted by the School Administration.

The *Atlanta Independent School System Finance Policies and Procedures Manual* requires all Sponsors to have training to manage school activity funds and collect fees.

Untrained Sponsors provide the opportunity for unauthorized collection of monies and a probability for lost/stolen funds.

Recommendation(s)

Mays leadership should consider developing and implementing a process to monitor the attendance of each Sponsors' participation in the required training. Also, leadership should ensure that Sponsors do not collect any school activity funds and fees from students/parents prior to training.

Implementation Plan:

- All staff members will be required to attend the training for the 20-21 school year.
- I will schedule a make-up training session at the same time I schedule the regular training session.
- This upcoming school year Mays High will be divided into grade level academies. Each academy will have a designated administrator. I will have each administrator to create a sign-in sheet for their academy. Immediately following the training, I will have each administrator submit a list of the employees who failed to attend the training. I will then have my secretary schedule a meeting with them informing them of the new training date and attendance is mandatory.
- Ms. Womble will receive a copy of the sign-in sheets and send email informing the staff that no funds should be collected if training has not been completed.

Implementation Date: August 2020

Person Responsible for Implementation: Ms. Womble (Secretary)

CASH MANAGEMENT

Observation #2

8 of 27 Sponsors (30%) did not have a *Sponsorship Agreement* form on file and no proof of a receipt book being issued.

The *Atlanta Independent School System Finance Policies and Procedures Manual* requires all Sponsors to sign a Sponsorship Agreement and Receipt Book Logout to properly document the principal's approval of activities, designation of approved sponsors, and documentation of the assigned receipt books.

Absence of approval by the Principal and agreement by the Sponsor provides an opportunity for unauthorized collection of monies and a probability for lost/stolen funds.

Recommendation(s)

Mays leadership should consider developing and implementing a process to ensure the Sponsor's completion and the Principal's approval of all *Sponsorship Agreements* before any activity or fundraiser is conducted at the school.

Implementation Plan:

- Every employee will have to complete a Sponsorship Agreement during training. Then Ms. Womble and Mrs. Robinson will check off the employee name from the roster to ensure they have all been completed. I will then assign an administrator to ensure that all steps have been completed.

Implementation Date: August 2020

Person Responsible for Implementation: Ms. Womble (Secretary), Ms. Robinson (Principal Secretary)

Observation #3

The Receipts and Collections section of the *Atlanta Independent School System Finance Policies and Procedures Manual* was not followed consistently.

- **12 of 13 receipts (92%) were verified for deposit by the same person who received or recorded the cash;**
- **6 of 13 receipts (46%) were missing supporting documentation; and**
- **Sponsors held funds between 2 and 18 days before submitting to Secretary for deposit.**

The Principal is responsible for the maintenance and security of school financial records. The manual requires a *Deposit Analysis Report*, receipts or *Receipt Collection* forms, SABO generated receipts, Ticket Report, Ticket Taker Report, and supporting documentation to be filed for receipts. Also, the manual requires the Sponsors to deposit daily.

The *Georgia Department of Education, Local Units of Administration (LUAs) Manual* require segregation of duties for cash receipts. The person who prepares the bank deposit should not be the person who approve (verifies) the bank deposit.

Inappropriate segregation of duties during bank deposit preparation will increase the risk of fraud by theft of funds. Noncompliance with the maintenance and security of school financial records and daily deposits may expose the school to possible lost or stolen funds collected from parents/students.

Recommendation(s)

Mays leadership should consider developing and implementing a process to ensure that the procedures outlined in the Administrative Responsibilities and the Guidelines for School Receipts and Collection sections of the *Atlanta Independent School System Finance Policies and Procedures Manual* are followed to include but not limited to:

- Identifying a second verifier;
- Completing a *Receipt Collection Form* as record of monies collected from students at an amount of \$10 or less;
- Including Ticket Report form and Ticket Taker Report for monies collected for Athletic Events;

- Including Letter or *Donation form* for donations; and
- Ensuring all monies collected are turned in to the secretary or designee on the same day funds are collected.

Implementation Plan:

- Identify a second verifier
- Receipt Collection Forms are given for collections under \$10
- When deposits are made for ticket sales the AD will provide the bookkeeper with copies of the reports before filing in the athletic book
- The donation process will be given during the training session during pre-planning. The procedure will then be followed by emails as a reminder to adhere to the procedures discussed in the financial training session.

Implementation Date: The dates varies on this observation:

- Second verifier identified February 2020
- May 2020-Emails will be sent weekly to remind Sponsors to deposit funds daily and utilize the drop box if Womble is absent

Person Responsible for Implementation: Dr. Wilkins (Principal), Ms. Womble (Secretary)

CHECK DISBURSEMENTS

Observation #4

3 of 13 checks (23%) did not have an approved *Disbursement Preauthorization Request Form*.

The *Atlanta Independent School System Finance Policies and Procedures Manual* requires all Student Activity Banking Online (SABO) purchases to have written approval by the Principal prior to purchase using the required *Disbursement Pre-authorization Request Form*.

Absence of prior written approval by the Principal prior to purchases may result in the employee/Sponsor not receiving reimbursement and may obligate the school without the Principal's knowledge.

Recommendation(s)

Mays leadership should consider developing and implementing a process to ensure no purchases are made prior to authorization provided by the Principal.

Implementation Plan:

- May 2020-Checks will not be processed/signed unless documentation is attached
- Checks are not signed unless a signed preauthorization is attached to the disbursement

Implementation Date: February 2020

Person Responsible for Implementation: Dr. Wilkins (Principal), Ms. Womble (Secretary), Ms. Robinson (Principal Secretary)

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

Sincerely,

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