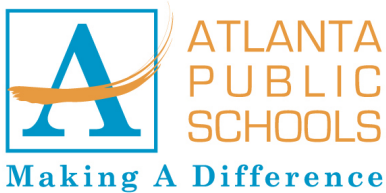


## Office of Internal Compliance

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### Morris Brandon Elementary School Final Report

May 20, 2020

Mr. Jay Bland, Principal  
Morris Brandon Elementary School  
2741 Howell Mill Rd NW  
Atlanta, Georgia 30327

Mr. Bland,

The Office of Internal Compliance performed an operational and compliance audit on the Miscellaneous Cash Activity Account Fund (MCAAF) administered by Morris Brandon 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 objective.

#### Audit Objective

The objectives of the audit were to document the processes utilized by Morris Brandon 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 *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 General Administration, Cash Receipt Analysis, and Cash Disbursements Analysis. Morris Brandon Elementary School's response is included after each observation recommendation.

## **GENERAL ADMINISTRATION**

### **Observation #1**

- **1 of 4 (25%) Sponsors did not have a Sponsorship Agreement form on file.**
- **1 of 4 (25%) Sponsors did not have a Sponsorship Agreement (receipt book log out form) on file.**
- **3 of 3 (100%) Sponsorship Agreement forms were not signed/approved by the Principal.**
- **No formal Sponsor training performed at the school by School Administration.**

The Finance Policies and Procedures manual require all Sponsors to sign a Sponsorship Agreement prior to any school activity fund procedures are performed. These Sponsorship Agreements must be approved by the Principal prior to the collection any school activity funds and retained in school files. Funds are not allowed to be collected by non APS approved Sponsors. Receipt books issued to Sponsors should be logged and kept in school files. Also, all Sponsors are required to have training prior to any school activity fund procedures are performed.

### ***Risk:***

- Not obtaining Sponsorship Agreements, approving Sponsors, logging receipt books and not making sure all Sponsors are trained provides the opportunity for unauthorized collection of funds and the probability of lost/stolen funds.

### **Recommendation(s)**

- School leadership should consider implementing more training as it relates to Sponsor responsibilities to improve school activity collection procedures and minimize the likelihood of funds being mishandled.
- School leadership should consider implementing a better process to monitor the Principal's approval of Sponsors before they are allowed to collect funds and monitor the Secretary's issuance of receipt books to Sponsors to reduce the likelihood of unauthorized collection of funds and lost/stolen funds.

### **Implementation Plan:**

School Principal and secretary will implement more training as it relates to Sponsor responsibilities to improve school activity collection procedures and minimize the likelihood of funds being mishandled. The training will also include a better process to monitor the Principal's approval of Sponsors before they are

allowed to collect funds and monitor the Secretary's issuance of receipt books to Sponsors to reduce the likelihood of unauthorized collection of funds and lost/stolen funds. Anyone who handles money including both secretaries and clerks will be included.

**Implementation Date:**

8/12/2020

**Responsible Party for Implementation:**

Jay Bland, Principal

Tomi Thompson, Secretary

**CASH RECEIPT ANALYSIS**

**Observation #2**

- **For 1 of 12 (8%) receipts, funds were being held by the Sponsor for 3 days before submission to the Secretary for post and deposit into SABO.**
- **For 1 of 12 (8%) receipts, the deposit was not logged into the Dunbar log book as evidence of Dunbar pick-up.**
- **Documentation to verify the count of funds between the Sponsor and the Secretary before generation of SABO receipt is not signed by the Sponsor and Secretary as evidence of the count.**
- **No 2nd verifier is in place to verify funds before they are sealed in the plastic bank bag.**

The Finance Policies and Procedures Manual require Sponsors to submit funds on the same day as collected to the Secretary. Each deposit brought to the Secretary must be verified and receipted to the Sponsor.

***Risks:***

- Sponsors not submitting funds on the same day as collected to the Secretary for deposit, not logging deposits into the Dunbar log book, not having written/signed documentation to verify the count of funds between the Sponsor and the Secretary before generation of SABO receipt and not having a 2<sup>nd</sup> verifier to count funds before money is sealed in bank bag provides an opportunity for an inaccurate count of funds and mishandling of funds.

**Recommendation(s)**

- School leadership should consider implementing a better process to improve same day submission of collected funds by the Sponsor to the Secretary to reduce the likelihood of lost or stolen funds.
- School leadership should consider implementing a better process to monitor the logging of deposits by the Secretary into the Dunbar log book to minimize the likelihood of mishandling of funds.
- School leadership should consider implementing a better verification process to monitor the count of funds between the Secretary and Sponsors to minimize the likelihood of lost or stolen funds.
- School leadership should consider implementing a better verification process to monitor funds before they are sealed in the plastic bank bag to reduce the likelihood of lost or stolen funds.

**Implementation Plan:**

We will implement a schedule for all sponsors to bring money to the Bookkeeper twice a day, once during planning and again at the end of the day. For all itinerant sponsors, they will have to turn in funds before

leaving the campus. Funds will then be secured in the school safe. The Bookkeeper will log all of the deposits into the Dunbar book, and as an extra precaution, the School Clerk will perform a second check. Moving forward, after the funds are counted by the Sponsor and Bookkeeper, the Sponsor will sign the SABO receipt as evidence of the count. Our School Clerk will be the second verifier for all deposits.

**Implementation Date:**  
8/12/2020

**Responsible Party for Implementation:**  
Jay Bland, Principal  
Tomi Thompson, Secretary

## **CASH DISBURSEMENT ANALYSIS**

### **Observation #3**

- **9 of 14 (64%) checks had no evidence of Disbursement Pre-Authorization form on file as evidence of prior written approval by Principal before purchase was made. (Repeat Finding)**

The Finance Policies and Procedures manual requires the Principal to authorize all purchases and all payments. Proposed SABO purchases must have written approval from the Principal prior to purchase using the required Disbursement Pre-Authorization Request Form.

### ***Risk:***

- Not obtaining prior written approval from the Principal for purchases and keeping the documentation on file may allow for unauthorized purchases to take place and keep an employee from receiving reimbursement.

### **Recommendation(s)**

- School leadership should consider implementing more training to Sponsors and Secretaries to improve the usage and proper completion of the Pre-Authorization Disbursement Request form to minimize the likelihood of unauthorized purchases.

### **Implementation Plan:**

More training will be conducted by School Administration for Sponsors and Secretaries to improve their usage and proper completion of the Pre-Authorization Disbursement Request form. This will be done to minimize the likelihood of unauthorized purchases.

**Implementation Date:**  
8/12/2020

**Responsible Party for Implementation:**  
Jay Bland, Principal  
Tomi Thompson, Secretary

Mr. Bland  
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May 20, 2020

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

Sincerely,

Tiffany Cherry, CFE  
Lead Internal Auditor

Connie Brown, CIA, CRMA  
Executive Director, Internal Compliance

Petrina Bloodworth, CIA, CFE, CRMA  
Senior Manager (Consultant)