

Atlanta Public Schools

Audit Report

Parking Lot Funds Process & Cash Management Review

Report Date: December 4, 2019



130 Trinity Avenue, SW | Atlanta, GA 30303

Confidential

Audit Report of
Parking Lot Funds & Cash Management Review

Report Date: December 4, 2019

Prepared by:
Atlanta Public Schools

Office of Internal Compliance

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Distribution

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Executive Summary

Parking lot fundraisers are fundraisers where schools charge a fee for parking lot spaces at designated lots to raise money for the school. Schools participating in parking lot fundraisers are as follows:

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|------------------------------------|-----------------------|----------------------------------|
| • Grady High School | • Inman Middle School | • Tuskegee Airmen Global Academy |
| • Hollis Innovative Academy | • Brown Middle School | • Agnes Jones Elementary School |
| • Booker T. Washington High School | | |

The objective of the audit was to document the process for fundraising, parking lot management, cash handling and accounting for funds. The objective was also to identify internal controls, assess the adequacy of those controls related to the risks and determine if opportunities exist for process improvement. The scope of the audit includes the review of fundraising procedures and cash management activities for school operated parking lots within the district from July 1, 2018 through June 30, 2019.

During the audit, the following observations were noted:

- There is no system in place to account for and track the amount of funds collected for parking spaces sold during parking lot fundraisers for Inman Middle School and Grady High School.
- There is no safe drop box in place to safeguard funds collected during weekend parking lot fundraising events for Grady High School.
- Red ticket stubs for Washington Cluster schools are not always kept to track and account for the funds collected for parking spaces sold during parking lot fundraising events.
- There is no documentation in place to show parking lot funds collected were reconciled to the number of spaces sold for accounting of funds for the Washington Cluster schools as well as Inman Middle School and Grady High School.

In conclusion, cash management processes and internal controls need to be strengthened to make certain parking lot funds are properly tracked, accounted for and safeguarded to decrease the risk for lost or stolen funds, understated/overstated revenue and reputational risk as it relates to the district's ability to provide proper stewardship of funds. Also, management oversight and monitoring of cash handling functions need to be improved to make sure there is consistent recording of funds in SABO for school and Accounting Department tracking purposes.

Background

All school level fundraisers must be approved via the Request for Fund Raising Project Form by the Principal and Associate Superintendent before any fundraising activity can take place. The Fund-Raising Project Form is not required for fundraisers sponsored by school related groups such as Parent Teacher Association (PTA), Parent Teacher Student Organization (PTSO), Parent Teacher Organization (PTO) and Booster Clubs. Once all fundraising obligations are met, the school principal may transfer the remaining balance from the fundraising account to the school activity general account to be used at his/her discretion. School wide fundraising events should be recorded in the appropriate school activity fund in the School Activity Banking Online (SABO) system. Sponsorship Agreements are required for all Sponsors collecting money for the fundraising events. Only one Sponsorship Agreement per school year is required for Sponsors prior to the collection of funds for school events.

Objectives & Scope

We completed our assessment of parking lot fundraisers and cash management review. The objectives of our review were to:

- Document the process for fundraising, parking lot management, cash handling, and accounting for funds
- Identify internal controls, assess the adequacy of those controls related to the risks, and determine if opportunities for process improvement exist

In an effort to achieve our objective, the Office of Internal Compliance performed the following tasks that included, but were not limited to:

- Interviewing key school personnel
- Reviewing School Parking Lot Guidelines
- Reviewing School Parking Lot Event Calendars
- Reviewing Finance Policy and Procedure Manual
- Conducting parking solution feasibility study
- Testing of internal controls

The scope of the audit included the review of fundraising procedures and cash management activities for school operated parking lots within the district during 7/1/2018 through 6/30/2019.

Sampling Methodology: 21 sample items were selected judgmentally to obtain a good mixture of different fundraising events for review.

Excel was used as a data analytics tool to analyze fundraising data to determine if significant variances in amounts collected appeared reasonable. Also, the data was analyzed to determine if at least the minimum or maximum amount of funds were collected based on the number of estimated parking spaces for each lot used and reviewed reasonableness.

Observations & Recommendations

Observation 1: There is no system in place to account for and track the amount of funds collected for parking spaces sold during parking lot fundraisers at Inman Middle School and Grady High School.

Risk: Not having a system in place to account for funds collected during parking lot fundraisers can expose the school to the probability of lost/stolen funds, over/understatement of revenue and reputational risk as it relates to the district's ability to provide proper stewardship of funds.

Recommendations	Management's Response	Implementation Date	Responsible Party for Implementation
<p>1. School Leadership should consider using the ticket system for parking lot fundraisers. Two ply numbered tickets (as used by Athletics) can be used to account for funds collected. The tickets can be given to the customer to put on the dashboard inside of their car and the ticket stubs can be kept by the parking lot staff for tracking purposes.</p>	<p>For Washington Cluster schools and Inman Middle School, a meeting will be held with the principals and their parking lot manager (if applicable) to review each audit recommendation listed above.</p> <ul style="list-style-type: none"> Inman Middle School will use a two-ply numbered ticket to collect and account for the funds raised. Inman Middle School will use the parking lot ticket reporting form to document the number to tickets they have sold. The form will also be used to reconcile the ticket sales to cash collected. Inman Middle School will deposit the parking lot funds into a separate SABO account to keep track of the funds <p>The K-8 Washington Cluster principals will consider implementing the On-</p>	<p>The meeting will be held on or before December 13, 2019.</p> <p>Implementation will take place seven days after the meeting.</p>	<p>Each building principal will be responsible to ensure these actions have been implemented.</p>
<p>2. School Leadership should consider using the Ticket Taker Report to document the tickets sold and funds collected for reconciliation and tracking purposes. The Ticket Taker Report can be used to record the date/location of the event and log the beginning and ending number from the roll of tickets issued to the parking lot staff. Also, the report can be used to document the number of tickets sold and the price charged for each parking space. Lastly, the total number of tickets sold can be tabulated on the report, and the report can be signed by the Sponsor and a 2nd verifier for oversight purposes.</p>			
<p>3. School Leadership should consider establishing a Parking Lot Fundraiser account number in SABO that all schools can use to post parking lot fund so that the Accounting Department has the ability to accurately track and account for all funds related to parking lot fundraisers.</p>			

<p>4. From research conducted, OIC recommends the District should consider implementing the On-Demand Parkmobile parking solution for the Grady and Washington Cluster parking lots using A-Tow towing service for removal of illegally parked vehicles. A-Tow is already an approved vendor for APS. Based on the volume of activity, it is not recommended that an electronic parking solution be implemented for Inman Middle School. The district could also try to negotiate parking rates to realize a larger net revenue if a decision is made to implement these options. Results can vary based on the volume of in/out activity.</p>	<p>Demand Parkmobile parking option to collect funds</p> <ul style="list-style-type: none"> For Grady High School Huddle, Inc. has been contacted for a request to receive tickets utilized by Athletics. 3,000 tickets will be mailed to the school within the next two weeks. Upon arrival, the tickets will be used for the next parking lot fundraising event which is scheduled for January 1, 2020. The Parking Sales Report form will be used to calculate and reconcile funds received based upon ticket sales. The Parking Sales Report form will be shared with all fundraisers and guidance on use/function will be provided by Mr. Barnes (School Business Manager) and/or Ms. Matthews (School Administrative Assistant). District Accounting staff have been contacted to assist in the creation of a SABO account for Grady parking funds. Once the account is created, parking funds will be deposited into account for 	<p>For Grady High School, the ticket system will be implemented on January 1, 2020.</p>	<p>For Grady High School, the Principal will be responsible to ensure these actions have been implemented.</p>
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	<ul style="list-style-type: none"> transfer to fundraiser's accounts. ParkMobile was not viewed as a good option for monitoring parking on the campus. 		
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Observation 2: There is no safe drop box in place to safeguard funds collected during weekend fundraising events at Grady High School.

Risk: Not having a safe drop box in place during weekend fundraising events can expose the school to the probability of lost/stolen funds.

Recommendation	Management's Response	Implementation Date	Responsible Party for Implementation
School Leadership should consider using a safe drop box for weekend parking lot fundraiser events for safeguarding of funds purposes. School Leadership should consider locating the safe drop box in a place within the school accessible for Sponsors to utilize after school hours.	The school has discussed school and safe deposit options with School Resource Officers (SROs). Fundraising dates and times are being provided to SROs. APS security will receive a schedule of fundraising activities to assist in coordinating school and/or district SRO assistance in giving fundraisers access to the school and safe drop box in the school's athletic area. The SRO will arrive prior to the end of fundraising. The SRO will escort fundraisers to gain entry into the game gym building and storage room where the safe drop box is housed. Funds will be dropped into the safe drop box for retrieval on the next school business day.	The plan is to implement this action on November 23, 2019.	The Principal will be responsible to ensure these actions have been implemented.

Observation 3: Red ticket stubs are not always kept to track and account for the funds collected for parking spaces sold during parking lot fundraising events for the following schools:

- Brown Middle School
- Hollis Innovative Academy
- TAG Elementary School
- BTW High School
- Jones Elementary School

Risk: Not keeping ticket stubs to perform reconciliation of funds collected to parking spaces sold increases the risk for over/understatement of revenue collections.

Recommendation	Management's Response	Implementation Date	Responsible Party for Implementation
<p>School Leadership should consider using the Ticket Taker Report to document the tickets sold and funds collected for reconciliation and tracking purposes. The Ticket Taker Report can be used to record the date/location of the event and log the beginning and ending number from the roll of tickets issued to the parking lot staff.</p> <p>Also, the report can be used to document the number of tickets sold and the price charged for each parking space. Lastly, the total number of tickets sold can be tabulated on the report, and the report can be signed by the Sponsor and a 2nd verifier for oversight purposes.</p>	<ul style="list-style-type: none"> • A meeting will be held with the principals and their parking lot manager (if applicable) to review each audit recommendation listed above. • Each school will use a two-ply numbered ticket to collect and account for the funds raised. • Each School will use the parking lot ticket reporting form to document the number to tickets they have sold. The form will also be used to reconcile the ticket sales to cash collected. 	<p>The meeting will be held on or before December 13, 2019.</p> <p>Implementation will take place seven days after the meeting.</p>	<p>Each building principal will be responsible to ensure these actions have been implemented.</p>

Observation 4: There is no documentation of a reconciliation in place to show parking lot funds collected were reconciled to the number of spaces sold for accounting of funds for the following schools:

- TAG Elementary School
- BTW High School
- Jones Elementary School
- Inman Middle School
- Hollis Innovative Academy
- Grady High School

Risk: Not performing a reconciliation of ticket stubs (i.e. parking spaces sold) to funds collected increases the risk of undetected errors and/or fraud which could result in over or understated revenue.

Recommendation	Management's Response	Implementation Date	Responsible Party for Implementation
<p>School Leadership should consider using the Ticket Taker Report to document the tickets sold and funds collected for reconciliation and tracking purposes. The Ticket Taker Report can be used to record the date/location of the event and log the beginning and ending number from the roll of tickets issued to the parking lot staff.</p> <p>Also, the report can be used to document the number of tickets sold and the price charged for each parking space. Lastly, the total number of tickets sold can be tabulated on the report, and the report can be signed by the Sponsor and a 2nd verifier for oversight purposes.</p>	<p>For Washington Cluster schools and Imman MS, a meeting will be held with the principals and their parking lot manger (if applicable) to review each audit recommendation listed above.</p> <ul style="list-style-type: none"> Each School will use the parking lot ticket reporting form to document the number to tickets they have sold. The form will also be used to reconcile the ticket sales to cash collected. <p>For Grady High School, the Parking Sales Report form will be used to calculate and reconcile funds received based upon ticket sales. The Parking Sales Report form will be shared with all fundraisers and guidance on use/function will be provided by Mr. Barnes (School Business Manager) and/or Ms. Mathews (School Administrative Assistant).</p>	<p>The meeting will be held on or before December 13, 2019.</p> <p>Implementation will take place seven days after the meeting.</p> <p>For Grady High School, the parking sales reconciliation form will be implemented on January 1, 2020.</p>	<p>Each building principal will be responsible to ensure these actions have been implemented.</p> <p>For Grady High School, the Principal will be responsible to ensure these actions have been implemented.</p>

Conclusion

The district has a number of controls in place to mitigate risks involving school parking lot fundraisers. Some of those controls include:

- The Request for Fund Raising Project Form is used by the school and is approved by the Principal and Associate Superintendent before any fundraising event takes place in the parking lots.
- A Sponsorship Agreement form is required to be completed by the Sponsor and approved by the Principal before the Sponsor can collect funds for the fundraiser event.
- The money is stored in a sealed plastic bank bag and placed in the safe by the Secretary until Dunbar pickup.
- Duties are separated between the person who receives and deposits cash, records cash payments and reconciles cash received to deposits for parking lot fundraisers.

However, cash management processes and internal controls need to be strengthened to make sure parking lot funds are properly tracked, accounted for and safeguarded. Oversight and monitoring of cash handling functions need to be improved to make sure consistent recording of funds in SABO for school and Accounting Department tracking purposes.

We want to extend our appreciation to school leadership and staff for their cooperation and courtesies extended to us during the audit.

Respectfully submitted,



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