

Internal Audit Report

**Rose Valley Elementary School
School Activity Funds**

For the Period Ended June 30, 2024

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Internal Auditor's Report

We have examined the School Activity Funds (SAF) of Rose Valley Elementary School for the period November 1, 2022 through June 30, 2024. Rose Valley Elementary School Principal is responsible for the administration of SAF. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and Generally Accepted Government Auditing Standards and, accordingly, included examining, on a test basis, evidence supporting SAF, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Our examination disclosed the following:

- *Delinquent Remittance of Funds*
- *Inadequate Approval of Disbursements*
- *Fundraiser Reports Not Completed*

Individually or in aggregate, these findings resulted in a material deviation from Board of Education (BOE) Policies and Procedures and the requirements of the Accounting Procedures Manual for School Activity Funds (APM).

In our opinion, except for the deviation from the criteria described in the preceding paragraph, the APM referred to above, was administered in compliance with BOE policies and procedures and the APM, in all material respects, for the period ended June 30, 2024.



Janice Walters-Semple, CPA
Acting Director, Internal Audit

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SUMMARY

An audit of the school activity funds (SAF) of **Rose Valley Elementary School** was completed for the period November 1, 2022 through June 30, 2024. The audit was conducted as part of the department's annual audit plan.

The audit indicated that the school's financial records and procedures require improvement to be in accordance with the Accounting Procedures Manual for School Activity Funds (APM) and Board of Education (BOE) policies and procedures.

OBJECTIVES

The objectives of the audit were to determine the effectiveness of the system of internal controls and to determine whether the school was in compliance with the policies and procedures of the APM and the BOE. It is important to recognize that, while the audit focused on deficiencies, it was intended to be constructive. The audit was not designed and conducted to evaluate the effectiveness of the educational programs in the school. Therefore, the absence of comments related to the educational programs should not be construed to imply that these programs are either adequate or deficient.

SCOPE

The audit was based on our review of all bank statements, available financial reports, cancelled checks and all available Monetary Transmittal Form (MTF) envelopes submitted by staff for the period November 1, 2022 through June 30, 2024. Also, selected receipts, disbursements and available supporting documentation were reviewed for the said period.

This is an audit of funds related to students' activities at the school and does not include SOR funds or any funds not derived from students' activities for the audit period.

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FINDINGS AND RECOMMENDATIONS

The audit resulted in the following findings.

2025.01 Delinquent Remittance of Funds

There were at least **6** instances where funds were not remitted in a timely manner to the recordkeeping staff for deposit. Delinquent remittance of funds ranged from **5 to 35 days**. ***This condition was noted during the previous audit for the period that ended in October 2022.***

The following criteria are established in the APM:

- A. The APM Section 4.5.2.2 (3) *Preparing Bank Deposits*, require all funds collected to be remitted to the bookkeeper on the day of collection.
- B. The APM Exhibit B: *Staff Responsibility for School Activity Funds – Faculty/Program Manager* indicates that staff should safeguard all funds until reported to the recordkeeping staff, which should occur daily.

Staff were not held accountable for remitting funds timely to the recordkeeping staff.

Internal controls are compromised and there is a risk of embezzlement or loss of funds from delinquent remittance of funds to the recordkeeping staff.

Recommendation: There is no audit recommendation since the school closed effective June 30, 2024.

2025.02 Inadequate Approval of Disbursements

There were at least **5** instances where the principal did not pre-approve School Funds Expenditure Funds (SFEF) prior to purchases.

The APM Section 4.5.3, *Cash Disbursements* requires staff to obtain the principal's approval as documented on the SFEF prior to purchasing goods or services. The SFEF includes space for staff to indicate the amount of funds available in the relevant account prior to the principal pre-approval.

The staff and/or recordkeeping staff did not always ensure that all SFEFs were pre-approved before purchases were made. The principal did not always hold staff members accountable to obtain pre-approval prior to making purchases.

Failure to obtain the principal's pre-approval could impact the school's solvency when unauthorized disbursements are made.

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Recommendation: There is no audit recommendation since the school closed effective June 30, 2024.

2025.03 Fundraiser Reports Not Completed

The requirements for administering fundraisers were not followed during the audit period. There were **10** fundraisers (3 sponsored fundraisers and 7 school-wide fundraisers) conducted during the audit period. Sponsors did not complete the fundraiser request and authorization forms and the fundraiser completion reports for the sponsored fundraisers. Also, annual reports summarizing the school's fundraising activities were not completed for FY 2023 and FY 2024.

Administrative Procedure 5135.1, *Fundraising* requires the completion of Fundraiser Request and Authorization Forms and Fundraiser Completion Reports for sponsored fundraisers. Annual reports summarizing fundraising activities for all fundraisers are also required. These documents must be maintained on file for public and auditor review upon request.

The recordkeeping staff was aware of the fundraiser policy but did not ensure that the fundraiser forms were completed and retained on file. The principal did not ensure that approval for staff-sponsored fundraisers was documented.

Failure to complete fundraiser reports constitutes non-compliance with BOE policies and procedures. In addition, it decreases the transparency of fundraising activities and the associated profits to interested parents and community members. It could not be readily determined whether the school's fundraisers yielded an overall profit. As a result, pertinent financial information for the school's administrators to make fiscal decisions was not available.

Recommendation: There is no audit recommendation since the school closed effective June 30, 2024.

STATUS OF PRIOR AUDIT FINDINGS

The previous audit report for Rose Valley Elementary School was issued for the period ended October 31, 2022. There were **3** findings noted as a result of that audit of which **1** finding still exists and the current status is indicated below:

- **Mismanagement of Funds Received** – Condition still exists. See **Finding 2025.0** regarding *Delinquent Remittance of Funds*.
- **Administration of Checks** – Controls appear to be working.
- **Approval of Fund Transfers** – Controls appear to be working.

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ACKNOWLEDGEMENT

We would like to thank the principal and staff of Rose Valley Elementary School for their cooperation and assistance extended during the audit.