

**SCHOOL AUDIT PROGRAM
ELEM AND MIDDLE SCHOOL SITE VISITS BY
SENIOR INTERNAL ACCOUNTANT**

SCHOOL:

**Principal:
Secretary:**

INTERNAL AUDIT FILE:

Auditor will create an audit file containing audit documentation for the school
Auditor will perform the following audit steps before the site visit:

SSA S:DRIVE REPORTS:

1. Run/review SSA Inquiry Report (.ssa) from the S:Drive
2. Run/review SSA Account Activity (.his) from the S:Drive
Compare totals to SSA Inquiry Report
3. Run/review a Budget Inquiry Report (.xls) from the S:Drive

PEOPLESOFT REPORTS:

1. Run/review Budget Transaction Detail report for Funds 10/19
2. Document any concerns/findings and attach to this audit program

MISCELLANEOUS:

Before the site visit, auditor will perform the following steps:

Interview Fiscal Services staff - does the school/department have problems/accounting issues related to:

- Warehouse orders/correct account numbers
- Purchase orders/correct account numbers
- Print shop orders/correct account numbers
- P-Card purchases/correct account numbers
- Check requests/correct account numbers
- Payroll/timesheet issues/correct account numbers
- Deposits/correct account numbers
- Signature authorization form on file with Fiscal Services for the current school year
- Does the school have current signature cards on file with the bank

EXPENDITURES

The auditor will test selected items for:

- Appropriate nature of expenditure
- Prior approval on file
- Approved by student sponsor/ club sponsor
- The expenditure benefits the students
- Sales tax paid
- Payment to D11 employee
- Prohibited transactions (such as personal, alcohol, gifts)
- Competitive bid process used for purchases over \$2,500
- Amount of expenditure is appropriate
- Availability of funds verified prior to issuing payment
- Financial records/supporting documents are retained/filed as specified

GENERAL LEDGER TRANSACTIONS

The auditor will review the school's general ledger transactions for the following:

Appropriateness of expenditures
Nature and amount of expenditure is appropriate
Sales tax paid?
Payments to D11 employees
Payments to other D11 schools
Payments to individuals (W-9 on file)
Prohibited transactions (personal, alcohol, gifts)
Check amount matches document and GL posting
Original receipts on file/attached to check request form
GL account code is appropriate
Availability of funds verified prior to issuing payment
Verified GL expenditure by matching to supporting documentation
Corrective action is documented, as needed

SCHOOL AUDIT PROGRAM – ON SITE

Does the school principal/secretary have available as references - hard copy or online:

- Accounting Procedures Manual
- Payroll Manual
- The May 2004 Appropriate Expenditures Committee Final Report
- Sales Tax Information provided by Fiscal Services

*Create desktop shortcut for easy reference if needed

REPORTING AND ACCOUNT STRUCTURE

How often are the following reports generated and reviewed:

S:Drive Reports

- Account Inquiry Report for Budgeted Accounts
- SSA Account Inquiry Report
- SSA History of Account Activity

PeopleSoft Reports

- Budget Transaction Detail Report
- Warehouse Charges Report

*Provide training on generating the various accounting reports if necessary

Does the school principal/secretary understand the District's account structure for:

- | | | | | | | |
|------------------------------|----|-----|----|-------|--------|------|
| - Instructional Accounts | XX | XXX | 00 | XXXXX | XXXXXX | XXXX |
| - Non-Instructional Accounts | XX | XXX | 00 | XXXXX | XXXXXX | XXXX |
| - SSA Accounts | 74 | XXX | 00 | 19XXX | 742500 | 0000 |

*Discuss account differences and uses

Does the school principal/secretary understand the difference between budget transfers and journal entries?

*Discuss differences in transactions and the purposes of each

SCHOOL CHECKBOOK

1. Review current Elementary/Middle School Checking Account activity for the school.
2. Is the custodian of the checkbook (admin asst/secretary/bookkeeper) an authorized signer?
If so, that person immediately must be removed as a check signer.
3. Is a simple check request which includes the date, name of requestor, amount requested, account to be charged, payee, description and authorizing principal's signature in use?
4. Do the check signers also prepare the checks or is that the responsibility of the custodian?

5. Has the school exceeded its monthly allowance for the checkbook?
If so, did the school obtain written approval from Fiscal Services to exceed the monthly allowance?
6. Has the school exceeded the maximum check amount of \$300.00 for any one purchase?
If so, did the school obtain written approval from Fiscal Services to exceed the \$300.00 limit?
7. The principal is required to review the check log maintained at the school, a copy of which is forwarded to Fiscal Services. The principal's signature is required on the check log. Is this procedure followed at the school?
8. Does the school have/use any bank accounts other than the one authorized by the District?
9. Does the school have any funds, for any reason, maintained "off the books"?
10. Is signing blank checks prohibited?
Has the school check signer signed ANY blank checks during this school year?
11. Are blank checks kept in a secure location?
12. Are voided checks marked "void" and kept in secure location until forwarded to Fiscal Services?

*Sample payments to ensure that reimbursements have a supporting check request

Does the school principal/secretary know the guidelines for the following:

- Employee reimbursements
- Mileage/travel reimbursements
- Use of consultant agreements. Does the school have any current consultant agreements?
(such as for band, orchestra, music, art., etc.)

CHECK REQUESTS SUBMITTED TO FISCAL SERVICES

What is the authorization process for check requests

- Who authorizes the principals check requests?
- Has the principal authorized payment to her/himself?
- Has the secretary authorized payment to the Principal/Assistant Principal?
- Who authorizes school staff check requests?

Remind staff - Tape receipts to a sheet of paper instead of using staples

- Project numbers are required on Check Request Forms
- Any Check Request of over \$1,000 must have two valid signatures

VENDOR INVOICES

1. Are vendor invoices submitted to Fiscal Services/Accounts Payable in a timely manner?
2. Does the principal/secretary know the deadlines set by Accounts Payable?
3. Have there been any issues with invoices not being paid in a timely manner (late fees assessed)?
If so, what is the reason for the late payments?

PURCHASE ORDERS

The schools prepare very few PeopleSoft-generated purchase orders since the P-Card is available.

1. Does school staff enter PeopleSoft purchase orders?
2. Is the staff familiar with the purchase order procedures?

PURCHASE CARDS

The District Procurement Department's goal is to reduce the number of Check Requests from departments and schools to Fiscal Services/Accounts Payable. The P-Card should be used for payment instead of a check request if the vendor accepts VISA.

1. How many P-Cards does the school have/use?
2. Has the school purchased AV/printers/computers with the P Card?

When this happens the accounting process breaks down and the item does not flow through the PeopleSoft system to the Asset Management module.

*Review P Card records for the following:
Nature of expenditure is appropriate
No sales tax was paid
Prohibited transaction (personal, alcohol, restaurant)
Equipment purchases

3. Is P-card documentation processed and submitted by due date?

FUNDRAISERS AND SALES TAX

Are the following documents available for review:

- Fundraiser Reconciliation Reports completed for all fundraising activities
- Sales Tax Licenses and Reports for City/County/State.

*Sample fundraiser reconciliation reports to ensure that they have the proper approval and have been prepared for each fundraiser

1. What fundraising activities has the school conducted for this school year?
2. Is a Fundraising Reconciliation Form approved and completed for each activity?
3. Is sales tax collected on those fundraisers to which it applies, such as yearbook, concessions, clothing sales, ect.?
4. Does the school prepare quarterly sales tax reports?
 - State/County sales tax number
 - City sales tax number

PTA/PTO ORGANIZATIONS

Does the school have a PTA/PTO organization? Which?

- 501 c (3) exemption letter on file?
- Does the PTA/PTO conduct fundraisers for the school?
- The PTA/PTO and the school are separate legal entities and should conduct business as such.
- PTA/PTO funds cannot be commingled with school funds.
- PTA/PTO should provide the principal a monthly treasurer's report. Is this done?

Is the school aware of or does the school suspect any misuse of funds by the organization?

PETTY CASH

1. Does the school maintain a petty cash fund?
2. Is the petty cash fund kept in a safe, locked place?
3. Who has access to petty cash?
4. Has the petty cashier made petty cash reimbursements to her/himself?
5. Are all petty cash reimbursements below the \$30.00 limit?
6. Are petty cash funds kept separate from other funds?
7. Is the cashing of personal checks prohibited?
Does the school EVER cash personal checks?

*Count the petty cash on hand, plus receipts (\$100 for elementary - \$200 for middle schools)
Were any discrepancies found?

SAFE

1. Which employees have access to the school safe?
2. Which employees have the combination to the school safe?

CASH MANAGEMENT

1. Are all collected amounts deposited into the bank account?
2. Are deposits made in a timely manner?
3. Are all cash and checks kept in the school safe until deposited to the bank?
4. Are all deposits documented indicating source of funds?
5. Do teachers use the Teacher Collection Form to document collections for activities/fieldtrips?
Is this list attached to the deposit documentation?

6. Do teachers/sponsors keep/hold student money for supplies/ locker deposits/ field trips/ fundraisers in their classrooms instead of submitting all receipts to the school business office for deposit in a timely manner?
7. Is staff aware that daily deposits may be sent to Fiscal Services via the Food Service's collection process?
8. Is a three-part, pre-numbered receipt given to the payee for each payment received by the school's business office?
(A receipt must also be issued to each teacher submitting funds to the school business office for deposit.)
9. Is staff aware that refunds are not to be made in cash, but rather checks are to be issued for refunds?
10. Is there a segregation of duties for preparing the bank deposit (record keeping) and taking the funds to the bank (custody)?
11. Are cash and check receipts verified by school personnel at time of deposit?
12. How does staff train teachers to make deposits and run fundraisers through the school office?
Is annual training conducted by school office staff?
Are new teachers trained upon hire?
13. Are checks endorsed and made payable to school upon receipt?
14. Do receipts, deposit slips & checks indicate school name and account numbers?

*Sample deposits to ensure that funds have been counted twice, initialed and that all supporting documentation are filed together

Middle Schools:

1. Are middle school gate receipt reports and ticket logs attached to the deposit?
2. Two individuals should be involved in the collection of middle school and high school game receipts. One takes the entrance fee and gives the ticket to the customer. The other tears the ticket, keeping half. Tickets collected are accounted for and reconciled to collections. Both individuals sign the documentation. Is this procedure currently followed at the middle school?
3. Are athletic fees held by the middle school un-deposited until after teams are selected and refunds are requested?

Notes:

BAD CHECK COLLECTION PROCESS

School staff should not handle bounced checks. When checks bounce twice, the bank automatically sends them to CheckWay for collection for the District. The schools should contact Fiscal Services, who will contact CheckWay, under certain circumstances.

1. How does the school handle NSF checks?
2. The schools are not to collect NSF checks after they have gone to Checkway for collection. Explain.
3. The schools are not to make journal entries to the 19011 Bad Check SSA Program.

PAYROLL

1. Are all payroll forms submitted to Payroll within the deadlines set?
2. Does the principal/secretary know the various deadlines set by Payroll?
3. All employees must use the automated system to report absences, even if a substitute is not required. Who at the school ensures that this District policy is enforced?
4. Is compensatory time used at the school site? Who maintains these records?

*Examine all ESP employee timesheets at the schools/departments
5. Any ESP employee who exceeds 40 hours (or other special circumstances MUST have a documented comp time plan or overtime timesheet.
6. Is the Department/School Staffing Report run on a monthly basis?
7. Is the HR Department informed in writing if there are errors on the Department/School Staffing Report?