

## Audit Findings

- 1. At one of the local schools tested, proper controls were not exercised over the admission to basketball games, basketball concession receipts, and daily snack sales. Often, one individual was in charge of handling receipts. Snack rooms were unsupervised, with employees having access to snack receipts and store items.**

*Controls should be implemented over admission to basketball games. Prenumbered tickets should be used for gate receipts. A reconciliation should be prepared between tickets issued, tickets used, tickets on hand, and gate receipts. Basketball concession receipts should be counted by at least two individuals in each other's presence and documentation should be maintained certifying the amount collected. Also, controls should be implemented over the school snack room to ensure assets are safeguarded.*

- 2. Some expenditures at local schools were not supported by proper documentation. Purchase orders were often prepared after the date of invoice. Also, there were instances where a signature denoting receipt of materials or payment rendered was not obtained.**

*All expenditures at local schools should be supported by proper documentation. Purchase orders should be issued prior to making purchases. Signatures denoting receipt of items delivered or payment rendered should be obtained.*

- 3. The \_\_\_\_\_ Elementary School entered into a contract with a communications provider for which Board approval was not obtained. During the audit period the school made payments for services rendered by the communications provider in the amount of \$2,613.04.**

*The Board should approve all contracts entered into by the local schools.*

- 4. Instances were noted at \_\_\_\_\_ Elementary School and the Career and Technical Center of teachers not submitting money to the bookkeeper daily. In addition, at the Career and Technical Center, it was noted that deposits were not made timely.**

*Teachers should remit all money received each day to the school bookkeeper and deposits should be made daily.*

- 5. Local schools must elect annually a Budget Committee (four teachers and principal or principal's designee) that proposes a budget for classroom instructional support. Proposed budgets should be submitted to teachers at an annual meeting. Through a majority vote, teachers should approve the proposed budget by secret ballot. \_\_\_\_\_ High School did not elect a budget committee or approve budgets by secret ballot.**

*All local schools should elect a Budget Committee and approve budgets by secret ballot for classroom instructional support funds.*

6. The Board's funding from the State Foundation Program is based on the first forty scholastic days' average daily membership (ADM). The accuracy of the ADM calculations as shown on the ADM Report submitted to the State Department of Education could not be verified due to the fact the local schools did not maintain the required information.

*Documentation should be maintained to support the accuracy of the ADM calculations.*

7. At the \_\_\_\_\_ Career and Technical Center, the Networking Department and Auto Mechanic Department performs service work for individuals. Work order forms were not completed for all Networking work performed and forms that were used did not include all of the required information. Forms were not signed by clients and the receipt numbers and dates of payment were not included on the forms.

*Work order forms should contain sufficient information to ensure that all service work performed is invoiced and collected in a timely manner.*

8. Monies collected by teachers were not always submitted to the school office in a timely manner. Some collections were turned in more than two months after the date of receipt. Also, several teachers did not record the receipt number on the copy retained by the school.

*All teacher receipts should be submitted to the school office timely and should include the receipt number.*

9. Proper controls were not exercised over gate receipts. For gate receipts other than football, one person was in charge of collecting, counting, and turning the money into the office.

*At least two individuals should collect and count gate receipts in each other's presence and certify the amount collected. This documentation should be retained for audit.*

10. At \_\_\_\_\_ High School, stadium rental and game officials were paid cash from gate receipts of athletic events. Also, judges and miscellaneous expenses for cheerleader tryouts were paid with cash from entry fee collections.

*All school expenses should be paid with a check from the local school account rather than with cash. Receipts collected for various events should be deposited intact.*

11. Invoices were not retained to support purchases at \_\_\_\_\_ High School. Also, no documentation was retained to support travel expenses of the Principal at \_\_\_\_\_ High School. Prior to the conclusion of fieldwork, the Principal reimbursed the school for these payments. Additionally, numerous invoices at \_\_\_\_\_ High School, including travel expenses for coaches, were not properly documented. Finance charges were also incurred in numerous instances due to late payment of invoices/bills.

*Adequate documentation should be retained for all purchases and travel expenses. Procedures should be in place to ensure that invoices/bills are paid timely.*

**12. The inventory of unused athletic tickets at \_\_\_\_\_ High School was not made available for auditing purposes.**

*All athletic tickets should be accounted for and an inventory should be taken of all tickets not used.*

**13. Teacher receipts were not traceable to the Bookkeeper's master receipt book at \_\_\_\_\_ High.**

*Teacher receipts should be traceable to the Bookkeeper's master receipt book.*

**14. The Senior Class Account, a public fund at \_\_\_\_\_ High School, maintained a deficit fund balance throughout the fiscal year 2002-2003. The fund balance for the fund at September 30, 2003, was a deficit (\$1,605.25). During the fiscal year, gift certificates were purchased from this fund and given to the Principal in the amount of \$350.00 and to four teachers who served as senior class sponsors in the amount of \$75.00 each. The principal approved the purchase order and signed the check for this purchase. The fund had a deficit balance of \$1,536.50 at the time of the purchase. The Principal and the teachers all repaid the amounts of the gift certificates at the conclusion of the audit.**

*\_\_\_\_\_ High School should maintain a positive balance in the Senior Class Account. Also, gift items should not be purchased with public funds.*

**15. At \_\_\_\_\_ High School, procedures were not in place to ensure that the Board's policies and guidelines as approved in the Local School Accounting Manual were always followed. According to the Board's policies, any funds raised by a group associated in any way with a school should be under the control of the school principal and should be an integral part of the school's accounting system with the same constraints and requirements of other accounts of the school. Also, all money collected at the school for any purpose should be receipted and deposited in the school's account, and all expenditures should be paid by check and supported by a valid invoice and a purchase order signed by the principal authorizing the purchase. Two instances were noted where school affiliated funds (a fundraiser and athletic booster funds) were received and expenditures were made that were not reflected in the school's records nor were the expenditures authorized at the local school.**

*Procedures should be in place to ensure that the receipt and disbursement of all school affiliated funds are under the control of the local school principal and reflected in the school's records in accordance with the Board's Local School Accounting Manual policies and guidelines.*

- 16. Also, at \_\_\_\_\_ High School, a portion of the proceeds from the fundraiser event mentioned above was either lost or stolen. Procedures were not in place to ensure that monies collected were receipted and deposited in the school's account in a timely manner. The appropriate amount missing of \$5,970.00 was collected, settled, and deposited by the school sponsor prior to the conclusion of the audit.**

*All local school funds should be accounted for by receipting and depositing the funds in the school's accounts in a timely manner.*

- 17. Procedures were not in place to ensure that ticket sales at athletic events were properly accounted for.**

*Controls should be implemented to ensure that all athletic events are accounted for properly. Prenumbered tickets should be used for all athletic events and unissued tickets should be retained for audit. Athletic receipts should be counted in the presence of another person, and both individuals present should sign the cash count sheet. All receipts should be sent to a night deposit or kept in a safe.*

- 18. Procedures were not in place to ensure that all teachers at the local school level were using pre-numbered receipts.**

*The Board should ensure that all teachers use prenumbered receipts.*

- 19. One local school did not comply with Code of Alabama 1975, Section 16-1-8.1(1). The school administration did not possess documentation adequate to demonstrate that teachers had been allowed to vote on the budget for classroom materials and supplies.**

*At a minimum, Local School Administrators should retain Budget Committee meeting records, Teacher Ballots, and a record showing that all teachers were presented the opportunity to vote on the Materials and Supplies Budget for the School.*

- 20. At some local schools, deposits were not always made intact and in a timely manner.**

*The Board should ensure all deposits at the local schools are made timely and intact.*

- 21. At the local school level, disbursements were not always made using checks. Teachers were purchasing items using daily cash collections and submitting any remaining cash to the bookkeeper to be receipted.**

*Procedures should be implemented to ensure that the purchase and payment of all items are made by check.*

- 22. At the local schools, money collected from students was not always documented using prenumbered receipts.**

*Procedures should be implemented to assure that all local school monies are properly receipted using prenumbered receipts.*

- 23. The Code of Alabama 1975, Section 16-1-8.1, requires the local schools to elect budget committees and approve budgets for Classroom Instructional Support funds using secret ballots. \_\_\_\_\_ High School and \_\_\_\_\_ High School did not appear to comply with this requirement.**

*The Board should ensure that all local schools adhere to the requirements of the Code of Alabama 1975, Section 16-1-8.1.*

- 24. The Code of Alabama 1975, Section 16-13-232, requires the Board to compile the average daily membership of its students for the first 40 days of school. \_\_\_\_\_ High School failed to maintain the necessary documentation for its average daily membership data.**

*The Board should ensure that all documentation is maintained to ensure compliance with the Code of Alabama 1975, Section 16-13-232.*

- 25. Section 93, Constitution of Alabama 1901, prohibits any county, city town, or other subdivision of the state to lend its credit, or to grant public money or thing of value in aid of, or to any individual, association, or corporation. The Board loaned public money to three different booster organizations for various club projects.**

*The Board should discontinue the practice of loaning public funds to individuals, associations, and corporations.*

- 26. Several local school expenditures did not have proper supporting purchase documentation.**

*The local schools should ensure that all expenditures are properly supported.*

- 27. The Code of Alabama 1975, Section 11-1-7(b), requires the County Board of Education upon application of the Custodian of Funds to appoint a bank or savings association that is a qualified public depository under the provisions of the Code of Alabama 1975, Section 41-14A-1 through 41-14A-14. One of the Board's schools (\_\_\_\_\_ Junior High School), had a account with a bank that did not appear to be a qualified public depository.**

*The Board should ensure that its local schools' bank accounts are with banks that are qualified public depositories.*

- 28. An adequate system of internal controls requires that all money collected be properly receipted and deposited daily. Receipts should be pre-numbered, and the sequence of receipt numbers should be accounted for and recorded on deposit records. During the audit period, it was noted that not all teachers were turning in money collected to the school bookkeeper on a daily basis.**

*The Board should establish controls to ensure that teachers turn in money collected to the school bookkeeper on a daily basis. Bookkeepers should record teacher's receipt number(s) in the master receipt book and write a receipt to each individual turning in money. All monies collected should be deposited timely.*

- 29. At one school, public funds in the amount of \$110.81 were used to purchase items for staff appreciation. That amount was repaid with nonpublic funds on March 19, 2004.**

*The Board should ensure that public funds are only expended for allowable items.*

- 30. Teachers were allowed to purchase Sam's Club memberships through the school's account.**

*Employees should not be allowed to purchase personal Sam's Club memberships through the school's account.*

- 31. Numerous deposits were not made timely. On several occasions, it was noted that receipts were held up to a month before being deposited. Some amounts deposited were not receipted. Teacher receipts were not submitted to the office on a timely basis. Some receipts were turned in more than two months after the receipt date. Teachers at one school tested did not use receipt books to record money received from students.**

*Procedures should be implemented to ensure that deposits are made timely, that all teachers use receipt books, and that all teacher receipts are submitted to the school office timely.*

- 32. In some instances athletic event receipts and other receipts were not posted to the master receipt book at \_\_\_\_\_ High School.**

*All funds received should be entered into a local school's master receipt book when received.*

- 33. At \_\_\_\_\_ Elementary School, teacher receipts were not traceable to the master receipt book, nor were receipts from the master receipt book traceable to the bank statement. There were also instances where teachers did not issue receipts for money that they collected from students.**

*Teacher's receipts should be traceable to the master receipt book, and ultimately to bank deposits. In addition, teachers should issue a receipt any time they receive money.*

- 34. Procedures were not in place to ensure that adequate controls existed over receipting monies collected from students. In one instance it appeared that all money collected by a teacher was not deposited into the local school bank account. Reimbursements were made to the teacher from the cash collected from students for club items purchased with personal funds. Also deposits were not made in a timely manner.**

*Procedures should be developed and implemented to ensure that adequate controls exist over receipting monies.*

- 35. \_\_\_\_\_ Junior High School and \_\_\_\_\_ Junior High School had negative cash balances in their non-public funds. This resulted in non-public funds using public funds for disbursements.**

*The Board should ensure that public funds are not used for non-public activities.*

- 36. Procedures were not in place at \_\_\_\_\_ High School to ensure that all costs associated with the purchase of various items for the students were recouped.**  
*Procedures should be implemented to ensure that all costs associated with the purchase of various items for the students are recouped.*
- 37. Fundraiser accountability forms were not always prepared and maintained at \_\_\_\_\_ High School.**  
*Fundraiser accountability forms should be prepared and maintained.*
- 38. Monies collected by various clubs at \_\_\_\_\_ High School were used for purposes other than which they were collected. Various club funds were being used to loan monies to other clubs that had cash deficits.**  
*Monies collected by various school clubs should only be used for the purposes for which they were collected.*
- 39. Receipts were not always written when monies were received at \_\_\_\_\_ School, \_\_\_\_\_ Middle School, or at \_\_\_\_\_ School. In addition, at \_\_\_\_\_ School and at \_\_\_\_\_ School, receipts were not always written to the person actually delivering the money.**  
*A receipt should be written and issued to the person delivering the monies at the time monies are received.*
- 40. Ticket sales were not always reconciled to the amount of cash received at \_\_\_\_\_ Middle School, \_\_\_\_\_ School, and \_\_\_\_\_ School.**  
*Prenumbered tickets should be sold at the various events held at the schools, and cash should be reconciled to the amount of tickets sold.*
- 41. Expenditures at \_\_\_\_\_ Middle School, \_\_\_\_\_ School, and \_\_\_\_\_ School were not always properly supported by an invoice or purchase order.**  
*Expenditures should have proper documentation before payment is made.*
- 42. A check made payable to \_\_\_\_\_ High School in the amount of \$3,000 was cashed at a local bank in May 2001. School officials have indicated that these funds were used for the school's marquis and a memorial to a deceased student.**  
*All funds should be deposited into either the Board of Education or the applicable school's official bank account and checks made payable to the local schools should not be cashed.*
- 43. The Sportsmen Club is selling cards permitting individuals to attend athletic events free at \_\_\_\_\_ High School. Individuals are showing these cards at athletic events and entering without paying a gate fee. Gate receipt revenues are to be collected and retained by the school for use in the athletic programs.**  
*The school should not permit individuals to attend athletic events without receiving a gate fee.*

- 44. Original invoices were mailed to the vendors with payments at \_\_\_\_\_ Elementary School with photostat copies retained for audit. A material receipt was not attached to all invoices indicating merchandise had been received.**  
*Original invoices should be retained for school records with photostat copies being mailed to the vendor. A material receipt should be attached to all invoices indicating merchandise has been received.*
- 45. Concessions and merchandise are being sold at local schools without a controlling mechanism to compare items sold with funds collected. Tickets are being issued at fall festivals but are recycled during the events negating the control of reconciling tickets sold to funds received.**  
*The Board should establish procedures to compare items sold with funds collected. Tickets issued at fall festivals should no be recycled.*
- 46. Receipts are not always being issued to students.**  
*Receipts should be issued to students for monies received.*
- 47. Activities related to one student club at \_\_\_\_\_ Middle School were not included in the school's accounting records. The club sponsor used a separate set of receipts and a separate bank account for this club. She had complete control of the club's funds and records and there was no review of the records by another individual. Money collected was not deposited in a timely manner. Documentation of expenditures was not provided, therefore, it could not be determined whether the expenditures were for allowable purposes. Receipts of at least \$154.00 were not deposited. The club sponsor paid this shortage while the audit was in progress.**  
*All transactions of clubs should be included in the school's accounting records. Approved receipting procedures should be followed and all monies should be turned in to the school bookkeeper. Expenditures should be properly documented.*
- 48. Local schools did not have adequate controls over receipts from the daily sales of concession items to students. The profit margin for the sale of drinks at \_\_\_\_\_ High School appeared to be unusually low.**  
*Local schools should have adequate controls over receipts from the sales of concessions.*
- 49. There was a lack of control over the receipts from athletic events at the local school level.**  
*Adequate controls should be established for the receipts from athletic events.*



**50. Internal control procedures were not in place to allow a traceable audit trail from the point of sale to deposit in the bank for concessions at the local schools. Individuals handled vending receipts with no documentation of the amount that should be on hand or the amount actually on hand with that individual.**

*Principals should monitor internal control procedures over vending receipts. An inventory of items purchased for resale should be maintained along with the number of items sold daily to determine the amount of cash that should be deposited daily.*

**51. Purchase orders were not consistently used to maintain control over expenditures at the local school level. Employees frequently avoided purchase orders by purchasing supplies or equipment and later requesting reimbursement from the school.**

*Internal controls should be implemented to ensure that all expenditures are issued through the purchase order system rather than reimbursements.*

**52. Gate receipts were not properly accounted for at the local schools. Attendants ran out of tickets at games and had no way to determine the amount of cash that should have been on hand. Beginning and ending ticket numbers for the games were not always documented to determine the amount of cash that should have been collected.**

*Internal control procedures should be implemented to ensure that all tickets are accounted for and that sufficient tickets are on hand at the games.*

**53. Gate receipts were not always deposited into the school's bank account and recorded in the general ledger. Disbursements to officials were sometimes paid in cash from the gate proceeds rather than by check, which would be necessary to ensure compliance with IRS regulations.**

*Internal controls should be implemented to ensure all gate receipts are deposited into the school's bank account and that officials are paid by check rather than in cash.*

**54. Internal control procedures established by the Board were not followed to ensure: that receipt books issued to teachers were accounted for at year-end; that teachers issued receipts for money collected from all students; that school bookkeepers receipt all monies from the teachers on a daily basis; and that school bookkeepers make deposits timely. At \_\_\_\_\_, \$16,469.21 was receipted on September 18, 2003 but was not deposited until October 21, 2003.**

*Internal control procedures established by the Board for receipting and depositing collections should be followed by the local schools.*

**55. Internal control procedures were not established requiring teachers/sponsors to prepare accountability reports for all fundraising activities.**

*Internal control procedures should be established to require that teachers/sponsors prepare accountability reports for all fundraising activities.*

- 56. Internal control procedures were not established to ensure that all monies collected from the sale of snacks and drinks were properly recorded into the accounting system.**

*Internal control procedures should be established to ensure that all monies collected from the sale of snacks and drinks are properly recorded into the accounting system.*

- 57. Procedures were not in place to ensure that all teachers at the local school level were using pre-numbered receipts.**

*The Board should ensure that all teachers use pre-numbered receipts.*

- 58. Procedures were not in place to ensure that ticket sales at athletic events were properly accounted for.**

*Controls should be implemented to ensure that all athletic events are accounted for properly. Prenumbered tickets should be used for all athletic events and unissued tickets should be retained for audit. Athletic receipts should be counted in the presence of another person, and both individuals present should sign the cash count sheet. All receipts should be sent to a night deposit or kept in a safe.*

- 59. A bank reconciliation for \_\_\_\_\_ High School was not provided. The bank reconciliation prepared for audit purposes indicated a shortage in the bank account of \$3,815.91. A special examination of \_\_\_\_\_ High School's records will be performed by the Examiners of Public Accounts in the following months.**

*Bank reconciliations should be prepared for all bank accounts. Any differences in the bank balance should be identified and resolved.*

- 60. At \_\_\_\_\_ Elementary School, monies collected for a summer program were not turned in to the school office and deposited in a timely manner.**

*All monies collected at the local schools should be turned in to the school office and deposited in a timely manner.*

- 61. Numerous claims paid by local schools were not supported by original invoices and properly executed purchase orders.**

*All local school claims should be supported by original invoices and properly executed purchase orders.*

- 62. The student attendance count from the classroom attendance rolls often did not equal the attendance register by homeroom. The attendance register is used to calculate a principal's register which is used to determine the system's first forty days of average daily membership. Also, all original sources of attendance were not maintained for audit review.**

*The board should maintain documentation of compliance with applicable laws governing average daily membership.*

- 63. Payments were made without invoices or other supporting documentation.**

*All payments should be adequately documented.*

**64. The purchase order system was not used properly at the local school level.**

*The purchase order system should be properly used.*

**65. A report of ticket sales was not completed properly for all games at \_\_\_\_\_  
County High School.**

*The Board should ensure that a report of ticket sales is accurately completed for all home games. The number of tickets issued, returned, and sold should be detailed on the report. The report should be rechecked for accuracy and reconciled to receipts collected for each game.*

**66. At one school public funds were used to purchase gifts for the staff. The principal repaid the total amount of \$81.90 prior to completion of the audit.**

*Public funds should not be used to purchase gifts for the staff.*

**67. Deposits were not always made timely and intact at some local schools.**

*Deposits should be made timely and intact at the local schools.*

**68. Pre-numbered tickets were not used at all athletic events at some local schools. Checkup sheets were not used for collections of gate receipts and reconciliation reports were not prepared for concession collections.**

*Pre-numbered tickets and checkup sheets should be used to account for gate receipts at all athletic functions. Concession receipts should be properly documented, reconciled and receipted.*

**69. Three local schools had deficit cash balances in their non-public accounts of \$5,111.85, \$14,179.29, and \$5353.79. One local school had a cash deficit in their public fund account of \$171, 666.79.**

*The Board should take measures to ensure that cash deficits are eliminated in the local schools' bank accounts.*

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