



## Report to Administration

---

2015-2016

# CONSULTING ENGAGEMENT

## Invoices from a Vendor Pending Payment



---

# Internal Audit Report

---

## Background

This memo serves to make recommendations to address a concern voiced by a school administrator. The school administrator received an email from a vendor through the school's website, which included invoices that were pending payment. The school administrator indicated he/she reviewed the invoices and noted two of the invoices "...were not connected to a purchase order or disbursement voucher."

This memo incorporates the comments provided by the school administrator in response to the follow-up memo. As such, please note that this is the final memo and no response is expected. We appreciate the assistance provided by the school administrator.

---

## Methodology

1. Internal Audit requested invoices from the vendor, for the school, dated August 2013 to April 2015.
  - a. One of the invoices shows the first name of one of the school's teachers above the "Customer Signature" section. According to the school administrator, he/she talked to the teacher regarding the invoices pending payment and the teacher indicated those invoices were for personal purchases. The teacher mentioned he/she was going to talk to the vendor and fix the situation.
2. We reviewed the written responses provided by the teacher.

## Findings (01 to 03)

### Finding (#01)

Condition	The teacher indicated he/she has a personal account with the vendor and he/she uses the school address as the "ship to" address.
Criteria	<p>The Administrators' Reference Guide states: "District employees are restricted from using District resources for personal use. District resources include but are not limited to:</p> <ol style="list-style-type: none"><li>1. The District's mail system is to be used in a manner consistent with the Mail Services. [See use of EPISD Intercampus Mail System (ICMS)]...</li><li>2. Other District sites such as schools, area offices, transportation centers, etc. are not to be used by employees for any personal business. Please note that use of District buildings, other than for the approved instructional program(s), requires administrative approval. Please refer to Policy GKD (LOCAL)..."</li></ol>

### Finding (#02)

Condition	The teacher indicated he/she has ordered items for personal use during work hours when students are working and when they have lab work.
Criteria	The Administrators' Reference Guide states: Employees Time on Duty – "The employee's time during work is also considered a

	District resource. Therefore, employees are restricted from conducting any personal business on District property during the normal work day. The normal work day does not include lunch breaks."
--	---

### **Finding (#03)**

Condition	An item, considered controlled/fixed asset, purchased by the school from the vendor was not listed in the TEAMS controlled/fixed assets inventory listing of the school.
Criteria	The Fixed Assets Procedures Manual states: a. "As a general rule, capital assets, controlled/fixed assets and attractive/theft sensitive property readily movable shall be tagged." b. "... items considered controlled/fixed assets which are tagged and controlled through the annual inventory process (63XX series): Items with a unit cost between \$500 - \$4,999."

---

### **Recommendations**

1. We recommend the teacher cease the practices of using the school address as the shipping address for personal purchases and ordering items for personal use during work hours.
2. We recommend the school administrator ensure the fixed asset is physically located at the school, is properly tagged, and it is inventoried in the TEAMS Fixed Asset Module.
3. We recommend the school administrator, as the teacher's supervisor, remind the employee about his/her responsibility to adhere to District policies and guidelines to include, but not limited to, the ones listed in the Internal Audit memo/report.

---

### **Corrective Action Taken**

According to the school administrator, central office staff provided training in the Campus Accounting Manual (CAM) on August 17, 2015 to all personnel to review district guidelines for purchases and production accounts. Also, the entire staff, including the teacher, were informed that personal purchases should not be made on "company time" and items should not be shipped to the school. The school administrator indicated that in a recent fixed assets audit (August 2015), the controlled/fixed asset in question was located in a different location and has been scheduled to be tagged and added to the campus inventory.