



Activity Fund Audit Report: Morehead Middle School

ASSURANCE • INSIGHT • OBJECTIVITY

Audit Plan Code: 18-02

The disbursement process followed by the campus should be improved in order to comply with local guidelines.



Contents

ASSURANCE • INSIGHT • OBJECTIVITY

Internal Audit Report

Background.....	1
Objective and Scope.....	1
Methodology	1
Inherent Limitations.....	2
Corrective Action Plan.....	2
Findings by Section.....	3
Percentage of Findings by Section	4

Abbreviations

CAM	Campus Accounting Manual
CAP	Corrective Action Plan
FASRG	Financial Accountability System Resource Guide



Internal Audit Report

ASSURANCE • INSIGHT • OBJECTIVITY

Background

According to the Campus Accounting Manual (CAM), "Activity funds are defined as funds consisting of monies received and held by the school, as trustee, to be expended and invested in accordance with conditions of the trust. The principal is responsible for the proper recording, collection, disbursement and safekeeping of all funds entrusted to his/her care."

According to the Texas Education Agency's Financial Accountability System Resource Guide (FASRG):

- Activity funds are defined as "funds accumulated from various school-approved money-raising activities and the receipt of student dues or fees, commissions, investment interest and donations... to be used to promote the general welfare of the school and the educational development and morale of all students."
- "Schools should be prepared to have their activity funds audited at least annually...The audits of activity funds are commonly performed by an internal auditor if the school district has one. Activity funds are also subjected to audits by external auditors on a test basis."

Objective and Scope

The objective of the audit was to determine if activity funds at Morehead Middle School are properly handled, safeguarded, deposited, and disbursed in accordance with the procedures outlined in the District's CAM and Board Policy. The scope of the audit was activity fund transactions for the period of January 1, 2016 through December 31, 2016.

Methodology

To achieve the objective, we:

1. Researched relevant local guidelines and procedures.
2. Obtained financial records from the campus.
3. Sent an internal control questionnaire (survey) to the financial clerk to obtain further insight about the campus business activities handled by him/her.
4. Obtained and analyzed activity fund transactions from CIMS/AS400 for the scope period and selected a representative sample based on our sampling procedures for each of the tests performed.
5. Tested supporting documentation for the sample of activity fund transactions obtained from CIMS/AS400 for compliance with District policies and the CAM.



Inherent Limitations

Because of the inherent limitations in a system of internal controls, there is a risk that errors or irregularities occurred and were not detected. Due professional care requires the internal auditor to conduct examinations and verifications to a reasonable extent. Accordingly, an auditor is able to obtain reasonable, but not absolute, assurance that noncompliance or irregularities do not exist.

Corrective Action Plan

District management provided a Corrective Action Plan (CAP) outlining the activities to be implemented. The CAP appears to be sufficient to address the findings outlined in the report. Attached is the summary report.








Findings Summaries

ASSURANCE • INSIGHT • OBJECTIVITY

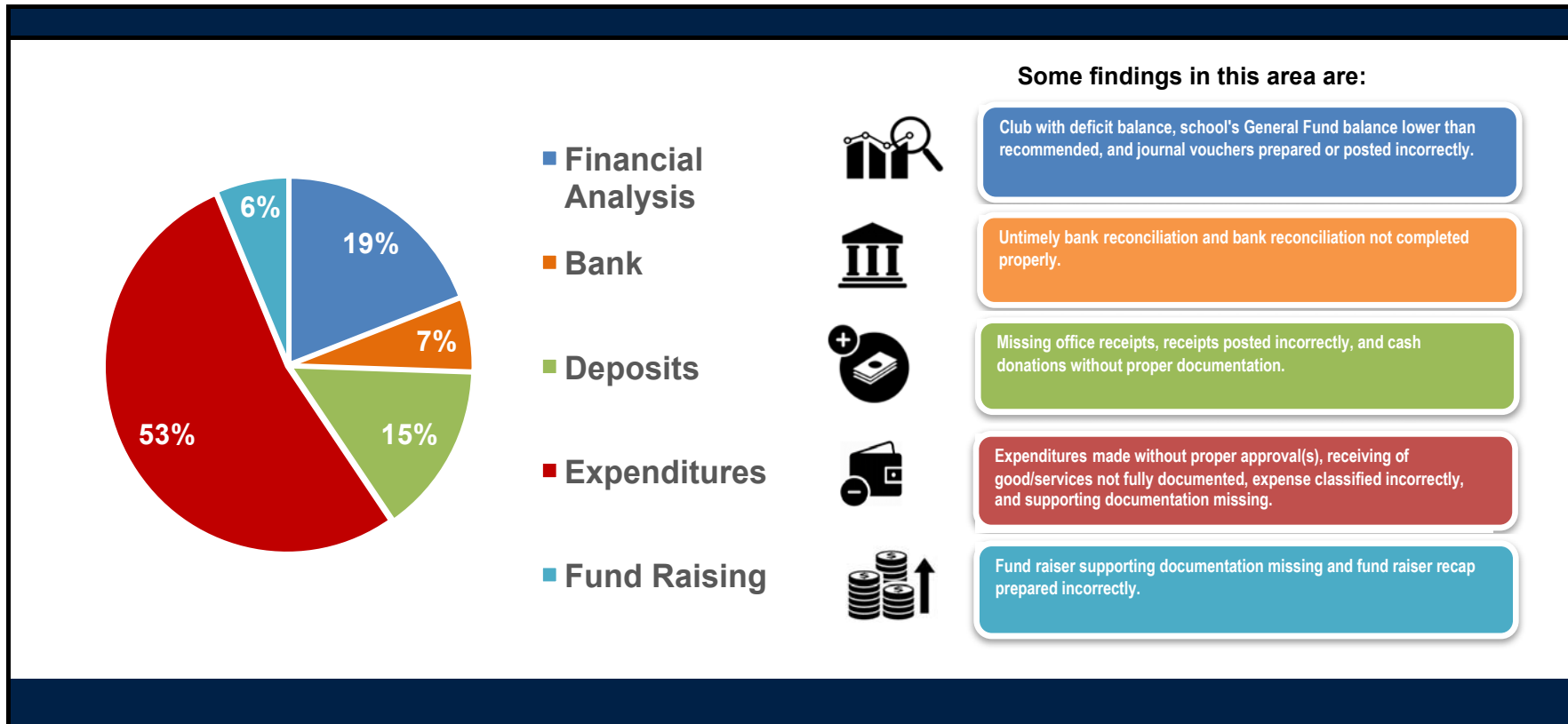
Findings by Section

Findings are inconsistencies, exceptions, or events where employees involved in the financial process departed from District, state, or federal policies, guidelines, or procedures.

Sections Audited (Unless Otherwise Noted)	Audit Objectives by Section		No. of Findings
Financial Analysis 	Determine whether the general fund balance and journal vouchers are in compliance with District guidelines.		9
Bank 	Determine the accuracy and timeliness of the bank reconciliation and whether bank activity is in compliance with District guidelines.		3
Deposits 	Determine whether deposits are accurate, properly supported, documented, done timely, and recorded in the District's CIMS/AS400 system.		7
Expenditures 	Determine whether disbursements are accurate, properly supported, approved, documented, and recorded in the District's CIMS/AS400 system.		25
Fund Raising 	Determine whether fund raisers are properly approved, accurate, and conducted in compliance with District guidelines.		3
SECTIONS WITH FINDINGS		5 OUT OF 5	TOTAL FINDINGS IN THIS REPORT 47



Percentage of Findings by Section





EL PASO INDEPENDENT SCHOOL DISTRICT

BOARD OF TRUSTEES

Trent Hatch, Board President

Bob Geske, Vice President

Al Velarde, Secretary

Susie Byrd

Diane Dye

Mickey Lowerree

Chuck Taylor

EPISD Internal Audit Department

📍 6531 Boeing Drive, El Paso, TX 79925

☎ Phone 915-230-2740 ✉ Email audit@episd.org

Fraud, Waste, and Abuse Hotline:

<https://www.reportlineweb.com/EPISD> or 800-620-8591



The El Paso Independent School District does not discriminate in its educational programs or employment practices on the basis of race, color, age, sex, religion, national origin, marital status, citizenship, military status, disability, genetic information, gender stereotyping and perceived sexuality, or on any other basis prohibited by law. Inquiries concerning the application of Titles VI, VII, IX, and Section 504 may be referred to the District compliance officer, Patricia Cortez, at 230-2033; Section 504 inquiries regarding students may be referred to Verna Ball at 230-2829.