



Report to Area Superintendent

2014-2015

ALLEGATION OF IMPROPER ACCEPTANCE OF PTA DONATION BY MILAM SCHOOL

Donation
documented in
accordance with
current donation
guidelines

Abbreviations List

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| CAD | Campus Accounting Department |
| CAM | Campus Accounting Manual |
| FMS | Financial Management System |
| FY | Fiscal Year |
| IA | Internal Audit |
| PTA | Parent Teacher Association |

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Audit Report Findings

Background

On December 18, 2014, Internal Audit received an allegation that Milam's principal improperly accepted a PTA donation in the amount of \$5,165.57. The caller alleged this donation (that occurred in the summer of 2014) was given to the principal with the understanding the PTA will get the monies back when they formed an active PTA. Milam is forming an active PTA for school year 2014-2015. According to the allegation, this donation was requested back but the principal is refusing to do so.

Objective(s) and Scope

The objective of the investigation was to determine the validity of the allegation and whether the donation was accepted in accordance with current District's donation guidelines.

Methodology

The Campus Financial Analyst (in the Budget Department that oversees the CAD) was contacted to obtain any donation letter (if any) prepared by Milam for this donation. This information was compared to documentation requested from Milam's business office, and data kept in the FMS – Campus Accounting system for year 2014. Campus staff directly involved in the process was contacted to provide additional details and any supplemental documentation related to this donation. We also reviewed relevant policies and procedures such as the Parent Organization Guidelines developed by EPISD and revised on 09/07/12.

Limitations

Parent organizations are separate entities and the District does not monitor their functions and is not responsible for their records. Parent organizations are required to maintain a separate bank account, accounting system, and financial records/reports. Although we wanted to review the cancelled check signed by Milam's PTA president and/or treasurer; we could not obtain a copy to confirm signatures because access to the PTA documentation is limited.

Finding (01)

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| Condition | We confirmed that a donation was received from Milam PTA in the amount of \$5,165.57 and documented with the required Donation Approval Request form. An office receipt was prepared by Milam's business office on 06/23/14 from Milam PTA in the amount of \$5,165.57. The description on the receipt in part reads: "PTA final donation for the closing of PTA". The amount was deposited in Milam's school checking account and recorded in the FMS – Campus Accounting system. We also found an EPISD donation approval request form submitted to an Area Superintendent signed by the principal (requestor) on 06/26/14. The Area 2 Associate Superintendent approved (signed) this request on 07/15/14. The donor is listed as Milam PTA. |
| Criteria | 1. CAM Section 7.3. (#1) states: "The Superintendent has designated the Associate Superintendents as the employees authorized to accept donations on the District's behalf." |

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| | <ol style="list-style-type: none"> 2. CAM Section 7.3 (#4) states: "The Donation Approval Request" form is used to document: (a) The description, type, quantity and value of the donated items. (b) The purpose of the donation (c) The District's acceptance of the donation which implies the transfer of ownership from the person/entity making the donation to the El Paso Independent School District. " 3. CAM Section 7.3 (#5) states: "The completed form is sent to the respective Associate Superintendent who reviews and approves/denies the donation." |
| Recommendation | CAD should consider adding a signature field to the Donation Approval Request form to document the specific officer from the Booster/PTA who authorized the cash donation. Any necessary updates to the CAM and Parent Organization Guidelines in order to reflect these changes are also recommended. |

Finding (02)

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| Condition | No documentation was presented to us that Milam's PTA president and/or treasurer did not approve (sign) the check or that said funds were to be held "in trust" until later. Once the check was deposited, said donation became District property and cannot be returned to the donor. The principal or any other District employee cannot use the District's accounting system to hold monies in aid of any individual or in this case the PTA. |
| Criteria | <ol style="list-style-type: none"> 1. BOARD Policy CE (LEGAL) states: "The District shall not lend its credit or gratuitously grant public money or things of value in aid of any individual, association, or corporation." This policy prohibits donations of district funds, services, personal property or things of value to individuals, associations, or corporations. 2. BOARD Policy CDC (LOCAL) states: "The Board may accept any bequest or gift of money or property on behalf of the District. The gift shall become the sole property of the District for its use and disposition. All gifts shall be given to the District and not a particular school. At the discretion of the Superintendent or designee, the gift may be used in a particular school." 3. CAM Section 7.2 states: "Once accepted, donations (items or funds) cannot be returned to the donor." |

Conclusion(s)

We could not validate the allegation based on the documentation we reviewed. Milam processed the donation in accordance with District donation guidelines. Once received, District guidelines state that donations cannot be returned.