

# Campus Systems Audit: Chapin High School

Audit Plan Code: 23.01-01.A



Assurance | Insight | Objectivity

Final Report  
May 12, 2023

Student attendance was recorded accurately for the 17 absences tested. However, for two absences, the supporting documentation was incomplete or submitted after the fact. Instances were identified where procedures for attendance, notice of absence letters, and activity fund management were not followed as expected.



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## Abbreviations

ASAP	Analytics, Strategy, Assessment & PEIMS
ATTV03	"Student Absent on 1 <sup>st</sup> Day of Enrollment" report
CAM	Campus Accounting Manual
CDL	Child Development Lab
EPISD	El Paso Independent School District
FSP	Foundation School Program
DV	Disbursement Voucher
NOA	Notice of Absence
PEIMS	Public Education Information Management System
PO	Purchase Order
SAAH	Student Attendance Accounting Handbook
SD	School Activity absence reason code
SFO	School Funds Online
SCO	School Cash Online
TEA	Texas Education Agency
UE	Unexcused absence reason code



# Audit Report

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## Objective and Scope

The objectives of the audit were to determine if:

1. Attendance was recorded accurately in accordance with the Texas Education Agency's (TEA) Student Attendance Accounting Handbook and the District's Attendance Procedures Manual.
2. School staff notified parents when students had three or more unexcused absences within a four-week period.
3. School staff followed the District's Campus Accounting Manual as it pertains to:
  - a. Collections in the vault were receipted and secured.
  - b. Disbursements and transfers between activity funds were approved and supported.
  - c. Bank reconciliations were approved and completed timely.

The scope of the audit was the 2022-2023 school year (through December 14, 2022).

## Results, Recommendations, and Principal's/Management's Response

Based on the tests performed during the campus visit and the information gathered for the samples tested, six (6) findings and three (3) observations were identified. The audit results are summarized below by objective.

1. Student attendance was recorded accurately for the 17 absences tested; however, for two (2) absences, the supporting documentation was incomplete or submitted after the fact. See Finding 1 for details. Also,
  - a. One instance was identified when attendance procedures were not followed as specified in the District's Attendance Procedures Manual. The instance relates to generating the "Attendance Not Taken" report. See Finding 2 for details.
  - b. The 2nd-period time frame for "A/B Day Lunch 1" per the bell schedule provided by the campus does not agree with the 2nd-period time frame in Frontline. See Observation 1 for details.
2. The three (3) students in our sample were notified about unexcused absences through a Notice of Absence (NOA) letter. However, one (1) of the NOA letters listed absences for days when the student was not enrolled at any EPISD campus. See Finding 3 for details.
3. There were instances of non-compliance with the Campus Accounting Manual as it relates to unreceipted cash inside the vault, receipting process, disbursements, and bank reconciliations. See Findings 4, 5, and 6, and Observations 2 and 3 for details.

Included with each finding and observation, are (i) the Principal's response or management's response (when applicable) and (ii) Internal Audit recommendation(s) to address the finding or observation identified.

We want to thank the Chapin High School staff, Student and Parent Services, Student Retention and Truancy Prevention, Campus Accounting, Administrative Services, ASAP Department, Information Technology, and Treasury Services, who participated in this audit, for their time.

## Finding 1

Supporting documentation for two (2) absences tested was incomplete or submitted after the fact

Both absence reasons were coded SD (School Activity). For one absence, there was no cover letter signed by the Principal or designee (campus administrator) related to the school activity. For the second absence, the signed cover letter was submitted to the attendance office ten (10) days after the school activity took place. According to the EPISD Attendance Absence Codes table (under the Documentation Requirements column), reason code “SD” should be used when the student participates in a school activity approved by the principal and/or district (Example: Athletic events, school-approved competitions, Student Council, or motivational talks). The teacher must submit a roster signed by the campus administrator prior to the activity.

Per TEA’s Student Attendance Accounting Handbook (SAAH) (section 3.6.3), “A student not actually on campus at the time attendance is taken may be considered in attendance for FSP purposes if the student...is participating in an activity that is approved by your local school board and is under the direction of a professional staff member, an adjunct staff member, or a paraprofessional staff member of your school district. The adjunct staff member must have a minimum of a bachelor’s degree and be eligible for participation in the Teacher Retirement System of Texas.”

Documentation on file for the two absences might not be considered acceptable for audit (external) purposes; since TEA’s SAAH states:

- Section 1.2 Taking and Recording Student Attendance, “District personnel must create the original documentation of attendance at the time of attendance. Original documentation must not be created after the fact.”
- Section 2 Audit Requirements, “Incomplete or inaccurate data will result in attendance not being allowed.”

**Principal’s Response:** “School activity attendance roster procedures not followed with fidelity.” The Principal will “Remind campus of procedures via email and Faculty Meeting.”

## Recommendations

- 1.1 The Principal should determine which campus administrator will be assigned to approve/sign school activity rosters and cover letters. The supporting documentation for school activities should include an approved roster signed by the campus administrator before the activity occurs.
- 1.2 The Attendance Clerk should revisit the supporting documentation requirements in the EPISD Attendance Absence Codes table for the school activity absence code to avoid reoccurrences.

## Finding 2

The “Attendance not Taken” report

The campus did not identify if any teachers had not taken attendance on December 12, 2022. For August 29, 2022, and October 20, 2022, the “Attendance not Taken” report was generated a day later; thus, the campus identified the teachers who had not taken attendance after their window to enter attendance in the system had closed. If attendance is not taken, there is a risk (i) a student(s)

was not on file for one of the three dates tested. The report was not generated timely for the other two dates

who was not on campus (during the attendance accounting period) may be inaccurately considered in attendance for FSP purposes and (ii) the campus does not have an accurate record of the student's whereabouts in case of an emergency (for safety purposes).

The EPISD Attendance Procedures Manual under –

- Daily Attendance Procedures states, "Generate the attendance not taken report to determine who has not taken attendance by no later than noon for morning classes and no later than three o'clock p.m."
- The Role of Attendance Clerk states, "The senior attendance clerk, attendance clerk and PEIMS clerk elementary are assigned the responsibility of verifying the submission of attendance each period or the attendance accounting period as required by the District."
- General Information for Teachers states, "Teacher entry of attendance information is very important to the District. It is extremely important that attendance is taken as accurately as possible. Failure to take attendance correctly causes the District to lose funding and subjects the District to both internal and external audits."

**Principal's Response:** "Senior Attendance Clerk ensures report is run by the end of the day or the following morning. Previous Assistant Principal for attendance told clerks report could be run the next day because teachers had until 8:00 p.m. to post attendance. Current Assistant Principal for attendance will ensure the report is run at 3:30 everyday."

## Recommendations

- 2.1 The Principal should direct, in writing, the attendance clerk to generate the "Attendance Not Taken" report as outlined in the EPISD Attendance Procedures Manual
- 2.2 The Principal should monitor whether the "Attendance Not Taken" reports are generated timely. This can be done as part of the six weeks' self-audits which are documented in the "Principal's (or Designee's) Daily Attendance File Audit Form."

## Finding 3

One (1) Notice of Absence letter sent to a parent listed absences for dates when the student was not enrolled at any EPISD campus

The Notice of Absence (NOA) letter dated August 15, 2022, listed unexcused (UE) absences for the student from August 9<sup>th</sup>, 2022 to August 12<sup>th</sup>, 2022. However, per student information in Frontline, the student withdrew from the District on July 31, 2022, and did not re-enter until August 17, 2022. As such, the student/parent was sent an inaccurate NOA letter.

According to the Student Retention and Truancy Prevention Department (Truancy), Frontline automatically rolls over students (enrolled in the prior school year) to the new school year. The student was a "no show" until the day s/he re-entered the District on August 17, 2022. However, since the student remained in Frontline as enrolled, teachers continued to record absences for the student. The student absences recorded by the teachers were deleted by the registrar 11 to 14 days after the absence dates, which is after the NOA letter dated August 15, 2022, was sent.

The EPISD Attendance Procedures Manual under –



- Daily Procedures states, “Run the Student Absent on 1st day of Enrollment ATTV03 Report. Verify that entering students attend class during the accounting period on the first day of enrollment.”
- Weekly Procedures require the attendance clerk to generate the Student Absent on 1st Day of Enrollment ATTV03 report on Friday of each week.

**Principal’s Response:** “NOAs are generated by Alpha and were not checked for accurate dates. No show process was not followed with fidelity.” The Principal mentioned they will “Train new Senior Attendance Clerk and retrain Attendance Clerk on attendance procedures.”

## Recommendations

- 3.1 The attendance clerk should generate and verify the “ATTV03 Student Absent 1st Day of Enrollment” on the 1st day of school and weekly to identify students who are “no shows” and are incorrectly accumulating absences.
- 3.2 The absences listed in the NOA letters should be verified for accuracy before the letters are sent to parents/students.

## Finding 4

\$480 in  
unreceipted cash  
was found inside  
the vault

The business agent mentioned a manual receipt was issued at the time of collection; however, s/he could not find the manual receipt and the collection had not been entered into School Funds Online (SFO) – the application used by the District to record activity fund transactions. The EPISD Campus Accounting Manual Section 10.2 Items in the Vault states, “Cash in the vault must be properly receipted and accounted for” and Section 5.2 Cash Receipts states, “An SFO receipt is issued every time money is received from any source. Refer to SFO Manual Section 6 (sic): Receipt Writing Process.”

Internal Audit recommended the business agent record the \$480 collection in SFO at the time of the visit. The business agent then showed Internal Audit a printed SFO receipt assigned #4750, for the \$480 deposit. However, when Internal Audit followed up (at a later day), the receipt number in SFO for the deposit had changed to #4751. Receipt #4750 was assigned to a donation check for \$1,073.50. Based on the information gathered, we determined the business agent entered the deposit in SFO and printed receipt #4750 during the visit, but did not “post” it when the system prompted it. As such, the receipt number could be used for another deposit. According to the SFO manual, the campus should preview, print and post as part of the receipt writing process.

**Principal’s Response:** “The Business Agent says computer was not working properly when a parent came to make a \$480 CDL payment. Therefore, the Business Agent generated a manual receipt. When Internal Audit visited and inquired about the transaction, the Business Agent attempted to enter the receipt in the SFO. However, the Business Agent did not save it. Later, the Business Agent entered a donation for \$1,073.50 and it saved as receipt # 4750. When the Business Agent realized the mistake, the Business Agent reentered the \$480 receipt in SFO which generated receipt #4751. Additionally, the Business Agent states the Business Agent threw away the original manual receipt for \$480. Campus Accounting will retrain Business Agent on proper campus accounting procedures.”

**Management’s Response:** Financial Services Department will contact the SFO vendor (KEV Group) to discuss the controls related to the receipting process.

## Recommendations

- 4.1 An SFO or School Cash Online (SCO) receipt should be issued and posted at the time of collection. Manual receipts should be used when SFO or SCO cannot be accessed.
- 4.2 The Campus Accounting Department should determine if the proper internal controls are in place in SFO for the receipting process.

## Finding 5

Two (2) of the five (5) Disbursement Vouchers (DV) tested were approved after the fact

The receipts/invoices are dated before the Principal approved the DVs.

Check #	Receipt/Invoice Date	Approval Date	Amount
2781	6/28/2022	8/25/2022	\$161.11
2891	11/10/2022	11/18/2022	\$2,400.00

According to the CAM section 11.2 General Operating Procedures, "Employees, including administration, are not authorized to obtain goods or services without obtaining prior approval. Expenditures from campus activity funds require the principal's written approval - prior to ordering or receiving any goods/services. Approval is documented on the Disbursement Voucher (DV)..."

The EPISD Campus Accounting Manual Section (CAM) 11.4 Campus Disbursement Voucher (DV) states, "Approval Section – The top section of the DV is considered the approval section. This section is prepared by the employee requesting the goods or services and should be filled out completely. The information recorded here is compared to the invoice/receipt in order to determine whether there was prior approval for the purchase. This section may consist of estimates in unit price, extended price and total cost. The amount/approval date should not be altered."

**Principal's Response:** "Sponsor training for pre-approval situations. 2781: Business Agent did not seek prior approval for campus check order. 2891: Registration prior to approval which generated an invoice dated before Principal's approval of DV."

## Recommendation

The business agent should revisit the CAM guidelines regarding DVs and enforce the approval requirements. In addition, the business agent should inform and remind campus personnel periodically about the DV approval requirements.

## Finding 6

One of the five disbursements tested was made to an unapproved vendor

The disbursement was made payable to SFO Club instead of School Cash Supplies. According to CAM Section 5.6 Account Balance & Transaction Detail, "The 'Club' vendor is used for one-time purchases paid with club funds to a non-vendor." The disbursement was not for a one-time purchase since the schools use the vendor to order school checks. School Cash Supplies is not on the District's approved vendor list.

School Cash Supplies is affiliated with the KevGroup and Ennis Management; both the KevGroup and Ennis Management are on the District's approved vendor list. Per Campus Accounting, the company that provides the checks is Ennis Management. However, Ennis Management wants the checks made payable to School Cash Supplies. Campus Accounting has tried to get Ennis Management

to change the vendor information, but they want to be registered under Ennis Management.

There is a loss of accountability when checks are issued using the "SFO club" vendor since the vendors are not identified in the SFO system. Not identifying vendors by their business name creates a challenge when campuses and/or central office administrators analyze expenditure data. Total expenditures by vendor may not be accurate.

The EPISD Campus Accounting Manual under –

- Section 11.25 Required Vendor Numbers states, "All vendors who wish to do business with the District must complete the Procurement Services Vendor Information Form, Conflict of Interest Questionnaire, and IRS Form W-9."
- Section 5.6 Account Balance & Transaction Detail Lookup states, "The vendor file is the same vendor file used to create purchase orders (PO). District vendors must be used when using the campus principal funds and when paying for a service. New vendors may be added by submitting the Vendor Information Form and W-9 to Procurement Services."

Note: No response was requested from the Principal. The finding was conveyed to management/leadership to obtain their feedback and plan to prevent reoccurrence.

**Management's Response:** "The Kev Group has subsidiaries for check supplies that have different "Remit to" vendor names. Financial Services Team will seek clarification from the Kev Group to set up the proper vendor for check supplies."

## Recommendation

The Campus Accounting Department should determine whether School Cash Supplies should be added to the District's vendor list or the checks should be payable to Ennis Management.

## Observations, Recommendations, and Principal's Response

While conducting this audit, we made observations that were not included as findings in the Audit Report. However, we felt the observations were worthy of informing you as the data owner/expert to determine how they should be addressed.

### Observation 1

The 2nd-period time frame for "A/B Day Lunch 1" per the bell schedule provided by the campus does not agree with the 2nd-period time frame in Frontline (highlighted in blue). See the table below.

Period	A/B Day Lunch 1	A/B Day Lunch 2	Frontline 2 <sup>nd</sup> -period time frame
A2/B6	10:23 – 11:08	10:23 – 11:56	10:23 – 11:56
Lunch 1	11:08 – 11:43	N/A	
Lunch 2	N/A	11:56 – 12:36	
Trans	11:43 – 11:48	N/A	
A2/B6	11:48 – 12:36	N/A	

The EPISD Attendance Procedures Manual - Beginning of the School Year Attendance Procedures states, "Verify campus bell schedule and accounting period in the student system prior to the first day of school."



**Principal's Response:** "The 2nd/6th period (including lunches) time frame is 10:23-12:36. Students with Lunch 1 attend class from 10:23 to 11:08. Then, they go to lunch. Then, they return to 2nd/6th period from 11:48 to 12:36. Students with Lunch 2 attend class from 10:23 to 11:56. Then, they go to lunch until 12:36. Lunch 1 does not interfere with 2nd/6th period. The campus will work with Student and Parent Services to ensure the bell schedule in Frontline corresponds to the actual campus bell schedule."

## Recommendation

The Principal should (i) determine whether the lunch 1 time frame interferes with the 2<sup>nd</sup> period and (ii) determine, in collaboration with school leadership, if the bell schedule in Frontline should be aligned with the school's bell schedule.

## Observation 2

Four (4) of the five (5) disbursement vouchers (DV) tested did not include the date when they were needed.

The EPISD Campus Accounting Manual Section 11.4 Campus Disbursement Voucher (DV) states, "Approval Section – The top section of the DV is considered the approval section. This section is prepared by the employee requesting the goods or services and should be filled out completely."

**Principal's Response:** "DV was not reviewed for proper completion. Business Agent will ensure DV is complete before submitting to Principal."

## Recommendation

The business agent should review DVs to ensure the form is filled out completely before the Principal approves.

## Observation 3

For the three (3) bank reconciliations tested, the Campus Accounting Department provided the bank statements to the campus the day the bank reconciliations were due (the 8<sup>th</sup> of the month). Consequently, the business agent completed the bank reconciliations and submitted these to the Campus Accounting Department the day after the CAM deadline.

According to the Campus Accounting Department, they email "...bank statements to the financial clerks after the Monthly Sales Tax Report is submitted to the Campus Accounting and it is reviewed for accuracy. If the financial clerks (sic) submits an incorrect or incomplete Sales Tax Report, it is returned for corrections and will hold up the release of the bank statement. The Sales Tax Report is due on the 3rd working day of each month as outlined in the CAM under 20.15 Reporting Requirements." In this case, the business agent submitted the sales tax report before the third working day of the month as required by the Campus Accounting Department to release the bank statements.

The EPISD Campus Accounting Manual under-

- Section 13.5 Bank Reconciliation states, "Monthly bank statements are downloaded from the bank and emailed by the Campus Accounting Office to the school by the 2<sup>nd</sup> working day of the month." AND "The bank reconciliation must be processed and completed by the 8th of each month (or next working day). All bank reconciliation forms must be generated, and the finish button pressed, this completes the process. The signed bank reconciliation, bank

statement, and journal entries with back up are emailed to the Campus Accounting Office.”

- Section 20.15 Reporting Requirement states, "Each month, the campus financial clerk must complete the "SALES TAX REPORT," even if no tax is due... the related worksheet should be remitted directly to Campus Accounting on or before the third working day of each month."

**Management’s Response:** “The Campus Accounting will continue to email bank statements as soon as the Sales Tax Reports are submitted and reviewed for accuracy. A log will be created to document which campuses submitted the sales tax report late and/or incorrect. The log will help in justifying why the bank statement was emailed on the same day or close to the due date of the bank reconciliation.”

The Campus Accounting Department will present a revised CAM to leadership for approval later this year. The CAM guidelines will include that the bank statement will be released 24 hours after receiving an accurate Sales Tax Report from campuses.

## Recommendation

The Campus Accounting Department should update the CAM with the current practice they follow to release bank statements to campuses.





# Appendix A: Background and Methodology

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## Background

The Campus Systems Audit was approved by the Board of Trustees as part of the 2022-2023 Internal Audit Plan. The audit supports Levers I and IV of the District's Strategic Blueprint.

				
Lever I	Level II	Lever III	Lever IV	Lever V
Whole Child Development	Academic Excellence	Destination District	Culture of Accountability	Equity by Design

The Campus Systems Audit provides an independent and objective risk-based assessment of Chapin High School compliance with procedures for (i) student attendance and (ii) activity funds. The specific audit objectives are included in the [Objective and Scope](#) section of this report.

### Student Attendance

Attendance reporting and validation occur daily at each EPISD campus. Elementary teachers must take attendance at 10:00 a.m. at the official accounting period. Middle and high school teachers take attendance within the first ten minutes of a class period each day. The campus Attendance Clerk (i) confirms that daily attendance entries are complete and correct each day and (ii) verifies the submission of attendance for each period or the attendance accounting period as required by the District. The campus principal must review and attest to the accuracy and completeness of attendance data for the campus.

The accuracy of attendance data is critical for identifying students who have excessive absences and for funding purposes.

- According to the US Department of Education's Report on Chronic Absenteeism, "Education can only fulfill its promise as the great equalizer - a force that can overcome differences in privilege and background - when we work to ensure that students are in school every day and receive the supports they need to learn and thrive...Students who are chronically absent—meaning they miss at least 15 days of school in a year—are at serious risk of falling behind in school."
- The Texas Education Agency (TEA) uses student attendance data to allocate Foundation School Program (FSP) funds to Texas Public schools. The TEA's 2022-2023 Student Attendance Accounting Handbook Section 1 Overview states, "Under state law, every Texas school district is required to adopt an attendance accounting system...that includes procedures that ensure the accurate taking, recording, and reporting of attendance accounting data."

## Activity Funds

Activity funds are established to direct and account for monies used to support co-curricular and extra-curricular student activities. Cocurricular activities are school-sponsored activities that directly add value to classroom instruction and curriculum. Extracurricular activities include a variety of other district-directed activities, like athletic and other nonacademic competitions.<sup>1</sup> According to the TEA's Financial Accountability System Resource Guide Appendix H, "These funds are to be used to promote the general welfare of the school district and the educational development and morale of all students."

At EPISD, there are student and campus activity funds. Student activity funds belong to students and are used to support the activities of student-led organizations and clubs and for purposes authorized by the student club or organization. The sponsor for the student organization/club and the principal manage and approve all disbursements. Campus activity funds belong to EPISD and can be expended for the benefit of the District or its students and shall be related to the District's educational purpose.<sup>2</sup> The financial clerk and principal are responsible for managing campus activity funds. The principal is responsible for approving disbursements from campus activity funds.

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## Methodology

To achieve our audit objective(s), we:

1. Researched relevant federal/state laws and regulations, Board policies, and the departments' manual/guidelines.
2. Interviewed key personnel, attended training provided by Student and Parent Services and Campus Accounting, and performed walkthroughs to understand attendance, truancy, and campus activity fund management functions, processes, and controls in place.
3. Obtained attendance change logs from the Information Technology Department.
4. Performed a risk assessment based on our understanding of the processes and controls in place for attendance, truancy, and campus activity fund management.
5. Performed a risk-based analysis to select the campuses to audit. The analysis was performed based on (i) information gathered from key personnel, (ii) the external auditor's management letter, (iii) the number of unverified absences, (iv) attendance rates, (v) changes in attendance and financial clerks, and (vi) changes in campus activity balance totals.
6. Conducted a campus visit, inquired about the attendance, truancy, and campus activity fund management processes, and performed audit procedures related to the audit objectives.

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 procedures and internal controls are followed and adhered to in accordance with federal, state, local policies, and guidelines.

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<sup>1</sup> Texas Association of School Boards School Legal Services, Activity Funds

<sup>2</sup> Board Policy CFD (Local) Accounting: Activity Funds Management



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