



# **Seattle Public Schools The Office of Internal Audit**

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**Internal Audit Report  
Maple Elementary School**

**September 1, 2013 through February 28, 2014**

Issue Date: June 19, 2014



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## **Executive Summary**

### **Background**

We completed an audit at Maple Elementary School for the period September 1, 2013 through February 28, 2014. Maple Elementary School is located in the Southeast Region of Seattle Public Schools. It is an award-winning, open concept school with over 450 students and 40 staff. Maple Elementary School operates on an annual budget of \$3 million. It was the recipient of the 2012 Washington Achievement Awards in the categories of Overall Excellence and Science.

Although Maple Elementary School was the focus of this audit, our primary goal was to evaluate the overall system of controls put in place by the District. The decentralized nature of a school district results in a situation where many key internal control and compliance functions are performed at the individual schools. The audits conducted at the individual schools will help ensure that these key functions are being performed and are having their intended effect. This audit will also help to highlight those areas where the schools may not have clear guidance on the procedures they are expected to perform, and it will identify those situations where the schools have not been provided adequate resources to perform these key functions properly. In addition to the findings and recommendations noted in this report, the Office of Internal Audit is also using the knowledge gained from the school audits to develop an annual risk assessment that will be used to identify future audit areas.

### **Roles and Responsibilities**

This audit was completed as part of the *Annual Risk Assessment and Audit Plan* approved by the Audit and Finance Committee on September 10, 2013. District Management has the primary responsibility to establish, implement, and monitor internal controls. Internal Audit's function is to assess and test those controls in order to provide reasonable assurance that the controls are adequate and operating effectively. We conducted the audit using due professional care, and we believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

### **Audit Objectives**

To ensure compliance and strong financial internal controls in the following areas:

- Associated Student Body (ASB)
- Cash Handling and Receipting
- Disbursements
- Payroll
- Volunteers
- Risk Management
- Loss Reporting



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## **Scope of the Audit**

September 1, 2013 through February 28, 2014

## **Audit Approach and Methodology**

To achieve the audit objectives, we performed the following procedures:

- Planned the audit in cooperation with Central Administration staff from Accounting, Payroll, Human Resources, Risk Management, and Property Management to ensure that we had a strong understanding of the District's compliance requirements.
- Conducted a surprise cash count in order to observe operations in their normal environment.
- Interviewed school staff knowledgeable of each objective area.
- Analyzed available data to corroborate the information obtained.
- Examined accounting records and tested supporting documentation.

## **Conclusion**

Based on the procedures we performed, the school appears to have adequate controls in each of the objective areas, except for the items noted in this report. This report identifies several recommendations that are intended to improve the overall accountability and transparency of the objective areas.

We extend our appreciation to the staff at Maple Elementary School for their assistance and cooperation during the course of the audit.

*Andrew Medina*

Andrew Medina, CPA, CFE  
Director, Office of Internal Audit



## **Findings and Recommendations**

### **1) Fundraiser Reconciliation**

An "ASB Activity Approval and Reconciliation" form was not completed for each ASB fundraiser that occurred. The reconciliation form is essential in verifying that the fundraiser was properly approved by the ASB Council, and that the proper amount of funds have been collected and deposited into the school's bank account. Without the reconciliation form, it is difficult for the school to effectively monitor its fundraising activities. The reconciliation form allows schools to ensure that their actual profits are reasonable when compared to their planned activity, and to identify potential instances of missing revenue.

#### **Recommendation**

We recommend that the school follow the fund raising procedures outlined in the *District's ASB Procedures Manual*, and complete an "ASB Activity Approval and Reconciliation" form for each fundraiser.

### **2) Cash Handling and Receipting Procedures**

During the course of our audit we identified the following concerns related to cash handling and receipting. The following issues represent basic cash handling and receipting problems that apply to all funds:

- Checks received through the mail are not recorded on a receipt. During our testing, we identified checks totaling \$1,064.75 that were not recorded on a receipt.
- We were unable to determine if all checks were deposited into a District bank account within one day of being collected.

The current procedures do not provide adequate documentation, and they increase the risk of theft, loss, and abuse. We do not suspect that an actual loss of funds occurred; however, the current procedures prevent us from providing positive assurance that all funds received by the school were properly deposited into a District bank account.

#### **Recommendation**

In order to ensure accountability for public resources; reduce the risk of theft, loss, or abuse; and protect itself and its staff from unnecessary scrutiny, we recommend that Maple Elementary School:

- Write a receipt for all funds received by the school, including checks received in the mail.
- Deposit all funds collected into the District's bank account every 24 hours.



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**Management Responses**

**Response Received from Maple Elementary School**

1. *[The Administrative Secretary and Office Assistant] have reviewed SPS ASB Procedure's Manual. ASB Activity Approval and Reconciliation forms have been completed for Maple's Yearbook sale and Camp Seymour 4th & 5th Grade Outdoor Education field trip.*
2. *Receipts are now written for checks received in the mail, and are deposited within 24 hours of receipt.*
3. *These changes based upon your recommendations are now standard practice and will remain in effect until/unless we receive information to change these practices.*

*Thank you,*

*Patricia Hunter  
Principal  
Maple Elementary School*