

MUSCOGEE COUNTY SCHOOL DISTRICT  
COLUMBUS, GEORGIA

Friday, June 3, 2016  
Public Education Center

Pat Hugley Green, Chair  
Shannon Smallman  
John Thomas  
Rob Varner, Ex-Officio

Dr. David F. Lewis- Superintendent of Education  
Theresa Thornton, Treasurer  
Susan Taunton, Director of Internal Audit

AUDIT COMMITTEE MEETING OF THE BOARD

ACTION ITEMS

A. AUDIT COMMITTEE MINUTES

Minutes of Audit Committee meeting held on November 19, 2015, are presented for approval. (Page Number 2)

B. SCHEDULE FOR FY17 AUDIT COMMITTEE MEETINGS

The dates for the Audit Committee meetings will be decided for FY17.

C. OUTSIDE AUDIT SERVICES

A proposal will be presented by Robinson, Grimes & Company to clarify and give an overview of the upcoming 2016 audit engagement.

INFORMATION/DISCUSSION

A. AUDIT COMMITTEE EXTERNAL MEMBERS

There will be a discussion concerning the addition of community members to the Audit Committee.

B. SUMMARY OF ACTIVITY FUND AUDIT FINDINGS

The Audit Committee will discuss information concerning the findings in the activity fund audits conducted between October 1, 2015, and December 18, 2015. (Page Number 3)

C. SUMMARY OF PROPERTY AUDITS

The Audit Committee will discuss information concerning the findings in the property audit reports conducted between October 1, 2015, and December 18, 2015. (Page Number 4)

D. SUMMARY OF ACTIVITY FUND AUDIT FINDINGS

The Audit Committee will discuss information concerning the findings in the activity fund audits conducted between January 4, 2016, and March 1, 2016. (Page Number 5)

E. SUMMARY OF PROPERTY AUDITS

The Audit Committee will discuss information concerning the findings in the property audit reports conducted between January 4, 2016, and March 1, 2016. (Page Number 6)

MUSCOGEE COUNTY SCHOOL DISTRICT  
Columbus, Georgia  
Board Audit Committee Meeting – Room 3057  
Tuesday, November 19, 2015, 12:30 p.m.

Minutes

The Audit Committee of the Muscogee County Board of Education was held on Thursday November 19, 2015 at 12:30 p.m. in conference room 3057 at the Public Education Center.

The following Audit Committee members were present: Pat Hugley Green, Shannon Smallman and Rob Varner. Others present: David F. Lewis, Karen P. Jones, Theresa Thornton, Susan Taunton, Jay Pease and other Robinson Grimes representatives.

Member, John Thomas was not present.

Mrs. Hugley Green called the meeting to order. She asked for a motion to approve the minutes of August 4, 2015. Upon motion of Ms. Varner, seconded by Mrs. Smallman, the minutes were unanimously approved.

The Committee had a lengthy discussion regarding the revised audit charter. The Committee made recommendations to include the addition of two external credentialed financial professionals with defined roles to serve staggered terms on the Audit Committee. Also, there was consensus to present to the full Board of Education this recommendation, the guidelines, qualifications and selection process to be used for the appointment of the community members. The Committee also recommended that in the absence of a quorum, the Board Chair would serve as a voting member. The Committee approved the revision of the System Audit Charter and asked that it be placed on the agenda for official action by the Board.

The Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ending June 30, 2015, was presented by Theresa Thornton and Jay Pease of Robinson, Grimes & Company. The CAFR was presented to the Committee to include audited financial statements, a report of federal financial assistance for the year, the independent auditor's report on state and federal compliance, the independent auditor's report on internal controls, and statistical tables showing ten-year data for the Muscogee County School District.

The Committee was provided the following information by Susan Taunton:

- After school program report for Blanchard Elementary School
- Activity Fund Findings ending September 30, 2015
- Property Audit Findings ending September 30, 2015

Mrs. Hugley Green reminded the members that the next quarterly meeting of the Audit Committee would be February 18, 2016 at 12:30 p. m.

Mrs. Hugley Green asked if there were any other items to come before the committee.

Upon motion of Mrs. Smallman, seconded by Mr. Varner, the committee unanimously voted to adjourn the audit meeting for November 19, 2015.

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Pat Hugley Green, Chair

SUMMARY OF ACTIVITY FUND AUDIT FINDINGS  
October 1, 2015 through December 18, 2015

During the period from October 1, 2015 through December 18, 2015, four sites' activity funds were audited. There was one high school and three middle schools audited. All sites audited have responded to their audit report with stated plans for improvement.

The following is a summary of the significant findings of those audits:

- I. Cash Receipts
  - a. Two locations were cited for receipting one individual for funds collected from two different individuals.
- II. Local Purchase Orders/Purchases
  - a. Four locations were cited for having purchases for \$2500 or more that were not pre-approved by the Treasurer prior to the purchase being made.
  - b. Three locations were cited for purchase orders completed after the purchase had already been made.
  - c. One location was cited because items purchased with the MCSD P-card were shipped to an employee's home address.
  - d. One location was cited for using the P-card to purchase gift cards (an excluded purchase with the P-card).
  - e. Two locations were cited for using the P-card to pay invoices several months old when a LO should have been created to recognize the obligation incurred.
  - f. One location was cited for using the P-card to make a deposit on an obligation when an LO should have been created to recognize the entire obligation incurred.
- III. Receipt Books
  - a. One location was cited for having receipts written that were not traced to a Cash Receipt written in the front office (Business Plus).
  - b. One location was cited for a missing receipt book.
  - c. Two locations were cited for not retaining all three copies of voided receipts.
  - d. One location was cited for no backup for funds collected.
  - e. One location was cited for receipts not written when funds were received.
  - f. Two locations were cited for teachers receipting themselves.
  - g. Two locations were cited for carbon receipts that were altered in ink.
  - h. Two locations were cited for complete missing pages torn from an MCSD receipt book.
- IV. Extracurricular Activities
  - a. Two locations were cited for event reports not being handled in a timely manner.
  - b. One location was cited for not calculating ticket sales for an event report correctly.
  - c. One location was cited for tickets made at the school for an event.
  - d. One location was cited for not completing the required forms for a fundraiser.
  - e. One location was cited for fundraiser inventory items not accounted for in the report of sales.
- V. Parent Run Organizations
  - a. Two locations were cited for not providing requested information during the audit.

Other routine findings in the audits were as follows:

1. Signature lists did not contain all the required information.

SUMMARY OF PROPERTY AUDIT FINDINGS  
October 1, 2015 through December 18, 2015

During the period from October 1, 2015 through December 18, 2015, four reports have been issued where property audits were conducted. The reports issued were for two middle schools and two support locations. There were four significant findings in the four property audit reports.

1. One location audited was cited for having a missing and unlocated item. The one item not accounted for at this location had an original cost of \$830 and no book value.
2. At one of the locations, flagged items were located (8 items).
3. Three locations were cited for moving or receiving items without the proper paperwork (12 items).
4. Four locations were cited for not having all laptop agreement forms completed and on file (at least 31 items).

SUMMARY OF ACTIVITY FUND AUDIT FINDINGS  
January 4, 2016 through March 31, 2016

During the period from January 4, 2016 through March 31, 2016, four sites' activity funds were audited. There was one high school, one middle school, and two support sites audited. All sites audited have responded to their audit report with stated plans for improvement.

The following is a summary of the significant findings of those audits:

- I. Cash Receipts
  - a. Two locations were cited for writing one receipt for funds collected from/by at least two individuals.
  - b. Three locations were cited for not receipting funds when they were received.
  - c. One location was cited for funds being deposited prior to being receipted in Business Plus.
  - d. One location was cited for missing pre-numbered deposit slips.
  
- II. Local Purchase Orders/Purchases
  - a. Three locations were cited for having purchases for \$2500 or more that were not pre-approved by the Treasurer prior to the purchase being made.
  - b. Four locations were cited for purchase orders completed after the purchase had already been made.
  - c. One location was cited for P-card statements late to the Purchasing Dept.
  - d. One location was cited for using the P-card to pay for previously incurred expenses.
  - e. One location was cited for purchasing gift cards with the P-card (an exclusion for P-card purchases).
  - f. One location was cited for using the P-card to make a deposit when an LO should have been issued for the entire obligation.
  
- III. Receipt Books
  - a. Two locations were cited for having receipts written that were not traced to a Cash Receipt written in the front office (Business Plus).
  - b. One location was cited for a teacher holding funds collected for more than seven days prior to turning them in to the office for deposit.
  - c. One location was cited for missing MCSD receipt books.
  - d. One location was cited for not retaining all three copies of voided receipts.
  - e. Two locations were cited for using funds collected to make a cash purchase.
  - f. One location was cited for no backup for funds collected.
  - g. One location was cited for entire missing pages in a MCSD receipt book.
  
- IV. Extracurricular Activities
  - a. Three locations were cited for event reports not being handled in a timely manner.
  - b. One location was cited for not documenting cash payments to concession workers.
  - c. One location was cited for not clearly documenting the return of a cash advance.
  - d. One location was cited for not following proper procedures for concession sales.
  - e. One location was cited for not completing fundraiser permission forms.
  
- V. Accounting Records
  - a. One location was cited for improper accounting of income and expenses between activity accounts.
  - b. Two locations were cited for overdrawn activity accounts at the time of the audit.
  
- VI. Parent Run Organizations
  - a. One location was cited for not providing requested information during the audit.
  - b. One location was cited for a teacher collecting funds for a Booster Club activity.
  - c. One location was cited for having Booster Club(s) in operation not approved by the Principal and Superintendent.

Other routine findings in the audits were as follows:

1. Signature lists missing some of the required documentation.
2. Month was not closed out properly.

SUMMARY OF PROPERTY AUDIT FINDINGS  
January 4, 2016 through March 31, 2016

During the period from January 4, 2016 through March 31, 2016, three reports have been issued where property audits were conducted. The reports issued were for one high school and two support locations. There were six significant findings in the three property audit reports.

1. Three locations audited were cited for having missing and unlocated equipment. There were 10 items not accounted for at these locations (original cost - \$13,244, depreciated book value - \$1,130).
2. At all three locations, flagged items were located (39 items).
3. Two locations were cited for moving/receiving items without the proper paperwork (4 items).
4. Two locations were cited for not having all laptop agreement forms completed and on file (at least 25 items).
5. One location was cited for having items not reported on internal inventories as being at their location.
6. Two locations audited were cited for not having a clear and established process for accounting for property items assigned to them.