



"Making a Positive Difference"

## Office of Internal Auditing

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## Memorandum

TO: Sheryl Pomeroy, Principal  
Bratt Elementary School

FROM: David J. Bryant, Director  
Office of Internal Auditing

DATE: August 20, 2007

SUBJECT: Bratt Elementary Parent Teacher Association (PTA)

We have concluded our analysis of the July 2006 – June 2007 financial records of Bratt Elementary School's PTA.

The *Objective* of our analysis, as requested by Bratt Elementary School's principal, was to determine if the handling of PTA funds was free of misappropriation and the realm of transactions was consistent with that of a PTA. We also reconciled the month-end balances on the bank statements.

The *Scope* of review for the July 2006 – June 2007 period included examination of bank statements, cash receipts, check registers, and discussions with Bratt Elementary School's principal. For the time period reviewed, financial activity included 84 checks/withdrawals and 34 deposits.

The *Results* of our analysis are summarized as follows:

We attempted to vouch each transaction on the bank statements to supporting documentation. The deposits were verified to deposit slips that indicated the source of funds and the check register. Check amounts were verified to receipts which detailed items purchased and to the check register. NONE of the deposits slips sampled showed the source of funds. Twelve of 79 checks either did not have supporting receipts or the receipt did not document the detail of the expenditure.

There was one check transaction (\$114.21) in which the receipt showed part of the funds spent was for personal use. We were unable to determine if these funds were returned to the PTA checking or savings accounts. Also, there were two checks totaling \$540.00 that were written to "cash." Check #2177 dated September 19, 2006, was written to cash in the amount of \$340.00. According to the check register and General Ledger, the cash was distributed as prize money during a cookie dough fundraiser. Check #2206 dated December 4, 2006, was

written to cash in the amount of \$200.00. According to the check register and General Ledger, the cash was used as change for a Santa Shoppe fundraiser. Supporting documentation for the cookie dough cash prizes and Santa Shoppe “change” was not provided to the internal auditors.

After discussions with the principal, we determined that Bratt Elementary has received many, if not all, items reportedly purchased by the PTA for Bratt Elementary. Unfortunately, receipt of the stated items could not be definitively confirmed. Furthermore, it was noted that Bratt Elementary does not have a specific PTA liaison to sign for receipt of materials, supplies, donations, etc.

The *Comments* of our analysis are as stated below:

- A. Overall, it appears the items purchased with PTA funds were generally consistent with those necessary for this type of organization. It does not appear funds were misappropriated. However, it should be noted that funds from the checking account were used for personal use on at least one occasion. Furthermore, cash withdrawals from the PTA’s checking account took place on 2 separate occasions.
- B. Concern is warranted in the fact that supporting paperwork was not always provided.
- C. Concern is also warranted in that no specific controls are in place to ensure proper receipt of the items reportedly purchased by the PTA for Bratt Elementary. Although school items were being purchased by the PTA, we were unable to determine if the stated items were actually received by Bratt Elementary school.
- D. It appears the check register was not utilized to its full potential.
- E. After reviewing the files, we were unable to determine if the treasurer was providing a monthly treasurer’s report to the president of the PTA, Board of Directors, or principal. In addition, we reviewed the previous board meeting minutes and determined the minutes were vague and incomplete.

The *Recommendations* of our analysis are as indicated below:

- A. It appears that reconciliations of the bank statements were being performed on a monthly basis. We recommend that the current and future treasurer continue this practice to ensure discrepancies are located and resolved in a timely manner. We further recommend funds within the checking account *not* be used for personal reasons at any time. All monies spent and received should be in accordance with the bylaws of the organization. In addition, cash withdrawals should be avoided whenever possible.
- B. When a check is written from the PTA’s checking account, a detailed receipt should be obtained. In addition, a deposit transaction should always show the source of the funds and an itemization.

- C. We also recommend that one employee at Bratt Elementary, such as the principal, be appointed as the PTA liaison to receive items from the PTA. This individual should initial or sign for receipt of the items.
- D. All transactions should be recorded individually in the check register, on the appropriate date, and with a detailed description. Consistent record keeping will make reconciling the monthly bank statement a more fluid function.
- E. Finally, according to Article VII, Section 5 of the PTA's bylaws, "The treasurer shall present a financial statement at every meeting of the association and at other times when requested by the executive board and shall make a full report at the annual meeting." Another responsibility of the treasurer, as outlined in Florida PTA's Dollars and Sense Treasurer's Manual, is to prepare a treasurer's report every month and submit copies to the secretary, president, principal, and retain a copy for the treasurer's records. Whenever possible, the monthly treasurer's report should provide a comparison of actual to budgeted revenues and expenditures. As outlined in The School District of Escambia County Guidelines for Outside Support Organizations (OSO), we recommend the PTA provide the Principal and her designee with copies of all the approved Treasurer's reports and minutes in a timely manner.



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Office of Internal Auditing

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