

**Columbus City Schools  
Office of Internal Audit**



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**2016-2017 High School Audits**

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**Report Date: September 28, 2017**

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## **Executive Summary**

The Columbus City Schools (District) Office of Internal Audit (OIA) has recently completed an audit of various District High Schools. The District has 14 traditional high schools with grades 9 - 12 and 2 career centers. It also has five high schools that also house middle school students at the high school location.

OIA developed risk factors by which all high schools were evaluated. Among these risk factors were previous known issues, new leadership, Auditor of State comments from prior audits, etc... The eight high schools that totaled the highest on the risk assessment were then selected for audits, this included the following high schools:

Centennial  
Eastmoor Academy  
Independence  
Linden-McKinley STEM  
South  
Walnut Ridge  
West  
Whetstone

Each selected high school was reviewed for the same audit segments: Student Activities, Fine & Fees and Textbook Accountability. Additionally, a reasonableness test was performed on Principal fund activity and a cursory review of the Fixed Asset inventory process were also performed at each selected high school.

Based on the results of our work during these audits of the eight high schools, we found areas where improvements could be made to strengthen the internal control environment and enhancements could be made to current processes to increase the efficiency and effectiveness of the audit segments previously identified.

During the course of our reviews we made School Administration and staff, Treasurer and Superintendent's staff aware of our observations, comments and recommendations for improvement. Good discussion took place regarding the recommendations. Personnel have already begun to make strides towards improvement. OIA appreciates the cooperation extended to us and the assistance of all staff we came into contact with as we performed our audit.

The following are OIA observations noted during the review:

**Risk Ratings, defined:**

**1 – High/unacceptable risk requiring immediate corrective action;**

**2 – Moderate/undesirable risk requiring future corrective action;**

**3 – Low/minor risk that management should assess for potential corrective action.**

Observations	Risk Rating		
	1	2	3
<b>Objective 1:</b> To determine that student activity accounts are compliant with identified District policies and procedures.			
<b>Observation No. 1</b> – Funds collected for various school events were not deposited in accordance with <a href="#">District Policy 6600</a> .	X		
<b>Observation No. 2</b> – Funds are being collected by District school staff for various Go Fund Me accounts for which there is no District policy or administrative guidelines.		X	
<b>Observation No. 3</b> – Revenue being collected by the student advisors and pay-ins being processed by Area Treasurers did not have sufficient support documentation as required by the Student Activity Handbook.		X	
<b>Observation No. 4</b> – Sufficient reconciliations of collected revenue versus the amount that should have been collected is not completed.	X		
<b>Observation No. 5</b> – The Fundraiser approval form was not consistently approved by the necessary parties prior to the fundraiser event occurring as required by the Student Activity Handbook.			X
<b>Observation No. 6</b> – Non-ticketed revenue received by the student activity advisors is not consistently entered into books of original entry immediately upon receipt and is not consistently safeguarded until deposited.		X	
<b>Observation No. 7</b> – Waivers are based on financial information completed by student’s parents, but there is no verification performed by District personnel. <u>(another variation included the Principal not knowing others were granting waivers)</u>			X
<b>Observation No. 8</b> – Various staff that handle District funds have not received cash handling training.		X	
<b>Observation No. 9</b> – There is no receipt from MUNIS showing that the funds were coded to the proper account submitted to the student advisor.		X	
<b>Observation No. 10</b> - There are insufficient documents to account for merchandise. Additionally, there was no Principal approval or Area Treasurer notification when the fundraiser was changed to a giveaway.	X		

<b>Observation No. 11</b> – There was insufficient documentation to comply with <a href="#">District Policy 9700.01</a> and lack of Principal approval of complimentary advertisements and tickets provided by school staff.		X	
<b>Observation No. 12</b> – Advertisements are being used in school publications without submitting the request to the Executive Director of Strategic Communications and Public Relations as required by <a href="#">District Administrative Guideline 9700B</a> .		X	
<b>Observation No. 13</b> – There was insufficient documentation to comply with <a href="#">District Administrative Guideline 9120B</a> .		X	
<b>Observation No. 14</b> – Vendor contracts were not utilized when having vendors provide various services for the Drama production.		X	
<b>Objective 2:</b> To determine fines and fees are accounted for properly and collected appropriately.			
<b>Observation No. 15</b> – Fines and fees collected by school staff are not processed consistently and appropriately.		X	
<b>Objective 3:</b> To determine textbook inventories maintained at the school are complete and accurate.			
<b>Observation No. 16</b> – Bookrooms that house school textbooks are not sufficiently controlled and do not have restricted access. Additionally, various textbooks stored in those bookrooms are not barcoded.			X
<b>Observation No. 17</b> – Textbooks are not accounted for properly.		X	
<b>Observation No. 18</b> – Textbooks delivered to the school are left in the outer office area of the school office until the bookroom person is notified and they come and pick-up the textbooks.			X
<b>Objective 4:</b> To determine Principal funds were used appropriately.			
<b>Observation No. 19</b> – Library book fines were collected and deposited into the Principal’s fund.			X
<b>Observation No. 20</b> – An instance of facility use at a High School was handled by school staff.			X
<b>Objective 5:</b> To determine newly acquired fixed assets (FY16 & FY17) are accounted for appropriately.			

<b>Observation No. 21</b> – Fixed and/or controllable assets are not properly controlled or accounted for appropriately.		X	
<b>Observation No. 22</b> – Miscellaneous assets (below the District thresholds) are not accounted for appropriately.		X	
<b>General comments</b>			
<b>Observation No. 23</b> – Written procedures at the school level do not exist for the audit segments included as part of this audit.	X		
<b>Observation No. 24</b> – Insufficient training of District personnel.		X	
<b>Observation No. 25</b> – Lack of routine monitoring by District staff.		X	
<b>Observation No. 26</b> – Revenue generating schedules are not consistently submitted to Area Treasurers.		X	

**Audit Objectives**

The objectives of the audit were to determine:

- Student activity accounts are compliant with identified District policies and procedures;
- Fines and fees are accounted for properly and collected appropriately;
- Textbook inventories maintained at the school are complete and accurate;
- Principal funds were used appropriately;
- Newly acquired fixed assets (FY16 & FY17) are accounted for appropriately.

**Audit Scope**

OIA established the scope of the audit to include a review of basic operational aspects of the processes, verification of compliance requirements, and evaluation of internal control environments as they relate to the noted objectives. In an effort to keep the audit information as current as possible, we utilized a rolling nine-month audit period for each school. The audit period for our high school audits was various points in 2016 – 2017, depending on when we performed the audit of each high school. Our specific audit scope for each audit included the preceding nine months.

**Methodologies**

To accomplish our stated objectives, OIA performed the following tasks related to those objectives:

- Review of various authoritative literature governing work reviewed (i.e. Relevant Ohio Revised Code & Ohio Administrative Code sections, various federal grant guidance, etc...);
- Review of relevant District policies and procedures;
- Interview the District's school principals and various school staff as their work related to the areas being audited;
- Observation and documentation of key processes;
- Review of management reports, support documentation, and other relevant information;
- Review of Columbus City Schools' (CCS) Board of Education policies;
- Review of best practices used by other entities performing similar functions.

### **Background**

The District has numerous decentralized functions.

Student activity accounts have dual responsibility: Superintendent and Treasurer. The student advisors are school staff and report through the school Principal, who reports up through the Superintendent's Office. The Treasurer's Office has oversight of all the accounts and provides guidance to the student advisors. Additionally, the Treasurer's Office is responsible for overseeing all revenue brought in by the District. Some examples of student activities are: Senior class dues, athletic ticket sales, theatre or choir productions, and fundraisers.

Fines and fees have dual responsibility: Superintendent and Treasurer. The school staff that collects the fees and assess' the fines report up through the Superintendent's Office. The Academic Office has oversight of all the fines and fees and provides guidance to the school staff. The Treasurer's Office is responsible for overseeing all revenue brought in by the District. Some examples of fines and fees are: camp fees, fieldtrip fees, library fines, lost or damaged textbook fees.

The textbook accountability is the responsibility of the Superintendent's Office. Hudson Distribution Center (HDC) Book Processing Department is responsible for receiving, processing and distributing all newly adopted textbooks and ancillary materials. School staff is responsible for ordering, receiving and tracking all non-adopted textbooks.

Each District school has a Principal's fund which is a Fund 018 account. Fund 018 accounts for specific local revenue sources, other than taxes or expendable trusts (i.e. profits from vending machines, sale of pictures, etc...), that are restricted to expenditures for specified purposes approved by Board resolution. Such expenditures may include curricular and extra-curricular related purchases. School Principals approve fund activity via Workflow in MUNIS.

Fixed asset accountability has dual responsibility. The school staff receives the inventory items and are responsible for tagging the items (except for some IT equipment), completing the necessary paperwork and submitting it to the Treasurer's Office, and properly safeguarding the

items. The Treasurer Office staff is responsible for adding the items to the District's master inventory list (if it meets the District threshold) and periodically completing verification testing.

**Results of the Financial and Compliance Audit of the eight high schools – Observations and Recommendations:**

**Observation No. 1 - Funds collected for various school events were not deposited in accordance with District Policy 6600.**

Special situation

A High School PTO donated \$500 in cash to the Principal to use for teacher appreciation. The \$500 revenue was recorded in the school receipt book and placed in the safe.

These funds were retrieved by the High School Principal and used to purchase 60 \$5 subway gift cards and \$179.98 in chicken from Giant Eagle for the senior dinner. These expenditures totaled \$479.98 and the remaining \$20.02 was returned to the school PTO. These purchased items were shared with various High School teachers according to the Principal. Evidence is insufficient to confirm that these items were received by the teachers.

Student Activities

We found 24% (47 of 199) of the sampled student activity revenues collected by school staff was not deposited in compliance with Columbus City Schools (CCS) Board of Education Policy 6600 – Deposit of public funds: Cash collection points, which states in part:

“...Persons who receive monies at cash collection points in the District are required to deposit or turn in to the Treasurer all monies received on the next business day after the day of receipt, if the total amount of monies exceeds \$1,000. If the monies received do not exceed \$1,000, the person shall deposit or turn in to the Treasurer such monies not more than three (3) business days following the day of receipt...”

Fines & Fees

We found no consistent procedure to process fines and fees collected by High School staff. Our testing found various fines and fees that were not deposited in compliance with District Policy 6600. These fines and fees included: senior fees, library book fines and student transcripts.

Recommendations

1. All revenue collected by school staff should be deposited in compliance with Columbus City Schools (CCS) Board of Education Policy 6600 – Deposit of public funds: Cash collection points.
2. Additionally, school administration should work with Treasurer's Office staff to develop and implement a monitoring process, by which the timeliness of school deposits can be determined, communicated and sufficient action taken for those deposits not made timely.

These procedures will help to ensure the compliance of District deposits with District Policy 6600 and Ohio Revised Code section 9.38.



**Management Response:** When an Area Treasurer is aware of a deposit being late, the Area Treasurer will notify the Principal. The Principal will review and take appropriate action.

**Process Owner:** Area Treasurers and Principals

**Implementation Date:** January 31, 2018

**Observation No. 2 - Funds are being collected by District school staff for various Go Fund Me accounts for which there is no District policy or administrative guidelines.**

A District employee was actively raising funds for senior yearbooks at their High School. This employee was the contact person for the account and withdrawals were requested by them, sent to them and then funds were paid to their High School.

A different District employee was actively raising funds for a particular program at their High School and another District employee was actively raising funds for the High School Soccer Team at that same High School. These employees were the contact person for the account and withdrawals were requested by them, sent to them and then funds were paid to their High School.

During our audit, the District did not have a policy in place that would allow staff to create and oversee the collection and transfer of revenues from a crowdfunding organization such as Go Fund Me. Additionally, no administrative guidelines were in place to ensure all donated funds were accounted for properly.

**Recommendation**

3. District staff should ensure their activities comply with existing District policies and administrative guidelines. These administrative guidelines should, among other things, establish proper segregation of duties and develop sufficient monitoring controls. This will help to ensure District staff are performing functions in accordance with Board of Education expectations.

**Management Response:** The Policy Review Committee of the Board of Education will be reviewing a new policy that would require all crowdfunding activities to be approved by the Superintendent or his/her designee. The policy has already been recommended by staff, pending recommendation of the Committee for adoption by the Board, and pending said action, the administration will then put into place administrative guidelines. These Administrative Guidelines have been drafted to ensure District staff establish proper segregation of duties and develop monitoring protocols.

This policy will apply to the use of any form of crowdfunding utilizing an online service or website-based platform for the financial benefit or gain of the District – be it a specific classroom, grade level, department, school, or curricular or extracurricular activity.

As defined by the proposed policy, “Crowdfunding” refers to a campaign to collect typically small amounts of money from a large number of individuals to finance a project or fundraise for a specific cause. Crowdfunding shall not be used for the funding of personnel. Through the use of personal networking, social media platforms, and other Internet based resources, funds are solicited or raised to support a specific campaign or project.

**Process owner:** Building Administrators, Area Treasurers

**Implementation Date:** January 12, 2018

**Observation No. 3 -Revenue being collected by the student advisors and pay-ins being processed by Area Treasurers did not have sufficient support documentation as required by the Student Activity Handbook.**

#### Student Activities

We found 45% (87 of 194) of the revenue collections of student activity accounts tested did not have sufficient support documentation. This documentation was not provided with deposit information by the student advisor and not attached with the pay-in by the Area Treasurer. This makes it difficult to determine if the correct amount of revenue was collected and deposited.

The Student Activity Handbook is a document developed by and updated annually by the Treasurer's Office. It contains examples of sufficient documentation that should be attached to each processed pay-in to substantiate the amount of revenue being deposited.

#### Fines & Fees

We found no consistent procedure to process fines and fees collected by High School staff. Our testing found various senior fees that did not have sufficient support documentation attached to the pay-in.

#### Recommendation

4. School staff should ensure sufficient documentation is obtained and attached to all pay-ins, this would include a copy of the receipts issued to payers. This documentation will help to support the pay-in amounts and increase the completeness and accuracy of the transaction. The receipts and other supporting documentation should be submitted to the assigned Area Treasurer for their review and approval. This will help to ensure that the transaction is properly accounted for and that an audit trail is established for the funds that are received.

**Management Response:** All advisors must complete the online training via Public School Works. All advisors are required to complete this training prior to having access to their student activity account. Area Treasurers will meet with advisors in completing/revising Purpose and Budget Statements and reviewing appropriate support documentation for pay-ins.

Advisors who have not completed student activity education via Public School Works and updated their corresponding Purpose Statement and Budget with their Area Treasurer will not have their accounts activated.

Area Treasurers will provide additional training, as needed, as well as guidance in managing the accounts.

**Process Owner:** Building Principal and Area Treasurer

**Implementation Date:** October 30, 2017

**Observation No. 4 -Sufficient reconciliations of collected revenue versus the amount that should have been collected are not completed.**

We found 60% (93 of 154) of the sampled student activity fund revenues were not properly reconciled after the event by the student advisor. Current documentation, if it exists, lists the amounts deposited, but nothing comparing the amount that should have been collected as compared to the amount of revenue that was collected.

**Recommendation**

5. A reconciliation of funds deposited for a particular student activity event with the amount of funds that should have been collected should be completed by the student advisor at the conclusion of the event. This reconciliation should be submitted to the assigned Area Treasurer, who should review it for sufficiency. Any discrepancies should be properly researched and appropriate resolution documented. This will help to ensure all student activity funds are collected and accounted for properly.

**Management Response:** Reconciliation will be completed by the advisors. These reconciliations will be verified by the Area Treasurers with any discrepancies being researched and if not sufficiently resolved, escalated to the appropriate personnel (Treasurers Office or Executive Director).

**Process Owner:** Area Treasurer and Building Principal

**Implementation Date:** October 30, 2017

**Observation No. 5 -The Fundraiser approval form was not consistently approved by the necessary parties prior to the fundraiser event occurring as required by the Student Activity Handbook.**

The Fundraiser approval form ensures that the District school administration has been made aware of the fundraising event and it complies with all necessary District rules and regulations. Additionally, the Fundraiser approval form ensures the Treasurer's Office is aware of an attempt to raise funds and the Area Treasurer can then be mindful of the activity. This form is not consistently approved by both school administration and the Treasurer's Office prior to the fundraiser event taking place.

**Recommendation**

6. The Fundraiser approval form should be fully completed and approved by representatives from both school administration and the Treasurer's Office prior to the fundraiser event as required by the Student Activity Handbook. This will help to ensure the fundraiser complies with all necessary District rules and regulations and will enable the Treasurer's Office to ensure funds associated with the fundraiser are accounted for and deposited properly.

**Management Response:** All fundraising activities must comply with Board Policy 5830 – Prior to all fundraising activity, advisors must have a completed Fundraiser Approval Form signed and

dated by the advisor and Principal. This form must accompany the first pay-in for the revenue from this fundraiser. At the conclusion of the fundraiser, the advisor must complete the revenue portion of the Fund Raiser Financial Report and submit it to the Area Treasurer for review. The Area Treasurer will complete the expenditure portion of the form and forward to the Principal for final approval.

Fundraising activities involving outside vendors will be concluded by April 30. Approved fundraising activities for the following school year may resume on or after July 1.

The advisor is responsible for monitoring his/her group's fundraising activities. This responsibility includes maintaining complete documentation for fundraising activities, including all receipts and expenditures. The advisor's responsibility also includes securing and protecting any goods purchased for a student activity event or fundraiser. If merchandise is issued to students to sell, such as candy or coupon books, the advisor must keep documentation. Area Treasurer will ensure the fundraising form is processed appropriately.

**Process Owner:** Principal and Area Treasurer

**Implementation Date:** March 30, 2018

**Observation No. 6 – Non-ticketed revenue received by the student activity advisors is not consistently entered into books of original entry immediately upon receipt and is not consistently safeguarded until deposited.**

#### Student Activities

Revenue was not entered into a receipt book for 82% (108 of 132) of the non-ticketed student activity deposits sampled. The revenue that is received by student activity advisors is sometimes recorded into a receipt book, sometimes it is entered into a spreadsheet and secured by the advisor until a pay-in is prepared, and sometimes it is placed in a desk drawer until a statement can be created out of Infinite Campus. Furthermore, fundraiser revenue is sometimes maintained by the advisor until all funds have been paid and then a pay-in is prepared. There is no consistent procedure that is followed by all student activity advisors on how to document and safeguard revenue that is received.

#### Fines & Fees

We found no consistent procedure to process fines and fees collected by High School staff. Our testing found various fines and fees were not consistently recorded into books of original entry immediately upon receipt nor were they consistently safeguarded until deposited.

#### Recommendation

7. All non-ticketed revenue that is received by school staff should be immediately recorded in a revenue receipt book and properly safeguarded until the funds can be deposited. If the student activity advisor does not have a receipt book or cannot properly safeguard the funds, the student should be directed to take the revenue to the main office where a revenue receipt can be prepared and the funds can be properly safeguarded. This will help to establish sufficient internal controls and safeguard revenue until deposited.

**Management Response:** All non-ticketed revenue received by school staff will be immediately recorded in a receipt book, or another form of supporting documentation as outlined in the Student Activity Handbook under "Supporting Documentation." After the recording process, funds will be properly safeguarded until the funds can be deposited. If the student activity advisor does not have a receipt book, or any form of supporting documentation, or cannot properly safeguard the funds, students will be directed to take the revenue to the main office where a revenue receipt will be prepared and the funds can be properly safeguarded. All receipt books, or supporting documentation are to be turned in to the Area Treasurer.

Duplicate receipts OR Receipt log OR List of students including:

- Payer names.
- Student name (if different than payer).

**Process Owner:** Building Administrator, Area Treasurer

**Implementation Date:** January 12, 2018

**Observation No. 7 - Waivers are based on financial information completed by student's parents, but there is no verification performed by District personnel. (another variation included the Principal not knowing others were granting waivers)**

A High School Principal thought they were the only one who granted waivers for various items. During our testing, we found instances where other High School staff were granting waivers.

The District is using a Household Information Survey to determine eligibility for various state and federal program benefits that students may qualify for. The same income information is used to grant instructional fee waivers to students. This survey includes a section to list the parent's income. The District does not verify the income information recorded on this survey.

#### Recommendations

8. All waivers should be approved by the Principal. As part of the approval process, the Principal should ensure sufficient documentation exists to support the waiver which was granted. This will help to ensure all waivers are being evaluated consistently.
9. District administration should implement a requirement for student's parents or guardians to submit documentation (e.g. pay stub, government assistance documents) to substantiate the income information provided on the Household Information Survey. This will help to ensure that the provided information is accurate and decisions can be made on substantiated financial information.

**Management Response:** All waivers will be approved by the Principal. As part of the approval process, the Principal will ensure sufficient documentation (fee waiver form) exists to support the waiver which was granted.

**Process Owner:** Building Principal

**Implementation Date:** March 30, 2018

**Observation No. 8 - Various staff that handle District funds have not received cash handling training.**

There was not documented evidence that all individuals that process District revenue, including the collection of fines and fees, received training on the proper cash handling procedures.

Recommendation

10. District Administration should ensure that all individuals who handle cash for the District, including secretaries, are trained in the proper cash handling procedures. This will ensure that all cash handlers are aware of the District policies, administrative guidelines and proper procedures associated with the handling of District funds.

**Management Response:** Building Principals will ensure that Area Treasurers have reviewed cash handling procedures with all building staff that may handle money. This will be evidenced by the sign-in-sheet for the Student Activity Review by the Area Treasurers.

**Process Owner:** Principals

**Implementation Date:** October 30, 2017

**Observation No. 9 - There is no receipt from MUNIS showing that the funds were coded to the proper account submitted to the student advisor.**

33% (65 of 199) of the pay-ins tested did not have evidence from MUNIS showing the Area Treasurer posted the pay-in information to the correct MUNIS account being submitted to the student advisor.

Recommendation

11. The Area Treasurer should provide all student advisors with a copy of a MUNIS receipt showing that the amount of the pay-in was coded to the proper account within MUNIS. This will help to establish a detective control that should help identify amounts that have not been coded properly and/or not entered into MUNIS.

**Management Response:** The Area Treasurer will email all student advisors a copy of a MUNIS receipt showing that the amount of the pay-in was coded to the proper account within MUNIS.

**Process Owner:** Area Treasurer

**Implementation Date:** January 30, 2018

**Observation No. 10 - There are insufficient documents to account for merchandise. Additionally, there was no Principal approval or Area Treasurer notification when the fundraiser was changed to a giveaway.**

OIA performed a reconciliation of T-shirts purchased by a High School teacher for a fundraiser.

Sometime after the fundraiser approval form was approved, the teacher decided the T-shirts would be given away to various individuals that did special work for a particular program. There was no approval by the Principal or Area Treasurer notification for moving this activity from a fundraiser (where money would be collected and used to benefit the program) to a giveaway. The teacher provided us with an inventory of T-shirts as of the day of our meeting. When we performed a physical count of these items, it did not agree with the recorded inventory provided by the teacher.

Recommendation

12. Merchandise obtained with District funds should be accounted for appropriately. This would include recording the number of items purchased into an inventory record (i.e. Excel spreadsheet or inventory log) and making entries to this inventory record of instances when merchandise items are removed from inventory and/or additional merchandise is purchased. Periodically, a physical inventory should be taken and compared with the inventory record. Discrepancies should be documented and reported to the Principal and Area Treasurer. These procedures will help to ensure all merchandise purchased by the school has sufficient information to account for the items appropriately.

**Management Response:** This issue is limited to one person at a High School. At this time the teacher's access to fund raising activities and purchasing have been suspended. The Executive Director will work with the Principal to determine how to best help this employee understand proper procedures. This is an isolated incident; there is no need for district-wide monitoring.

**Process Owner:** Principal and Area Treasurer

**Implementation Date:** October 30, 2017

**Observation No. 11 – There was insufficient documentation to comply with District Policy 9700.01 and lack of Principal approval of complimentary advertisements and tickets provided by school staff.**

OIA performed a reconciliation of advertisements appearing in a WIZ playbill and event tickets used for the WIZ performances. Additionally, District Policy 9700.01, Advertising and Commercial Activities, states in part:

“...Advertising revenues must be properly reported and accounted for”

The playbill contained 18 advertisements of varying sizes and there was a price associated with each size of advertisement contained within the WIZ playbill. When we compared the amount of funds that should have been received for these advertisements with the amount of money deposited, there was a difference of \$325. The Drama teacher explained that the difference was caused by providing some of these advertisements as complimentary. There was no Principal approval or notification of the Area Treasurer of these complimentary advertisements.

The tickets used for the WIZ production were totaled and multiplied by the price of admission. This total was compared to the amount of funds deposited and this resulted in a difference of \$830. The Drama teacher explained that the difference was caused by providing some schools with complimentary tickets to the event. There was no Principal approval or notification of the Area Treasurer of these complimentary tickets.

Recommendation

13. All items provided as complimentary should be fully explained and approved. This documentation, among other things, should include an explanation of why it is necessary that the item(s) be provided complimentary, a listing of the item(s) provided complimentary and who received them, a total of the amount of revenue that the District will forgo as a result of these complimentary item(s). Once completed, this documentation should be approved by the School Principal and notification should be provided to the Area Treasurer prior to any of the complimentary items being provided to the recipient. These procedures will help to ensure compliance with District Policy 9700.01 and ensure proper documentation exists to support the complimentary items and make certain all complimentary items are properly approved.

**Management Response:** All items provided as complimentary will be documented and fully explained by the sponsor and approved by the Principal. It will be the responsibility of the sponsor to inventory all complimentary items. Once completed, this documentation will be approved by the school Principal and notification will be provided to the Area Treasurer prior to any of the complimentary items being provided to the recipient.

**Process Owner:** Principal and Area Treasurer

**Implementation Date:** January 30, 2018

**Observation No. 12 – Advertisements are being used in school publications without submitting the request to the Executive Director of Strategic Communications and Public Relations as required by District Administrative Guideline 9700B.**

The 18 advertisements contained in the WIZ playbill and used during the performances of the WIZ were not submitted to the Executive Director of Strategic Communications and Public Relations resulting in no review of the advertisement message prior to these advertisements being included in a publication used at a District event.

District Administrative Guideline 9700B, Criteria for Commercial Messages, states in part:

“Any organization that seeks or is requested to provide materials or equipment to the District which contains or has associated with its messages which are designed to sell a product or service must submit the request to the Executive Director of Strategic Communications and Public Relations before the item(s) is used by the District.

Furthermore, any commercial organization that contracts with a school group or school-affiliated organization to purchase space for the purpose of advertising a product or service must submit the request to the Executive Director of Strategic Communications and Public Relations before finalizing the advertisement....”

Recommendation

14. All advertisements should be submitted to the Executive Director of Strategic Communications and Public Relations prior to the inclusion of these advertisements in any



publication used by the school. This will help to ensure compliance with Administrative Guideline 9700B and make certain the message contained within these advertisements is consistent with the intentions of the Board.

**Management Response:** All advertisements will be submitted to the Office of Communications prior to any publication used by the school. An email approval system will be developed to monitor submissions and advertisements sent to communications.

**Process Owner:** Executive Director of Strategic Communications

**Implementation Date:** March 30, 2018

**Observation No. 13 – There was insufficient documentation to comply with District Administrative Guideline 9120B.**

The Drama teacher included references to post pictures of the play on their business website in the WIZ playbill:

The business is structured as a Corporation for non-profit with the Drama teacher listed as the statutory agent. It was suggested that pictures of the production be posted to this non-profits web-site.

District Administrative Guideline 9120B, Photographs/Pictures, states in part:

“...Commercial use of personal photographs shall be prohibited without specific approval of the parent and/or staff member.

Group photographs of a general nature may be used for public relations and media press releases; however, individual photographs of staff members or students require a written approval from the staff member or from the student's parent(s) prior to use.”

**Recommendation**

15. All suggestions or instructions included in publications or provided verbally to event attendees for the posting of photographs and/or video from District productions should be to a Columbus City Schools website. This will help to ensure the necessary releases have been obtained if photographs and/or video is used for public relations or other media purposes.

**Management Response:** The Office of Communications will work with the Office of Legal Services to determine if a release is required for this type of public event.

**Process Owner:** Communications and Legal Services

**Implementation Date:** March 30, 2018

**Observation No. 14 – Vendor contracts were not utilized when having vendors provide various services for the Drama production.**

During our review of the consultants hired to assist with the Drama production The WIZ, we found that these consultants did not have contracts in place to document responsibilities and duties for each party as well as how they ensure compliance with Ohio Revised Code (ORC) 3319.392, part C, which states in part:

“...No school district, educational service center, or chartered nonpublic school shall permit a person to whom this section applies to work in the district, service center, or chartered nonpublic school, unless one of the following applies to the person:

(1) The person's employer presents proof of both of the following to the designated official:

(a) That the person has been the subject of a criminal records check conducted in accordance with division (D) of this section within the five-year period immediately prior to the date on which the person will begin working in the district, service center, or chartered nonpublic school;

(b) That the criminal records check indicates that the person has not been convicted of or pleaded guilty to any offense described in division (B)(1) of section 3319.39 of the Revised Code.

(2) During any period of time in which the person will have routine interaction with a child or regular responsibility for the care, custody, or control of a child, the designated official has arranged for an employee of the district, service center, or chartered nonpublic school to be present in the same room with the child or, if outdoors, to be within a thirty-yard radius of the child or to have visual contact with the child...”

#### Recommendation

- 16.** All services provided to the District should be included in a formalized contract that is reviewed and approved by Legal Services. This will help to ensure each party understands their responsibilities, what are the deliverables, what drives the payments to be made, and how the vendor complies with item 1 of ORC section 3319.392 (if not, then CCS staff documents how item 2 will be compliant with this law).

**Management Response:** When vendor accepts the terms of a PO or contract the vendors are accepting the terms of the contract. As it relates to working in the schools one of the following must apply:

(1) The person's employer presents proof of both of the following to the designated official:

(a) That the person has been the subject of a criminal records check conducted in accordance with division (D) of this section within the five-year period immediately prior to the date on which the person will begin working in the district, service center, or chartered nonpublic school;

(b) That the criminal records check indicates that the person has not been convicted of, or pleaded guilty to any offense described in division (B)(1) of section 3319.39 of the Revised Code.

(2) During any period of time in which the person will have routine interaction with a child or regular responsibility for the care, custody, or control of a child, the designated official has arranged for an employee of the district, service center, or chartered nonpublic school

to be present in the same room with the child or, if outdoors, to be within a thirty-yard radius of the child or to have visual contact with the child...”

**Process Owner:** Building Principal, Coach, Advisor, or Teacher of Record

**Implementation Date:** March 30, 2018

**Observation No. 15 - Fines and fees collected by school staff are not processed consistently and appropriately.**

Written procedures do not exist to document the appropriate way to handle and process the fines and fees collected by school staff. This causes the fines and fees to be handled inconsistently throughout the District and increases the risk that these funds could be misdirected, misappropriated or lost without being detected in a timely manner.

Numerous student fees remain outstanding each year. They accumulate until the student is a senior and then the student is required to make full payment in order to graduate.

**Recommendation**

**17.** Procedures should be established to appropriately handle fines and fees. They should include, among other things the following:

- One schedule documenting the cost of all District fines and fees;
- Proper internal controls (i.e. segregation of duties) for school staff handling fines and fees;
- Entering all monies due the school into Infinite Campus;
- Efforts that should be taken to collect these outstanding fees the school year they are assessed or at the beginning of the next school year.

These procedures will help to ensure all fines and fees are consistent throughout the District, proper internal controls are in place, all funds due the school are consistently recorded in District records.

**Management Response:** All fees assigned in Infinite Campus will now be paid by parents in one of two ways:

1. Online payment via credit card/EFT using the Campus portal.
  - a. If parents are not currently using the portal or have forgotten/lost their login credentials, they will need to contact their child’s school to set up or reset their account.
2. Cash/check/money order payments will be made at Central Enrollment ONLY.
  - a. Fee payments will not be accepted in the buildings.

**Process Owner:** Treasurer

**Implementation Date:** January 30, 2018

**Observation No. 16 - Bookrooms that house school textbooks are not sufficiently controlled and do not have restricted access. Additionally, various textbooks stored in those bookrooms are not barcoded.**

Textbooks are not maintained in a secure environment with restricted access. Textbooks are maintained in multiple bookrooms throughout the school and some of these were not secure during our observation. Additionally, some textbooks were not barcoded that were stored in these bookrooms.

**Recommendations**

18. All unassigned textbooks should be maintained in a locked environment that has restricted access. This can consist of multiple book rooms provided they are capable of staying locked when not in use and have restricted access.
19. Additionally, barcodes should be requested from the HDC Warehouse Services Supervisor for all textbooks located at the school that do not have barcodes affixed to them. Once received, the barcodes should be affixed to those textbooks and scanned into the school textbook inventory.

These procedures will help to ensure the unassigned textbooks are properly secured and help ensure that the textbook inventory is complete and accurate.

**Management Response:** All unassigned textbooks will be maintained in a locked environment that has restricted access. Additionally, barcodes should be requested from the HDC Warehouse Services Supervisor for all textbooks located at the school that do not have barcodes affixed to them. Once received, the barcodes will be affixed to those textbooks and scanned into the school textbook inventory.

**Process Owner:** Principal

**Implementation Date:** March 30, 2018

**Observation No. 17 - Textbooks are not accounted for properly.**

During our testing of the textbook accountability process, we found the following:

- The value of textbooks assigned to the audited high schools not physically scanned in as of June 30, 2016 was \$301,443. This represents 17% (\$301,443 out of \$1,769,071) of the total textbooks assigned to these same high schools;
- Insignia was not used to scan out books to students;
- There is no notification sent to the Warehouse Services Supervisor when a student pays for a missing textbook;
- Additionally, \$8,839 of the missing textbook value was collected during FY16, this represents 3% (\$8,839 out of \$301,443) of the total missing textbook value.

**Recommendations**

20. Textbooks should be scanned out to students as students take possession of the textbook. This will help to ensure there is a sufficient audit trail tracking responsibility for the textbook.
21. School personnel should complete a textbook reconciliation starting with the list of textbooks that had been shown as “lost” as of the beginning of the school year. Pay-ins on which “lost” textbooks were paid for should be obtained and those books should be eliminated from the list (necessary paper work should be sent to the Warehouse Services Supervisor), a listing of all returned textbooks should be eliminated from the list (verified by a scan showing the textbook is back in the system), all textbooks that are lost during the year should be added to the list. This resulting list should be verified to the Missing Textbook report forwarded by the Warehouse Services Supervisor and the receivable report on Infinite Campus. This will help to ensure the completeness and accuracy of the Missing Textbook report.
22. Additionally, steps should be taken to have students return the “missing” textbooks or pay for the missing textbooks in a timelier manner. This will help to ensure funds are available to purchase replacement textbooks for future students.

**Management Response:** Principal is to ensure that Book Room Designee attends the scheduled training. Attendance and training dates will be periodically given to the Executive Directors for monitoring.

**Process Owner:** Principal

**Implementation Date:** January 30, 2018

**Observation No. 18 - Textbooks delivered to the school are left in the outer office area of the school office until the bookroom person is notified and they come and pick-up the textbooks.**

Textbooks delivered to the school are left in the outer office area of the school office until the bookroom person is notified and they come and pick-up the textbooks.

**Recommendation**

23. Textbooks should be kept in a secure location, once delivered, until the employee responsible for textbooks has a chance to place them in a locked area with restricted access. This will help to ensure the textbooks are properly safeguarded.

**Management Response:** Prior to textbook or any delivery made to a school, a building Principal needs to identify a point person to receive the deliveries, that same person will be responsible for ensuring deliveries are secure.

**Process Owner:** Delivery Services and Building Administration

**Implementation Date:** March 30, 2018

**Observation No. 19 - Library book fines were collected and deposited into the Principal's fund.**

Library books checked out by a Middle School student, were not returned to the library at the end of the school year. This student progressed through the system and attended a high school within the District. The student eventually paid the fine at their High School. The Middle School has since closed. The paid fine was deposited into the Principal's fund at the student's current High School, rather than the library services line item.

**Recommendation**

24. Funds collected from students who lost Library books should be deposited into the library services line item in the school's budget. If no line item currently exists, the Area Treasurer should be contacted. This will help to ensure all revenues are deposited into the proper funds.

**Management Response:** Funds collected from students who lost Library books will be deposited into the library services line item in the school's budget. If no line item currently exists, the Area Treasurer will be contacted and a line item will be created.

**Process Owner:** Building Principal and Librarian

**Implementation Date:** March 30, 2018

**Observation No. 20 - An instance of facility use at a High School was handled by school staff.**

A High School was paid \$2,000 in FY16 and FY17 by a company who used facilities at the school. The \$2,000 was deposited into that High School principal's fund. This rental was not handled by District personnel in the Office of Facility Use and Building Leases, who are charged with this responsibility.

**Recommendations**

25. School personnel should adhere to CCS BOE policy 7510, Community Use of District Premises, by ensuring all users complete and submit applications to the Office of Facility Use and Building Leases.
26. Additionally, the facility use fees collected by that High School should be transferred to the District's Facility Use fund. This will help to ensure all users have proper paperwork on file and ensure the School is compliant with CCS BOE Policy 7510.

**Management Response:** School personnel will adhere to CCS BOE policy 7510, Community Use of District Premises, by ensuring all users complete and submit applications to the Office of Facility Use and Building Leases. Additionally, the facility use fees collected by schools will be posted to Munis by the Area Treasurer.

**Process Owner:** Building Principal and Area Treasurer

**Implementation Date:** March 30, 2018

**Observation No. 21 - Fixed and/or controllable assets are not properly controlled or accounted for appropriately.**

83% (15 of 18) of the fixed and/or controllable assets selected for testing were not properly tagged with a District asset identifier. Additionally, there was no evidence that the required documentation, *Fixed Asset Inventory Control Form*, was completed and submitted to the Treasurer's Office.

**Recommendation**

27. School administration should ensure that each new asset that meets the definition of a fixed and/or controllable assets as defined by the Treasurer's Office is properly tagged and has a corresponding *Fixed Asset Inventory Control Form* completed and submitted to the Treasurer's Office. These procedures will help to ensure fixed and/or controllable assets meeting the identified criteria previously mentioned are controlled and accounted for properly.

**Management Response:** School administration will ensure that each new asset that meets the definition of a fixed and/or controllable assets as defined by the Treasurer's Office is properly tagged and has a corresponding Fixed Asset Inventory Control Form completed and submitted to the Treasurer's Office.

**Process Owner:** Principal

**Implementation Date:** January 30, 2018

**Observation No. 22 - Miscellaneous assets (below the District thresholds) are not accounted for appropriately.**

The assets selected for testing were not fixed assets or controlled assets and were not required to be tagged or recorded on a Fixed Asset Inventory Control Form. However, the *CCS Fixed Asset Guide for Building Administrators*, states in part:

"...All District equipment, whether it's classified as a fixed asset or not, is important and worth safeguarding. Establish thoughtful safety and security procedures designed to safeguard **all** equipment assigned to your building..."

The assets we selected for testing were not consistently recorded in inventory records (i.e. spreadsheet) to which their existence could be reconciled.

**Recommendation**

28. School administration should ensure that all assets that do not meet the criteria for a fixed asset or controlled asset are recorded on an inventory document. This document should be periodically reconciled with those assets that can be easily converted to personal use (i.e. Chromebooks, Ipads, printers, etc...). Based on these results, steps should be taken

to minimize any gaps. These steps will help to ensure appropriate steps are being taken to safeguard these assets.

**Management Response:** School administration will ensure that all assets that do not meet the criteria for a fixed asset or controlled asset are recorded on an inventory document. The Office of Information and Technology has developed a Supplemental Inventory Control Tracking Spreadsheet on SharePoint for administrators, advisors, teachers to record all supplemental inventory. Principals will monitor their school's spreadsheet twice a year (at semester end and end of the school year) to safeguard the assets identified and recorded.

**Process Owner:** Principal

**Implementation Date:** January 30, 2018

### General comments

#### **Observation No. 23 - Written procedures at the school level do not exist for the audit segments included as part of this audit.**

Written procedures do not exist at the school documenting who does what, when they do things, etc...as it relates to the student activity accounts, fines and fees, textbook accountability, and fixed asset processes.

#### **Recommendation**

29. Procedures should be developed and documented in writing for tasks that are to be completed as part of the student activity accounts, fines and fees, textbook accountability, and fixed asset processes. It should include who completes what task, when these tasks are performed, who is to perform the task as a back-up, etc... This will help to inform all employees who handle these duties of their job duties and can be used as a training tool in the event an employee is off the job for a significant amount of time.

**Management Response:** Academic Services will work in collaboration with the Treasurer's Office and Operations to develop an electronic manual that addresses student activity accounts, fines, fees, fixed assets, textbook, and supplemental inventory processes for school employees who handle these duties and can be used as a training tool in the event an employee is off the job for a significant amount of time.

**Process Owner:** Chief Operations Office, Chief Academic Officer

**Implementation Date:** March 30, 2018

#### **Observation No. 24 - Insufficient training of District personnel.**

The Treasurer's Office developed a test for student activity advisors that is hosted on Public SchoolWorks. This test must be passed by all student activity advisors prior to them having access to their accounts. No in-person or web-based training over specific work is performed for these student activity advisors or employees working in other disciplines covered by this audit report.



Recommendation

- 30.** District Administration should develop and provide training to school staff on various centralized functions, like: student activities, fines and fees, textbook accountability, and fixed assets. Additionally, other employees that are involved in these processes should have training developed. This will help to ensure all staff is properly trained on the applicable policies and proper procedures regarding their process.

**Management Response:** It is the responsibility of each advisor to obtain student activity education. To fulfill this educational requirement, advisors will:

- a) Complete the online training via Public School Works. All advisors are required to complete this training prior to having access to their student activity account.
- b) All advisors will meet with the building's assigned Area Treasurer.
- c) The Area Treasurer will assist the advisor in completing/revising the Purpose and Budget Statements, providing additional training, and provide guidance and support in managing accounts.

Advisors who have not completed student activity education via Public School Works and updated their corresponding Purpose Statement and Budget with their Area Treasurer will not have their accounts activated.

**Process Owner:** Principal and Area Treasurer

**Implementation Date:** January 30, 2018

**Observation No. 25 - Lack of routine monitoring by District staff.**

Monitoring functions do not exist to identify problems in the normal course of business operations. For example, as pay-ins are completed or fixed assets purchased, there is not a consistent review to ensure all necessary support documentation is attached to the pay-in or that all the necessary paperwork has been completed and sent to the Treasurer's Office.

Recommendation

- 31.** District management should develop monitoring procedures for centralized functions for which that District Administration is ultimately responsible. These monitoring procedures will help to identify issues in a timely manner and should be applied routinely and consistently. These procedures will help to ensure these transactions are meeting the requirements of the District.

**Management Response:** Academic Services will work with the Treasurer's Office and Operations to develop monitoring protocols and routines for centralized functions. Once the monitoring protocols have been developed each office will be responsible for routinely monitoring of the functions which the District Administration is ultimately responsible.

**Process Owner:** Chief Academic Office and Chief Operations Officer

**Implementation Date:** March 30, 2018

**Observation No. 26 - Revenue generating schedules are not consistently submitted to Area Treasurers.**

The Student Activity Handbook regarding revenue generating athletic schedules states in part:

“...Each high school athletic director will prepare and deliver to the principal a list of all Revenue Generating athletic events, before the start of each athletic season... The principal shall review and sign the list in approval, and deliver a copy to the Area Treasurer...”

54% (13 of 24) of the revenue generating athletic schedules were not submitted to the Area Treasurer at the high schools sampled during our audit.

**Recommendations**

- 32.** Each high school principal should ensure that each seasonal revenue generating athletic schedule be obtained from the athletic director. The principal should review and approve the schedule and submit the approved copy to the Area Treasurer before the start of each season.
- 33.** The Area Treasurer should match the corresponding revenue with each event. Explanations should be documented for any events that do not have revenue (i.e. rainout cancellation due to inclement weather, etc...).

These procedures will help to monitor revenue generated from athletic events and strengthen the internal control environment.

**Management Response:** Each high school athletic director will prepare and deliver to the Principal a list of all revenue generating athletic events, before the start of each athletic season (August 15 – Fall Sports; Nov 1 – Winter Sports; February 15 – Spring Sports). The Principal shall review and sign the list in approval, and deliver a copy to the Area Treasurer. The schedules must be updated and approved by the Principal for any revisions with a copy to the Area Treasurer. The Area Treasurer will match the corresponding revenue with each event. Explanations will be documented for any events that do not have revenue (i.e. rainout cancellation due to inclement weather, etc...). If the Area Treasurer has not received schedules by August 16<sup>th</sup>, the Area Treasurer is to notify the Athletic Director.

**Process Owner:** Athletic Director and Area Treasurer

**Implementation Date:** March 30, 2018