

**APS Internal Audit Department**

# **Annual Audit Report**

**June 16, 2016**

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**Arlington Public Schools**



# Presentation Overview

- **Overview of Internal Audit at APS**
- **Financial Controls at the Schools**
- **Fee Revenues:**
  - Extended Day, Food & Nutrition Services,**
  - Montessori tuition**
- **Next Steps**



# Overview – Internal Audit

- Provide **operational, financial, and compliance audit services** to APS
- **Advisor and resource to school leadership and School Board** on policy, internal controls and best practices in fiscal and business operations
- **Annual audit plan approved by School Board**



- **Financial Controls at the Schools**
- **Fee Revenues and Collections**
- **Design & Construction**



## Financial Controls at the Schools

- Continue visits with Principal and Treasurer at selected schools to understand their control environment surrounding receipt collection, deposit processing and funds disbursement.
- Goal: Visit 12 schools this year.
- Actual: 25 visits (13 elementary schools, 5 middle schools, 5 high schools and 2 programs).



# Financial Controls at the Schools

## Scope:

- Identify all receipts (cash, checks, credit cards) and both the manual and electronic means of deposit.
- Evaluate security over cash and checks collected.
- Identify any controls in place.
- Observe current procedures and outline best practices currently in place.



# Financial Controls at the Schools

## Observations and Suggestions:

- All schools demonstrated their commitment to following APS policies for School Activity funds.
- Suggestions for improvements:
  1. Document standard school treasurer financial functions in a Best Practices Manual that will share best practices developed by the schools.
  2. Encourage the use of technology to enhance efficiencies.
  3. Strengthen strategies for Treasurer vacancies and absences.



# Financial Controls at the Schools

## Action Taken:

- Support Analyst position in Finance was approved in the FY 2017 budget.
- Position will begin implementation of these tasks during FY17.





## Fee Revenues

Selected areas with the largest annual revenues:

- Extended Day,
- Food and Nutrition Services,
- Montessori tuition.



## Observations

### Extended Day

- **Annual revenues of \$8.9 million:**
  - 84% credit card payments, mostly online;
  - 16% checks and money orders paid at the Syphax Center.
- **Central staff pro-actively contact past due accounts:**
  - Monthly statements sent to confirm all payments due;
  - Regular follow-up by telephone and personal contact.



## Observations

### Food & Nutrition Services

- **Annual revenues of \$8 million**, including Federal and State reimbursements
  - 68% of student payments paid online via MySchoolBucks;
  - 32% of student payments paid by cash and checks at 33 sites.
- **Past due accounts at March 2016 totaled less than \$5,400**
  - Amount appear as a negative balance on the student's ID cards;
  - No student is refused a meal due to lack of funds.



## Observations

### Montessori tuition

- **Annual revenues of \$800,000 for the 3 & 4 year old program**
  - 65% is paid online via MySchoolBucks
  - 35% is paid at each of the 8 schools with check or money order
- **APS policy is payment for services is always due in advance.**
- **Guidelines established by the Coordinator of Early Childhood** require follow-up letters when tuition is one month past due.
- **Follow-up occurs at each school** and does not facilitate separation of financial issues from education issues.



## **Suggestion:**

### **Central oversight of Montessori billing and collections.**

Central unit could monitor Montessori payments and initiate communication to families with past due tuition payments.

## **Management Response:**

- Staff agrees there should be a centralized person for Montessori fee collection.
- Central pre-K registration approved per FY17 budget will facilitate oversight over Montessori tuition.



# Internal Audit Next Steps

- Complete Design & Construction audit
- Develop the audit plan for FY 2017