

APS Internal Audit Department

Annual Audit Report

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Arlington Public Schools



Presentation Overview

- **Overview of Internal Audit at APS**
- **Design & Construction**
- **Fee Revenues:**
 - Adult Education, Summer School ,**
 - REEP (Arlington Education & Emp. Program),**
 - and Aquatic Fees**
- **Employee Reimbursements**
- **Next Steps**



- 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**



- **Design & Construction**
- **Fee Revenues**
- **Employee Reimbursements**



Design and Construction Audit

Audit completed in Fall 2016 and findings presented in January 2017.

- No findings of misappropriation of funds.
- Confirmed effectiveness of APS systems.
- Suggestions provided to management in 3 areas.
- Follow-up will occur after management responses are implemented.



Fee Revenues

Selected areas with significant revenues:

- Adult Education;
- REEP (Arlington Education & Employment Program);
- Summer School;
- Aquatic Fees;

Note: Food & Nutrition, Extended Day and Montessori tuition were reviewed in FY16.



Observations

Adult Education

- **July to October 2016 revenues of \$159,323:**
 - Primarily by credit card payments, mostly online;
- **Payment received before student attends class.**
 - Accounts Receivable not allowed; therefore, no past due accounts.



Observations

REEP (Arlington Education & Employment Program)

- **July to October 2016 revenues of \$198,695:**
 - Students pay fees at time of registration;
 - Only money orders and business checks are accepted.
- **Few past due accounts, as receivable is only allowed with written confirmation from sponsoring organization.**



Observations

Summer school tuition

- Annual 2016 revenues of \$753,788
- Payments by check or money order are collected at each of the schools.
- Summer School Registrar receives the fees; School Treasurer deposits the fees to the school account.
- After the registration period, the School Treasurer issues one check to the Finance Department for all fees received.



Observations

Aquatics fees

- **July to October 2016 revenues of \$378,943**
- **Individual sales are received and recorded on a computer terminal with EZ Facility software at each site.**
- **Group rentals are handled at the Aquatics office. These clients may pay after their rental period.**
- **EZ Facility maintains a record of all group rentals where payment is due.**



Employee expense reimbursements: Reviewed controls for compliance with APS policies

- Purchasing card transactions billed to APS;
- Reimbursements for allowable items;
- Payments for approved employee benefits (scholarships, grants, etc.);
- Travel charges to APS Diners Club account.



All payments for July 2016 to March 2017 were considered for review:

- 3,201 check payments totaled \$1 million;
 - Most were for scholarships, continuing education, housing grants and Assistant to Teacher program tuition.
- 15,265 p-card transactions initiated by 298 employees totaled \$2.4 million;
 - Reviewed March 2017 p-card account reconciliements for evidence of supervisor review and submission of receipts;
- Selected sample of transactions for review of school business purpose, receipts and compliance with APS policy.



Results: ALL audit objectives were fulfilled

- APS has an effective system of controls that assists in managing expense reimbursements.
- Payments are made in accordance with policy guidelines.



Observations

- APS purchases for school activities are not subject to Virginia Sales and Use Tax
 - Some Amazon.com orders were charged sales tax.
 - Refunds of sales tax paid have been requested.
 - APS tax exempt certificate needs to be presented at time of order or kept on file for future purchases.



Internal Audit Next Steps

- Complete review of billing Medicaid for school based services;
- Complete Sale of APS Assets review;
- Develop the audit plan for FY 2018



Questions?