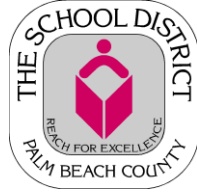


**Special Review Of  
Community School Fee Collections At  
Palm Beach Lakes High School**

**July 19, 2018**

**Report #2018-06**



## **MISSION STATEMENT**

The School Board of Palm Beach County is committed to providing a world class education with excellence and equity to empower each student to reach his or her highest potential with the most effective staff to foster the knowledge, skills, and ethics required for responsible citizenship and productive careers.

Donald E. Fennoy II, Ed.D.  
Superintendent of Schools

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**Special Review Of  
Community School Fee Collections At  
Palm Beach Lakes High School**

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**Special Review Of  
Community School Fee Collections At  
Palm Beach Lakes High School**

**EXECUTIVE SUMMARY**

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During the *2017 Internal Funds Audit of Palm Beach Lakes High School*, we noted some significant discrepancies between fee collection records and the Internal Funds deposit records for the Community School Program. Subsequently, we performed this special review to determine if Community School Program fees for the school were properly accounted for during Fiscal Year 2017. This review produced the following major conclusions.

**1. \$2,486 in Cash Collections Unaccounted For**

According to the ActiveNet's *Cash Distribution By Account (Summary) Report*, the Community School Program should have collected a total of \$9,130 in cash and check payments at the school during July 1, 2016, through June 30, 2017. However, only \$6,644 was deposited into the school's Internal Funds. Consequently, \$2,486 (\$9,130 - \$6,644) was unaccounted for. The \$2,486 in missing money included \$1,326 in 41 cash payments and \$1,160 in 16 check payments.

*Management's Response: Concur.* (Please see pages 6 and 7.)

**2. \$4,197 ActiveNet Payments Missing, But Recouped by the School**

The ActiveNet System accepts online payments with credit cards or debit cards. The total net payments, less related fees and services charges by ActiveNet, are sent by mail in a check to the school approximately every two weeks. Checks are mailed to the school only when there is a positive total for those two weeks. As confirmed by the Active Network Corporation, six checks totaling \$5,324.55 were mailed to the school during Fiscal Year 2017. However, only two checks totaling \$1,127.49 were deposited into the school's Internal Funds. As a result, \$4,197.06 (\$5,324.55 - \$1,127.49) in four checks were not accounted for.

Active Network confirmed that the four undeposited checks totaling \$4,197.06 (\$5,324.55 - \$1,127.49) had not been cleared by the bank as of August 11, 2017. On September 18, 2017, the school received a \$4,197.06 replacement check from Active Network Corporation, and the check was deposited into the Internal Funds' Community School Fees Account (#6-8500.00).

*Management's Response: Concur.* (Please see pages 6 and 7.)

### **3. Attendance Rosters Not Maintained**

Information for registrations, both online and in-person, is entered into the ActiveNet System. This provides for a complete class roster which can be utilized by the teachers to keep attendance records. We noticed that the Community School did not maintain student attendance rosters. Without complete records, there is no assurance that all program fees were properly collected and accounted for.

*Management's Response: Concur. (Please see pages 6 and 7.)*

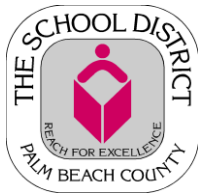
### **Report Referred to School Police and Office of Professional Standards**

On October 10, 2017, this special review was referred to School Police for further actions. School Police investigation concluded that *"funds were mishandled and proper procedures were not adhered to by staff that resulted in funds not being accounted for. An accurate total of funds that are missing cannot be established nor can probable cause be established for any charges to be filed due to the manner in which funds were handled."*

On November 13, 2017, School Police forwarded its conclusions to the Office of Professional Standards (OPS) for actions.

On March 14, 2018, subject employee was terminated from employment with the School District due to job abandonment. On March 15, 2018, OPS closed the case.

In accordance with ***School Board Policy 1.092***, a 20-day letter, with the draft report, was sent by Certified Mail with Return Receipt on April 20, 2018, to the subject former employee for a response. On May 12, 2018, the Certified Mail was returned to our Office by the Post Office marked as "unclaimed" mail.



THE SCHOOL DISTRICT OF  
PALM BEACH COUNTY, FLORIDA

OFFICE OF INSPECTOR GENERAL  
3318 FOREST HILL BLVD., C-306  
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LUNG CHIU, CIG, CPA  
INSPECTOR GENERAL

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DONALD E. FENNOY II, Ed.D., SUPERINTENDENT

## MEMORANDUM

TO: Honorable Chair and Members of the School Board  
Donald E. Fennoy II, Ed.D., Superintendent of Schools  
Chair and Members of the Audit Committee

FROM: Lung Chiu, CPA, Inspector General

DATE: July 19, 2018

SUBJECT: Special Review of Community School Fee Collections  
at Palm Beach Lakes High School

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### PURPOSE AND AUTHORITY

During the *2017 Internal Funds Audit of Palm Beach Lakes High School*, we noted some significant discrepancies between the fee collection records and the Internal Funds deposit records for the Community School Program. Subsequently, we performed this special review to determine if Community School Program fees for the school were properly accounted for during Fiscal Year 2017.

### SCOPE AND METHODOLOGY

This special review covered the Community School Program fee collection records for the period July 1, 2016, through June 30, 2017. To accomplish the objective of this special review, we examined the following records:

- General Ledger for the school's Internal Funds Accounting System (SchoolCash.net system).
- Registration and fee collection reports from the Community School Registration and Fee Collection System (ActiveNet system).

Draft findings were sent to the school and Financial Management Division for management review and comments. Their responses are included in the Appendix. We appreciate the courtesy and cooperation extended to us by staff during the review. The final draft report was included in the July 19, 2018, Audit Committee Meeting Agenda.

## BACKGROUND

Community School Program is a fee-supported program operated at selected high schools and middle schools. These programs offer leisure classes to the general adult population. The Community School Programs utilize the ActiveNet System to administer the registration and fee collections. Class fees can be paid by credit/debit card through the online registration system, ActiveNet, or by cash or check paid at the school. All class registrations are recorded in ActiveNet regardless of payment method.

During the **2017 Internal Funds Audit of Palm Beach Lakes High School** performed in August 2017, we noted certain discrepancies between collections reported in the ActiveNet System and the school's Internal Funds Accounting System (SchoolCash.net). The discrepancies included:

1. Some cash and check payments for class registrations were not deposited into the School's Internal Funds; and
2. Some payments collected by ActiveNet had not been deposited into the School's Internal Funds.

## FURTHER ACTIONS

Referral to School Police. On September 5, 2017, the OIG obtained input from School Police regarding the potential theft of funds. On October 10, 2017, the draft report of this special review was referred to School Police for further actions.

School Police completed its investigation concluded that:

*“Based on the above [police] investigation it is evident that funds were mishandled and proper procedures were not adhered to by [subject] that resulted in funds not being accounted for. An accurate total of funds that are missing cannot be established nor can probable cause be established for any charges to be filed due to the manner in which funds were handled.”*

On November 13, 2017, School Police forwarded its conclusions to the Office of Professional Standards for actions.

Employee Terminated. On March 14, 2018, subject employee was terminated from employment with the School District due to job abandonment. On March 15, 2018, the Office of Professional Standards closed the case.

Due Process. In accordance with **School Board Policy 1.092**, a 20-day letter, with the draft report, was sent by Certified Mail with Return Receipt on April 20, 2018, to the subject former employee for a response. On May 12, 2018, the Certified Mail was returned to our Office by the Post Office marked as “unclaimed” mail.



## CONCLUSIONS

### 1. \$2,486 in Cash Collections Unaccounted For

According to the ActiveNet's *Cash Distribution By Account (Summary) Report*, the Community School Program should have collected a total of \$9,130 in cash and check payments at the school during July 1, 2016, through June 30, 2017. However, only \$6,644 was deposited into the school's Internal Funds. Consequently, \$2,486 (\$9,130 - \$6,644) was unaccounted for.

To reconcile and identify the \$2,486 in question, we reviewed cash and check payments recorded in ActiveNet, and traced each payment to the Internal Funds General Ledger. We were not able to locate the deposit records for the 57 payments, totaling \$2,486, which included \$1,326 in 41 cash payments and \$1,160 in 16 check payments. Moreover, *Monies Collected Reports* were not prepared and the deposit entries were not entered into the *Drop-safe Log* for these payments.

#### ***Management's Response:***

***Principal of Palm Beach Lakes High School:*** *I concur with all of the recommendations made in the special review of Community School Fee Collection Records at Palm Beach Lakes High School. All recommendations have been put in place. The Adult Ed. secretary that did not follow the procedures no longer works at Lakes or for the district. We also removed the current Adult Ed. Secretary for failure to adhere to policy. We are going to replace the Adult Ed. secretary with someone that has a book keeping background so that district policy can be followed. We are currently interviewing for the position. (Please see page 6.)*

***Chief Financial Officer:*** *Management Concur. The Department of Adult and Community Education is responsible for training staff using ActiveNet on the reconciliation process. The Accounting Department continues to offer comprehensive training to all schools on the collection of funds. Schools must adhere to District procedures with fidelity to ensure funds do not go missing. (Please see page 7.)*

### 2. \$4,197 ActiveNet Payments Missing, But Recouped by the School

The ActiveNet System accepts online payments with credit cards or debit cards. Approximately every two weeks, the total net credit card payments, less related fees and services charges by ActiveNet, are sent by mail in a check to the school. Checks are mailed only when there is a positive total for those two weeks.

The OIG requested and received from the Active Network Corporation a confirmation that six checks totaling \$5,324.55 were mailed to the school during Fiscal Year 2017. However, only two checks totaling \$1,127.49 were deposited into the school's Internal Funds. As a result, \$4,197.06 (\$5,324.55 - \$1,127.49) in four checks were not accounted for.

### ActiveNet Checks Mailed to School

	Check #	Time Period	Check Amount	Deposited	\$ Missing
1	2659174	9/5/2016 – 9/18/2016	\$1,033.99	\$1,033.99	- 0 -
2	2663858	9/19/2016 – 10/2/2016	1,763.74	No	\$1,763.74
3	2669793	10/3/2016 – 10/16/2016	135.73	No	135.73
4	2671442	10/17/2016 – 10/30/2016	93.50	93.50	- 0 -
5	2695783	10/31/2016 – 1/22/2017	1,414.67	No	1,414.67
6	2734371	1/23/2017 – 4/2/2017	882.92	No	882.92
		<b>Total</b>	<b>\$5,435.55</b>	<b>\$1,127.49</b>	<b>\$4,197.06 *</b>

\* Information was included in Report #2018-01 as part of the total \$53,727 missing for four schools.

Active Network confirmed that the remaining four undeposited checks totaling \$4,197.06 (\$5,324.55 - \$1,127.49) had not been cleared by the bank as of August 11, 2017. On September 18, 2017, the school received a \$4,197.06 replacement check from Active Network Corporation, and the check was deposited into the Internal Funds' Community School Fees Account (#6-8500.00).

#### Recommendation

To ensure proper fiscal accountability, staff should periodically reconcile ActiveNet Payment Distribution reports to deposits to verify that all program fees are being collected and received. Discrepancies should be investigated.

#### Management's Response:

**Principal of Palm Beach Lakes High School:** All recommendations have been put in place. The Adult Ed. secretary that did not follow the procedures no longer works at Lakes or for the district. We also removed the current Adult Ed. Secretary for failure to adhere to policy. We are going to replace the Adult Ed. secretary with someone that has a book keeping background so that district policy can be followed. We are currently interviewing for the position. (Please see page 6.)

**Chief Financial Officer:** Management concurs. The Department of Adult and Community Education is responsible for using ActiveNet to train staff on the reconciliation process. Department of Adult & Community Education, Treasury and Accounting have collaborated on a process to ensure payments are received through ACH (direct deposit to school bank accounts), therefore this type of finding should not reoccur. (Please see page 7.)

### **3. Attendance Rosters Not Maintained**

Information for all registrations, both online and in-person, is entered into the ActiveNet System. This provides for a complete class roster which can be utilized by the teachers for attendance records. We noticed that the Community School did not maintain student attendance rosters.

#### **Recommendation**

Class attendance rosters should be maintained for each Community School class. Without complete records, there is no assurance that all program fees were properly collected and accounted for.

#### ***Management's Response:***

***Principal of Palm Beach Lakes High School:*** All recommendations have been put in place. The Adult Ed. secretary that did not follow the procedures no longer works at Lakes or for the district. We also removed the current Adult Ed. Secretary for failure to adhere to policy. We are going to replace the Adult Ed. secretary with someone that has a book keeping background so that district policy can be followed. We are currently interviewing for the position. (Please see page 6.)

***Chief Financial Officer:*** Management Concur. (Please see page 7.)

– End of Report –

**Management's Response**  
**Principal of Palm Beach Lakes High School**



Randy Law <randy.law@palmbeachschools.org>

**Fwd: Special Review of Community School Fee Collection Records at Palm Beach Lakes High School**

1 message

David Alfonso <david.alfonso@palmbeachschools.org> Wed, Apr 18, 2018 at 10:18 AM  
To: Randy Law <randy.law@palmbeachschools.org>  
Cc: Mike Burke <mike.burke@palmbeachschools.org>, Keith Marshall <keith.marshall@palmbeachschools.org>

Hello Randy,

I concur with all of the recommendations made in the special review of Community School Fee Collection Records at Palm Beach Lakes High School. All recommendations have been put in place. The Adult Ed. secretary that did not follow the procedures no longer works at Lakes or for the district. We also removed the current Adult Ed. Secretary for failure to adhere to policy. We are going to replace the Adult Ed. secretary with someone that has a book keeping background so that district policy can be followed. We are currently interviewing for the position. Thanks for your help with this matter.

Dave

On Fri, Mar 16, 2018 at 3:24 PM, Randy Law <randy.law@palmbeachschools.org> wrote:

During the *2017 Internal Funds Audit of Palm Beach Lakes High School*, certain significant discrepancies were noted between the fee collection records and the Internal Funds deposit records for the Community School Program. Subsequently, we performed this special review to determine if all Community School fee collections were properly accounted for.

Attached for your review and management response is a copy of the draft report for the special review. To ensure the balance of our findings, please review the draft report and provide us with a written response to the conclusions by April 16, 2018.

If you have any questions, please contact me at PX47439. Thank you.

Randy Law, Director of Audit  
Office of Inspector General  
(561) 434-7439

**RECEIVED**  
APR 18 2018  
INSPECTOR GENERAL

--  
David M. Alfonso, Principal  
**Palm Beach Lakes  
Community High School**

*h-*

**Management's Response**  
*Chief Financial Officer*



THE SCHOOL DISTRICT OF  
PALM BEACH COUNTY, FL

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MICHAEL J. BURKE  
CHIEF FINANCIAL OFFICER

DONALD E. FENNOY II, Ed.D.  
SUPERINTENDENT

**MEMORANDUM**

**TO:** Lung Chiu, Inspector General

**FROM:** Michael J. Burke, Chief Financial Officer *MJB*

**DATE:** April 16, 2018

**SUBJECT:** **Special Review of Community School Fee Collection Records at Palm Beach Lakes High School**

**RECEIVED**  
APR 16 2018  
INSPECTOR GENERAL

Management reviewed the Special Review of Community School Fee Collection Records at Palm Beach Lakes High School and has the following responses.

- 1. \$2,486 in Cash Collections Unaccounted For**  
Management concurs. The Department of Adult and Community Education is responsible for training staff using ActiveNet on the reconciliation process. The Accounting Department continues to offer comprehensive training to all schools on the collection of funds. Schools must adhere to District procedures with fidelity to ensure funds do not go missing.
- 2. \$4,197 Active Net Payments Missing, But Recouped by the School**  
Management concurs. The Department of Adult and Community Education is responsible for using ActiveNet to train staff on the reconciliation process. Department of Adult & Community Education, Treasury and Accounting have collaborated on a process to ensure payments are received through ACH (direct deposit to school bank accounts), therefore this type of finding should not reoccur.
- 3. Attendance Rosters Not Maintained**  
Management concurs.

MJB/NS:mw

cc: Keith Oswald, Deputy Superintendent/Chief of Schools  
Nancy Samuels, CPA, Director of Accounting

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*M*