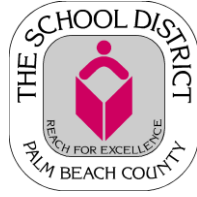


Audit of
Cash Handling Procedures
At 14 Selected Schools

September 17, 2015

Report #2015-12



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At 14 Selected Schools

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Audit of Cash Handling Procedures At 14 Selected Schools

Executive Summary

Pursuant to the *Office of Inspector General's (OIG) 2014-15 Work Plan*, we have performed unannounced cash counts and audited the cash handling procedures at 14 selected schools during March 2015. The primary objectives of this audit were to (1) determine if the amount of money to be deposited into the bank agreed with the collection records, (2) examine the school-based cash handling procedures and assess the adequacy of control procedures implemented, and (3) determine the extent of compliance with procedures at the selected schools.

1. Unannounced Cash Count at 14 Selected Schools

Based on conclusions and results of analytic reviews of noncompliances in the money collection and *Drop-safe Log* controls from our *2014 Annual Internal Funds Audit*, we selected 14 schools for the unannounced cash counts during March 2015. Our review concluded that three schools, Equestrian Trails Elementary, Del Prado Elementary, and Jeaga Middle, had no significant noncompliances. For the other 11 schools, five areas of noncompliance were identified:

- Monies missing (2 schools)
- School treasurers had full access to the drop-safe (2 schools)
- Noncompliance with *Drop-safe Log* procedures (11 schools)
- Collections were not properly documented (3 schools)
- Untimely deposit of monies (4 schools)

2. Referrals to School Police and Professional Standards

- a. **Money Missing at Two Schools.** The cash counts revealed money missing at Bak Middle School of the Arts and John F. Kennedy Middle. We expanded the scope of our review to include monies collection records at the two schools during Fiscal Year 2015. Subsequently, our conclusions were forwarded to the School Police and Professional Standards Departments for further actions.
- b. **Staff May Have Falsified Records in *Drop-safe Log*.** Our review of the *Drop-safe Logs* at Palm Beach Public revealed that a staff (staff #1) might have signed/initialed another staff's (staff #2) name on the *Drop-safe Logs* (2nd and 3rd Sections). We forwarded this conclusion to Professional Standards Department for further actions.

**Audit of
Cash Handling Procedures
At 14 Selected Schools**

Executive Summary

3. School Treasurers Had Full Access to Drop-safe at Two Schools

We noted that the school treasurers at two schools might have the full combination to access the drop-safe.

4. Noncompliance with *Drop-safe Log* Procedures

- a. **Missing *Drop-safe Log* Pages.** We reviewed the *Drop-safe Logs* at each of the 14 schools and found that some pages of the logs were missing at two schools.
- b. **Incomplete *Drop-safe Log*.** At five of the 14 schools, *Section 3* of the *Drop-safe Log* was not always completed with all the required information. Moreover, the *Official Receipts* were not timely provided to the remitters to ensure the accuracy of the deposits.
- c. **Control of *Drop-safe Log*.** Our review of *Drop-safe Log* controls revealed that five schools either did not have the *Document Custodian Assignment Register*, or their *Registers* were not approved by the Principal. Furthermore, eleven schools did not complete or maintain the *Prenumbered Document Inventory Register* to document the perpetual inventory and periodic inventory check of the *Drop-safe Log*.

5. Collections Not Properly Documented

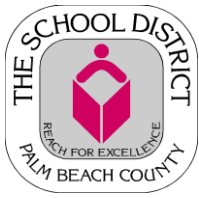
We noted that some teachers at two schools did not retain the yellow copy of the MCR. Also, when comparing the money collections in the drop-safe with the *Drop-safe Log* records, we found that (1) some collections were not recorded on the *Drop-safe Logs* by the sponsors at two schools and (2) some collections did not have the required MCRs at two schools. Also, some MCRs at one school were not completed with all the needed information.

6. Money Not Timely Deposited

Monies collected at four schools were not always deposited into the banks in a timely manner, with delays ranging from three to 65 days.

Please see Table 3 on page 6 for specific schools with noncompliances as stated above.

Management's Response to #3 through #6: *Management concurs. While District staff makes every effort to train and reinforce training, the prescribed procedures only work if school staff follow them. (Please see pages 17-19.)*



THE SCHOOL DISTRICT OF
PALM BEACH COUNTY, FLORIDA

OFFICE OF INSPECTOR GENERAL
3318 FOREST HILL BLVD., C-306
WEST PALM BEACH, FL 33406

(561) 434-7335 FAX: (561) 434-8652
www.palmbeachschools.org

LUNG CHIU, CIG, CPA
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MEMORANDUM

TO: Honorable Chair and Members of the School Board
Robert M. Avossa, Ed.D., Superintendent of Schools
Chair and Members of the Audit Committee

FROM: Lung Chiu, CPA, Inspector General

DATE: September 17, 2015

SUBJECT: Audit of Cash Handling Procedures at 14 Selected Schools

PURPOSE AND AUTHORITY

Pursuant to the *Office of Inspector General's (OIG) 2014-15 Work Plan*, we have performed unannounced cash counts and audited the cash handling procedures at 14 selected schools during March 2015. The primary objectives of this audit were to (1) determine if the amount of money to be deposited into the bank agreed with the collection records, (2) examine the school-based cash handling procedures and assess the adequacy of control procedures implemented, and (3) determine the extent of compliance with procedures at the selected schools.

SCOPE AND METHODOLOGY

This audit was conducted in accordance with *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Based on the results of the *2014 Annual Internal Funds Audit* of all District schools, 14 schools (10 elementary and four middle schools) were selected for unannounced cash counts and reviews of cash handling procedures. This is part of the OIG's effort in performing continuous auditing where program areas are selected for follow-up, and testing for adequacy of compliance is performed. To accomplish the audit objectives, we performed the following procedures:

- Reviewed applicable *School Board Policies* and District's procedures related to cash handling and money collections at schools.
- Reviewed prior audit findings and conclusions related to unannounced cash counts.
- Conducted unannounced cash counts at 14 selected schools during March 2015.

- Evaluated the extent of compliance with the established procedures at selected schools.
- Interviewed appropriate school staff.

Draft findings were sent to school principals and central office staff for review and comments. The principals of these 14 schools concurred with our conclusions and indicated corrective actions will be implemented accordingly. We appreciate the courtesy and cooperation extended to us by staff during the audit. The final draft report was presented to the Audit Committee at its September 17, 2015, meeting.

BACKGROUND

During Fiscal Year 2015, 175 District schools collected student activity funds and maintained accounts of Internal Funds. As defined by **Chapter 6A-1.085, Florida State Board of Education Rules**, Internal Funds are monies collected and expended within a school for (1) financing the normal program of school activities not otherwise financed, (2) providing necessary and proper services and materials for school activities, and (3) other educational purposes consistent with school program as established and approved by the School Board.

During Fiscal Years 2013 and 2014, all 175 District schools collected an average of \$78.7 million per year in Internal Funds revenue, from (1) fundraising, (2) special trusts, and (3) program fees. Eight to nine percent (8 - 9%) of the revenue came from online payments from credit / debit cards. The remaining revenue was collected by school staff in the form of cash, checks, and money orders.

Table 1 – Internal Funds Revenue (All Schools)

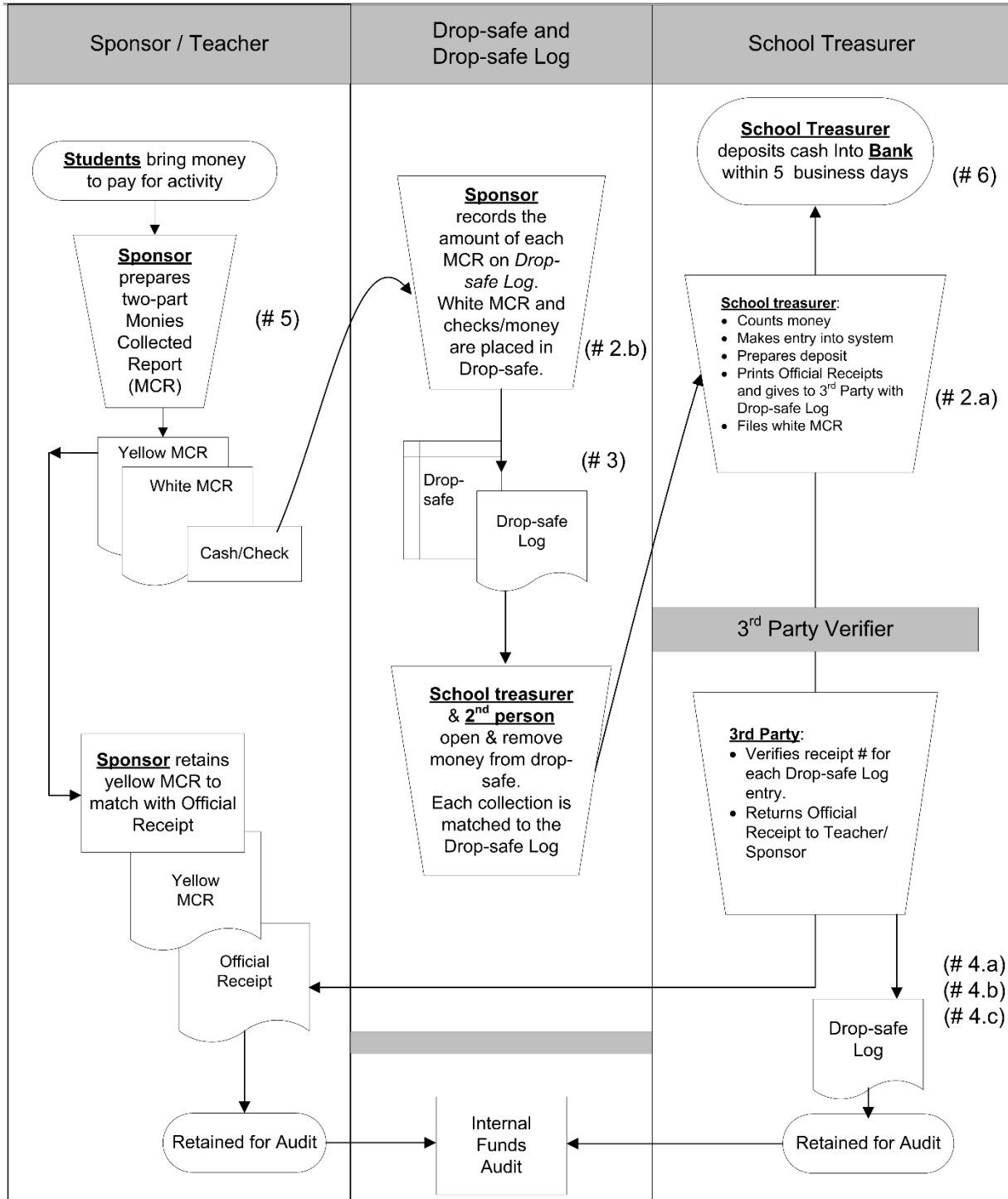
Fiscal Year	Credit / Debit Cards ¹		Cash/Checks		Total
2013	\$6,253,326	8%	\$72,457,246	92%	\$78,710,672
2014	\$7,178,450	9%	\$71,559,772	91%	\$78,738,222

¹ Source: Information provided by the Treasury Department

Cash Handling Procedures at Schools

Internal control procedures for handling cash are developed by the District and implemented by the schools. (See flowchart on page 3). Segregation of duties is an important component of a strong system of internal controls. Therefore, the school treasurer does not collect money. Instead, other staff members (i.e., teachers, office staff) receive the money and record the collection on a two-part *Monies Collected Report* (MCR), one white copy and one yellow copy.

Monies Handling Procedures and Controls at Schools



Source: Internal Accounts Manual, and OIG observations of procedures

Note: Numbers (#) denote Findings in report.

Each school has a drop-safe in which staff places the white copy of the MCR and money collected each day. Pursuant to ***School Board Policy 6.11, Money Left in Schools After Hours***, money is not to be held by staff overnight. Staff records the deposit information on the *Drop-safe Log (Log)* for each MCR put into the drop-safe. The yellow copy of the MCR is to be retained by the staff member as a temporary receipt.

The prenumbered *Log* is a standardized form used by the schools to account for money collection (Exhibit A). Complete and accurate information on the *Log* is critical for the schools to ensure monies collected are deposited accordingly. The *Log* provides information for who deposits monies into the safe and amount; and later removed by the treasurer for processing. Numbered receipts provided to remitting staff member are recorded on the *Log* for future reference.

The treasurer, accompanied by a second staff member, removes the monies and MCRs from the safe and confirms that there is an entry for each collection on the *Drop-safe Log*. The treasurer then counts each collection and verifies the collection with the MCR. The count and collection information is entered into the school's accounting system. Deposit reports are generated and filed with the white MCRs. Money is sealed in a courier bag with the prepared bank deposit slip for pickup by the armored courier service.

The treasurer prints *Official Receipts* from the accounting system and the receipts are provided to another staff member along with the *Drop-safe Log*. This staff member verifies that a receipt has been generated for each entry on the *Drop-safe Log* and records the receipt number on the *Log*. The verified *Drop-safe Log* pages are kept in a binder by the verifier. The *Official Receipts* are provided to the remitter, and the amount on the *Official Receipt* should agree with the amount on the yellow copy of the MCR.

CONCLUSIONS

1. Unannounced Cash Count at 14 Selected Schools

Based on conclusions and results of analytic reviews of noncompliances in the money collection and *Drop-safe Log* controls from our ***2014 Annual Internal Funds Audit***, we selected 14 schools for the unannounced cash counts during March 2015. During the cash counts, we observed a total of \$78,733 of collections kept in the drop-safes at the 14 schools, with \$18,632 (24%) in cash and \$60,101 (76%) in checks. Table 2 provides the composition of each safe's contents at the schools.

Table 2 –Contents in Drop-safes

<u>School</u>	<u>Area</u>	<u>Date</u>	<u>Checks</u>	<u>Cash</u>	<u>Total</u>
Bak Middle School of the Arts	4	3/2/2015	\$11,008.87	\$3,621.51	\$14,630.38
Barton Elementary	2	3/2/2015	0.00	99.00	99.00
Del Prado Elementary	1	3/13/2015	1,252.03	222.00	1,474.03
Equestrian Trails Elementary	3	3/11/2015	9,326.96	1,421.34	10,748.30
Galaxy E3 Elementary	1	3/2/2015	533.88	313.00	846.88
Greenacres Elementary	2	3/2/2015	4,511.74	1,814.34	6,326.08
Grove Park Elementary	4	3/13/2015	389.89	781.00	1,170.89
Jeaga Middle	5	3/13/2015	60.00	1,505.87	1,565.87
John F. Kennedy Middle	4	3/2/2015	479.24	3,265.65	3,744.89
Palm Beach Public	5	3/11/2015	2,961.38	719.08	3,680.46
Roosevelt Elementary	5	3/11/2015	0.00	55.00	55.00
S.D. Spady Elementary	1	3/11/2015	1,513.12	1,265.00	2,778.12
Watson B. Duncan Middle	4	3/11/2015	6,566.00	1,121.50	7,687.50
Whispering Pines Elementary	1	3/13/2015	21,497.92	2,427.25	23,925.17
Totals			\$60,101.03	\$18,631.54	\$78,732.57

Source: Examination of contents in Drop-safes

In addition to comparing the monies in the drop-safe with the related collection records, we also evaluated the schools’ compliance with District cash handling procedures.

Our review concluded that three schools, Equestrian Trails Elementary, Del Prado Elementary, and Jeaga Middle, had no significant noncompliances. For the other 11 schools, five areas of noncompliance were identified:

- Monies missing (2 schools)
- School treasurers had full access to the drop-safe (2 schools)
- Noncompliance with *Drop-safe Log* procedures (11 schools)
- Collections were not properly documented (3 schools)
- Untimely deposit of monies (4 schools)

Schools with specific noncompliances are presented in Table 3 on page 6. The principals of these 14 schools concurred with our conclusions and indicated corrective actions will be implemented accordingly.

Table 3 – Summary of Findings

School	Area	No Findings	Money Missing	Unrestricted Drop-safe Access	Missing Drop Safe Log Pages	Drop Safe Log, Section 3 Incomplete	Document Custodian Assignment Form Not Approved by Principal	Document Inventory for DSL Incomplete or not performed	Sponsor Did Not Retain Yellow Copy of MCR	Drop without MCR or Drop-safe Log Entry	MCR Incomplete (missing date, acct #, signature)	Money Not Timely Deposited	Total Findings
1	Del Prado Elementary	1	✓										0
2	Equestrian Trails Elementary	3	✓										0
3	Jeaga Middle	5	✓										0
4	Bak Middle School of the Arts	4	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
5	John F. Kennedy Middle	4	✓	✓	(a)								4
6	Palm Beach Public	5		✓		✓	✓	✓	✓	✓	✓	✓	4
7	Barton Elementary	2			✓	✓	✓	✓	✓	✓	✓	✓	3
8	Greenacres Elementary	2							✓	✓	✓	✓	3
9	S.D. Spady Elementary	1				✓	✓	✓	✓	✓	✓	✓	3
10	Grove Park Elementary	4			✓								2
11	Roosevelt Elementary	5				✓	✓	✓	✓	✓	✓	✓	2
12	Watson B. Duncan Middle	4					✓	✓	✓	✓	✓	✓	2
13	Whispering Pines Elementary	1			✓								2
14	Galaxy E3 Elementary	1											1
Totals			2	2	2	5	5	11	2	3	2	4	

(a) Document custodian unavailable at time of review. Subsequent review found noncompliance in category.

2. Referrals to School Police and Professional Standards

a. Money Missing at Two Schools

The cash counts revealed money missing at two schools: Bak Middle School of the Arts and John F. Kennedy Middle.

Due to the cash shortages identified during the cash counts, we expanded the scope of our review to include monies collection records at the two schools during Fiscal Year 2015. Subsequently, our conclusions were forwarded to the School Police and Professional Standards Departments for further actions. Their findings will be presented in separate reports after School Police has completed its investigation.

b. Staff May Have Falsified Records in *Drop-safe Log*

Our review of the *Drop-safe Logs* at Palm Beach Public revealed that a staff (staff #1) might have signed/initialed another staff's (staff #2) name on the *Drop-safe Logs* (2nd and 3rd Sections), indicating that an independent staff had (1) observed and confirmed that monies in the safe were removed by the school treasurer for processing, and (2) verified that the collections were recorded in the General Ledger accordingly. We draw this conclusion because staff #2 indicated that she did not sign/initial on the *Drop-safe Logs*. As a result, staff #1 might have violated **School Board Policy 3.02, Code of Ethics, Section 5.c.vii**, in "*Falsifying, misrepresenting, or omitting information submitted in the course of an official inquiry/investigation.*" We forwarded this conclusion to Professional Standards Department for further actions.

3. School Treasurers Had Full Access to Drop-safe at Two Schools

We noted that the school treasurers at Palm Beach Public and Bak Middle School of the Arts might have the full combination to access the drop-safe. Our interviews with school staff confirmed that treasurers at both schools had the full combination to access the drop-safe, in violation of the ***Internal Accounts Manual***.

Recommendation

To ensure assets are safeguarded properly, access to the drop-safe should be restricted only to authorized personnel. Specifically, **Chapter 7** of the ***Internal Accounts Manual*** states,

"The safe combination is confidential, and the only person on campus who is authorized to have the complete safe combination is the principal. The safe combination may be shared between two or more trustworthy members of the office staff (such as the bookkeeper, data processor, assistant principal, or secretary) with each person having a portion of the combination, so it takes two individuals to open the safe in the principal's absence."

Management's Response: Management concurs with the OIG's finding regarding the safeguarding of the safe combination. Principals and Bookkeepers are aware of this requirement. We encourage schools to have two trusted staff members share a portion of the combination so the safe can be opened in the principal's absence. Two of the schools audited were not following proper procedures. We will continue to reinforce this point in all future training sessions relating to Cash Receipts for Internal Funds. We met with the principals at the two schools indicated in the OIG Report. The safe combinations have been changed and both principals indicated an understanding of proper procedures in their audit responses.

(Please see page 18.)

4. Noncompliance with Drop-safe Log Procedures

a. Missing Drop-safe Log Pages

We reviewed the *Drop-safe Logs* at each of the 14 schools and found that some pages of the logs were missing at two schools.

- Bak Middle School of the Arts: Ten pages of the *Drop-safe Log* (#11-57358 through #11-57367) covering the period June 25, through August 19, 2015, were missing from the binder. We subsequently found out these missing pages were in the shredding machine located in the school treasurer's office.
- John F. Kennedy Middle: The *Drop-safe Log* was not available for inspection during our March 2, 2015, unannounced cash count at the school. The school provided the *Logs* to us during our expanded scope review of monies collection records, but three pages (#12-25987 through #12-25989) covering the period June 18, through August 25, 2015, were missing. Subsequently, we located page #12-25987 on a table in the storage room, but the remaining two pages were still missing.

District's **Bulletin #P-14051-S/CFO** states "completed *Drop-safe Logs* must be filed sequentially in numerical order in a binder and retained for five years." Failure to properly maintain the logs could prevent the school from timely detecting potential missing monies. During our unannounced cash counts at these two schools, we found that some monies were missing, when compared to the available *Drop-safe Logs*.

Recommendation

Drop-safe Logs provide an independent verification of the amount collected and deposited. The *Log* is a critical part of money handling controls and should be retained for a time-period consistent with the District's **Records Retention Schedule** and **Bulletin #P14051-S/CFO**.

Management's Response: Management concurs with the OIG's finding regarding the need to properly account for all pages of the Drop Safe Log. Each page is pre-numbered with the two-digit fiscal year and a sequential number that uniquely identifies each page of the log. The face-to-face bookkeeper training sessions and the teacher/sponsor training reminds the staff not to destroy or misuse the log because it is a pre-numbered document, and all pages must be kept. Two of the schools audited were not following proper procedures. We met with the principals at these two schools to assure they understand the process, and they both indicated an understanding of the process in their audit responses.

(Please see page 18.)

b. Incomplete Drop-safe Log

At five of the 14 schools, *Section 3* of the *Drop-safe Log* was not always completed with all the required information. Specifically, receipt numbers were not recorded for each collection and the receipt numbers were not always verified by an independent staff member. By having an independent staff member to compare the receipts with the *Drop-safe Log*, funds that were not deposited can be identified and reported to the principal immediately for further follow up. Moreover, the *Official Receipts* were not timely provided to the remitters to ensure the accuracy of the deposits.

Recommendation

To ensure proper fiscal accountability and to comply with **Bulletin #P14051-S/CFO**, responsible staff should complete the *Drop-safe Log* properly with all the required information. Specifically, the verifying person should complete *Section 3* of the *Drop-safe Log* after the school treasurer has entered the deposit information into the school's accounting system.

Management's Response: Management agrees with the OIG's findings regarding the proper completion of the Drop Safe Log. This process is demonstrated and taught as part of the curriculum for the annual face-to-face bookkeeper training sessions. Five of the schools audited were not following established procedures. The principals of these five schools indicated an understanding of the process in their audit responses.

(Please see page 18.)

c. Control of Drop-safe Log

Chapter 27 of the **Internal Accounts Manual** provides guidelines and control procedures for the *Drop-safe Log* and other District's prenumbered documents:

- At the beginning of each year, the principal should appoint a document custodian to (1) monitor the use of the [prenumbered] form, (2) assure that no forms are missing, and (3) perform a periodic inventory of the form. The document custodian should be an independent party who does not use the form. The principal identifies the document custodian on the *Document Custodian Assignment Register* (PBSD 1663)¹.
- The assigned custodian should perform a monthly inventory of the *Drop-safe Logs* using the *Prenumbered Document Inventory Register* (PBSD 0160)². In addition, *DOE Rules (Chapter 8 of the Department of Education’s Financial and Program Cost Accounting and Reporting for Florida Schools)* provides specific controls for prenumbered documents, including the maintenance of the records for issuance and perpetual inventory for all prenumbered documents.

Our review of *Drop-safe Log* controls at the 14 selected schools revealed that:

- No Document Custodians for Drop-Safe Log. Five of the 14 schools either did not have the *Document Custodian Assignment Register* (PBSD 1663), or their *Registers* were not approved by the Principal. Without a Principal-approved *Register*, there is no one assigned responsibility over the *Drop-safe Logs* or other prenumbered documents used for collections.
- Drop-safe Log Not Periodically Inventoried. Eleven schools did not complete or maintain the *Prenumbered Document Inventory Register* (PBSD 0160) to document the perpetual inventory and periodic inventory check of the *Drop-safe Log*. Proper accounting for all *Drop-safe Logs* should assist the schools in ensuring monies are properly placed in the drop-safe and receipted accordingly.

Recommendation

To ensure proper accountability and comply with *DOE Rules* and the *Internal Funds Manual*,

- Principals should annually assign a staff member as the document custodian of the prenumbered document. The assigned custodian should be documented on the *Document Custodian Assignment Register* and signed by the Principal.
- Each assigned document custodian should use the *Prenumbered Document Inventory Register* (PBSD 0160) to perform periodic inventory checks of the prenumbered forms, including the *Drop-safe Logs*.

¹ See sample in Exhibit B

² See sample in Exhibit C

Management's Response: Management agrees with the OIG's findings relating to the need to properly control and account for the Drop Safe Logs. Each year, the face-to-face training incorporates a session on completion of the document control forms, and the bookkeepers receive instruction in completion of the forms as part of that training session so they can help the document custodians at their school complete this duty assignment. The Bookkeeping Calendar in Google Chrome includes a monthly appointment reminding the bookkeeper to remind the document custodians to perform a monthly inventory of the Drop Safe Log. Eleven of the schools audited failed to follow the established procedures. All of the 11 principals indicated an understanding of the procedure in their audit responses.

(Please see page 18.)

5. Collections Not Properly Documented

Sponsors Did Not Retain Yellow Copies of MCRs. During the unannounced cash counts, we noted that some teachers at Bak Middle School of the Arts and Greenacres Elementary did not retain the yellow copy of the MCR. Instead, both the yellow and white copies were provided to the school treasurer when they turned in the monies for deposit. District's money collection procedures require teachers to retain the yellow copy as a temporary receipt for future reference and reconciliation.

Monies Deposited In Drop-safe Without Accompanying MCR, Without Drop-safe Log Entry, or With Incomplete MCR. When comparing the money collections in the drop-safe with the *Drop-safe Log* records, we found that:

- Some collections were not recorded on the *Drop-safe Logs* by the sponsors at John F. Kennedy Middle and Greenacres Elementary.
- Some collections did not have the required MCRs at Bak Middle School of the Art and Greenacres Elementary.
- Some MCRs at John F. Kennedy Middle were not completed with all the needed information. Missing information included the date for the collection, account number, and the remitter's signature.

Recommendation

To ensure proper fiscal accountability and as required by *Bulletin #P-14051-S/CFO*,

- Deposit information should be properly recorded on the *Drop-safe Log*.
- Activity sponsors should keep the yellow copy of the MCR, instead of giving it to the school treasurer while turning in the monies collected. Keeping the yellow copy of the MCR will assist the sponsors in (1) ensuring that the dollar amount indicated on the

Official Receipt provided by the school treasurer agrees with the monies collected and submitted for deposit, (2) tracking the account balance periodically, and (3) providing documentation for the amount of revenue collected if recording errors should occur.

- All collections must be adequately documented. **DOE Rule Section 1.4.a**, requires “*All money collected by the school must be substantiated by pre-numbered receipts, consecutively numbered class receipt records, reports of monies collected, pre-numbered tickets, reports of tickets issued and sold, or other auditable records.*”
- MCRs should be completed with all the needed information and signed off by the remitters and school treasurer.

Management’s Response: *Management concurs with the OIG’s finding relating to proper handling of deposits and completion of the Drop Safe Log. The Cash Receipts Training for Teacher/Sponsors includes an instruction to retain the yellow copies of the Monies Collected Report. It also provides a thorough overview of the teacher/sponsor’s responsibility with regard to the completion of the Drop Safe Log and the Monies Collected Reports. Staff at three of the schools were not following established procedure. The principals at the three schools indicated an understanding of the procedure in their audit responses.*

(Please see page 19.)

6. Money Not Timely Deposited

Monies collected at four schools were not always deposited into the banks in a timely manner.

- Monies collected at Bak Middle School of the Arts and Watson B. Duncan Middle were retained by staff members for three to 65 days before putting the collections into the drop-safe.
- School treasurers at John F. Kennedy Middle and S.D. Spady Elementary did not always process collections in the drop-safes in a timely manner. As a result, some monies were not deposited into bank until six to 12 working days after the monies were collected.

As required by **DOE Rules and District Bulletin #P-14051-S/CFO**, monies collected should be put into the drop-safe daily, and be deposited into the bank within five working days after the collections. Delay in turning in the monies for deposit could result in potential irregularities.

Recommendation

To comply with **DOE Rules and District Bulletin #P-14051-S/CFO** and minimize potential irregularities and misplacement of school assets, monies collected should be put into the drop-safe daily, and be deposited into the bank within five working days after the collections.

Management's Response: Management concurs with the OIG's finding regarding the importance of making timely deposits. This process is demonstrated and taught as part of the curriculum for the annual face-to-face bookkeeper training sessions. Staff at four of the audited schools failed to follow established procedure. Principals at all four schools indicated an understanding of the procedure in their audit responses.

(Please see page 19.)

Additional Management's Comments: While District staff makes every effort to train and reinforce training, the prescribed procedures only work if school staff follow them.

(Please see page 19.)

– End of Report –

Form 2407 – Sample Drop Safe Log

Internal Accounts Manual – Exhibit 7C – Drop Safe Log Completed by Teacher/Sponsors



THE SCHOOL DISTRICT OF PALM BEACH COUNTY
ACCOUNTING SERVICES

Drop Safe Log

2013 - 0010406

This form must be filed sequentially by number in a binder and retained for five years.

School Name Sample K-12 School School Number 9999 Date 9/14/12

Section 1 - To be Completed by Teacher/Event Sponsor			Section 2 - To be Completed When Funds are Removed from the Safe for Deposit by Bookkeeper		Section 3 - To be Completed After Funds are Entered in School/Cash			
Date of Collection	Date Dropped in Safe	Teacher/Sponsor Signature	Amount on Money Collected Form	Date Removed From Safe	Verified By	Receipt#	Verified By (Initials)	Amount of Different than Amt. Listed by Teacher
9/14/12	9/14/12	Betty Higgins	35.00					
9/14/12	9/14/12	Susan Smith	99.00					
9/14/12	9/14/12	Harvey Moon	320.00					
9/14/12	9/14/12	Sergio Wilkins	96.00					
9/14/12	9/14/12	Joe Rodriguez	942.00					
9/14/12	9/14/12	Sam Thompson	875.00					
9/14/12	9/14/12	Sam Thompson	250.00					
9/14/12	9/14/12	Harvey Moon	166.00					
9/14/12	9/14/12	Rob Parsons	362.00					

PSBD 2407 (New 06/27/11)

ORIGINAL - School

Form 1663 – Sample Document Custodian Assignment Register



THE SCHOOL DISTRICT OF PALM BEACH COUNTY

Document Custodian Assignment Register

Document	PBSD #	Name - Assigned Document Custodian ¹	Position	School Number	Fiscal Year	Frequency of Issuance	Quantity Issued ²	Frequency of Inventory Check ³
Checks	NA					NA		Monthly
Drop Safe Log	2407					NA		Monthly
Pre-numbered Tickets	NA					Per event		End of year
Custom Designed Pre-numbered Tickets	NA					Per event		After each event
Classroom Receipt Books	0196					Beginning of the year		End of year
SACC Receipts	1438					Beginning of the year		End of year
Adult Community Education Receipts	1675					Beginning of the year		End of year

1 Document Custodian MUST be someone who does not have any involvement with the use of the pre-numbered form.
 2 Number of forms used during the year.
 3 Inventory of form should be documented, including date, beginning and ending numbers and initials. This can be documented on the Prenumbered Document Inventory form PBSD 0160 under "Unused Documents."

 Signature of Principal or Designee Date

Management's Response
Chief Operating Officer



**THE SCHOOL DISTRICT OF
PALM BEACH COUNTY, FL**

**MICHAEL J. BURKE
CHIEF OPERATING OFFICER**

**ROBERT M. AVOSSA, Ed.D.
SUPERINTENDENT**

CHIEF OPERATING OFFICE
3300 FOREST HILL BOULEVARD, C-316
WEST PALM BEACH, FL 33406

PHONE: 561-434-8584 / FAX: 561-357-7585
WWW.PALMBEACHSCHOOLS.ORG/COO

MEMORANDUM

TO: Lung Chiu
Inspector General

FROM: Michael J. Burke *MJB*
Chief Operating Officer

DATE: August 11, 2015

SUBJECT: AUDIT OF CASH HANDLING PROCEDURES AT 14 SELECTED SCHOOLS

RECEIVED
AUG 11 2015
INSPECTOR GENERAL

Please see the attached response to your audit of cash handling procedures at 14 selected schools. An electronic version of management's response will also be emailed to your attention.

If you should have any questions or require additional information, please do not hesitate to contact me at PX48584.

MJB/ac
Attachment

Management's Response
Chief Operating Officer

COO Management Response

Cash Handling Procedures and Unannounced Cash Counts at 14 Selected Schools

3. School Treasurers Had Full Access to the Drop Safe at Two Schools

Management concurs with the OIG's finding regarding the safeguarding of the safe combination. Principals and Bookkeepers are aware of this requirement. We encourage schools to have two trusted staff members share a portion of the combination so the safe can be opened in the principal's absence. Two of the schools audited were not following proper procedures. We will continue to reinforce this point in all future training sessions relating to Cash Receipts for Internal Funds. We met with the principals at the two schools indicated in the OIG Report. The safe combinations have been changed and both principals indicated an understanding of proper procedures in their audit responses.

4a. Missing Drop Safe Log Pages

Management concurs with the OIG's finding regarding the need to properly account for all pages of the Drop Safe Log. Each page is pre-numbered with the two-digit fiscal year and a sequential number that uniquely identifies each page of the log. The face-to-face bookkeeper training sessions and the teacher/sponsor training reminds the staff not to destroy or misuse the log because it is a pre-numbered document, and all pages must be kept. Two of the schools audited were not following proper procedures. We met with the principals at these two schools to assure they understand the process, and they both indicated an understanding of the process in their audit responses.

4b. Incomplete Drop Safe Log

Management agrees with the OIG's findings regarding the proper completion of the Drop Safe Log. This process is demonstrated and taught as part of the curriculum for the annual face-to-face bookkeeper training sessions. Five of the schools audited were not following established procedures. The principals of these five schools indicated an understanding of the process in their audit responses.

4c. Control of Drop Safe Log

Management agrees with the OIG's findings relating to the need to properly control and account for the Drop Safe Logs. Each year, the face-to-face training incorporates a session on completion of the document control forms, and the bookkeepers receive instruction in completion of the forms as part of that training session so they can help the document custodians at their school complete this duty assignment. The Bookkeeping Calendar in Google Chrome includes a monthly appointment reminding the bookkeeper to remind the document custodians to perform a monthly inventory of the Drop Safe Log. Eleven of the schools audited failed to follow the established procedures. All of the 11 principals indicated an understanding of the procedure in their audit responses.

Management's Response
Chief Operating Officer

5. Collections not Properly Documented

Management concurs with the OIG's finding relating to proper handling of deposits and completion of the Drop Safe Log. The Cash Receipts Training for Teacher/Sponsors includes an instruction to retain the yellow copies of the Monies Collected Report. It also provides a thorough overview of the teacher/sponsor's responsibility with regard to the completion of the Drop Safe Log and the Monies Collected Reports. Staff at three of the schools were not following established procedure. The principals at the three schools indicated an understanding of the procedure in their audit responses.

6. Money Not Timely Deposited

Management concurs with the OIG's finding regarding the importance of making timely deposits. This process is demonstrated and taught as part of the curriculum for the annual face-to-face bookkeeper training sessions. Staff at four of the audited schools failed to follow established procedure. Principals at all four schools indicated an understanding of the procedure in their audit responses.

While District staff makes every effort to train and reinforce training, the prescribed procedures only work if school staff follow them.

1/27