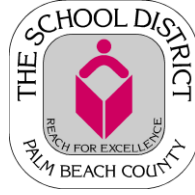


Special Review of
Missing Monies at Boca Raton High School
December 8, 2017

Report #2017-09



MISSION STATEMENT

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**Special Review of
Missing Monies at Boca Raton High School**

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Special Review of Missing Monies at Boca Raton High School

EXECUTIVE SUMMARY

Pursuant to the *Office of Inspector General's 2016 Work Plan*, we have reviewed the money collections of Boca Raton High School for Fiscal Year 2015 and selected periods during Fiscal Years 2014 and 2016. The primary objective of this review was to determine whether all money collections were accounted for in accordance with District guidelines.

1. **\$23,086 in Cash Missing, Allegedly Substituted by the Treasurer with Unrecorded Checks**

The OIG's analysis of deposit records for the periods October 29 through December 31, 2013, and July 1, 2014 through September 30, 2015, revealed that the former school treasurer allegedly took a total of \$23,085.85 in cash from 50 deposits and substituted the stolen cash from the deposits with 98 unrecorded checks from various sources payable to Boca Raton High School.

Management's Responses:

Former Principal of Boca Raton High: *The former principal, on behalf of the Boca Raton Community High School (BRCHS) community, appreciates the attentive and discerning work of the auditor who found the anomaly that led to the discovery of missing monies; appreciates the thorough work of the school police investigators and the Inspector General's office investigators; and appreciates the ongoing training and support provided by Accounting Services personnel. Considering the internal account complexities and BRCHS's receipts/disbursement activity of over \$4,000,000 during the 16-month analysis period, as well as the former treasurer's alleged criminal activity, this support has been especially valuable. (Please see page 19.)*

Current Principal of Boca Raton High: *I was not the principal during this time. My start date was July, 2016. While I am aware of cash missing, I am not aware of the total sum nor of the alleged method of substitution. (Please see page 21.)*

District's Chief Financial Officer: *Management does not have the ability to concur at this time without re-performing work. (Please see page 22.)*

2. **Failure to Adhere to Procedures**

Noncompliances with procedures created opportunities for theft of cash from deposits. During our review of the school's money collection records and an unannounced cash count on October 2, 2015, we noted the following noncompliances.

- a. Information Missing on Monies Collected Reports (MCRs). Missing information included the source of cash collections, remitters' signatures, and counting or math errors.
- b. Collections Not Turned-in Timely for Deposit. For example, \$1,481 collected through six MCRs was retained from one to seven working days by staff before the collections were put into the drop-safe for deposit.
- c. Drop-safe Log Not Used. Staff gave checks to the school treasurer without using MCRs nor recording the collections on the *Drop-safe Log*.
- d. 12% of Yellow Copies of MCRs Missing or Not Retained by Staff. Yellow copies of MCRs should be retained by staff and used as a temporary receipt for monies placed into the drop-safe.
- e. Collections in Drop-safe Not Reconciled to Drop-safe Log. Collections removed from the drop-safe were not matched to corresponding entries on the *Drop-safe Log* by an independent staff verifier. The review disclosed that the treasurer removed the collections from the safe and took them directly to her office by herself without the independent staff verifying the collections and comparing them to the *Log*.
- f. Section 3 of the Drop-safe Log Not Properly Completed by an Independent Verifier. Instead, the verifier entered on the *Log* the information called out by the treasurer without checking the amount printed on the *Official Receipt*.

Management's Responses:

Former Principal of Boca Raton High: *The former principal does not dispute Special Review findings regarding missing monies. However, the former principal does not concur with findings of noncompliance for these four reasons:*

- 1) *The former principal does not have access to conclusive findings of the cited noncompliance.*
- 2) *Evidence of alleged staff noncompliance may have been contaminated by the former treasurer, who had opportunity to alter or discard records. Altered and discarded records may have resulted in noncompliance being attributed to staff members, when it should have been attributed to the treasurer. Here is an example of alleged alterations that could have had such an effect, as reported in the District's 2014-2015 Audit Findings: "The total dollar amounts for deposit listed on four MCRs (#1726-13, #1798-26, #1798-27, and #1798-33) were changed after the school treasurer counted the monies. However, the changes on the MCRs were not signed off or initialed by the sponsors to agree to the changes."*
- 3) *The Special Review findings do not state the cause of noncompliance, i.e., whether staff members failed to comply with District policy due to their compliance with the*

directives of the former treasurer. The former treasurer disseminated misinformation regarding financial management practices, as reported by staff members and documented in the “failure to maintain the required fundraising documentation” FY2015 Audit Finding Management Response which did not concur with the finding: “Records were kept, though involved staff members have reported that the former bookkeeper (treasurer) told them they did not need to submit those records. Maintained records are available if needed. The new bookkeeper (treasurer) is following procedures.”

- 4) *The former principal disagrees with the focus on rare noncompliance and the responsibility this statement attributes to competent, well-intentioned staff members: “Noncompliances with procedures created opportunities for theft of cash from deposits.” It would be more accurate to state, “During the 16-month analysis period, the compliance of staff members in managing finances limited theft opportunities, resulting in \$23,085.55 of missing monies. This amounted to less than one percent of BRCHS’s internal account receipt/disbursement gross activity during that time period. Though there was alleged noncompliance, the theft would not have occurred if the treasurer had abided by the law, or if she had fulfilled a school treasurer’s ‘Essential Functions’ and ‘Additional Job Functions’ of a ‘Performance Responsibilities’.”*

Standard staff training did occur during the referenced period. The former principal provided detailed financial procedural information in the Staff Handbook and reviewed that information with all staff members during the pre-school week. Also during pre-school week, the treasurer had a follow-up meeting with all coaches and activity sponsors to go into greater depth regarding financial procedures. Coaches and activity sponsors were required to watch the District eLearning financial management video. Throughout the year, the former principal and former treasurer helped staff members correct errors and follow procedures. Noncompliance matters that were brought to the attention of the former principal were promptly addressed. The financial management training and monitoring system had proven effective prior to the BRCHS tenure of the former treasurer.

The former treasurer attended District treasurer meetings and training sessions, served as an AESOP representative, and was the appropriate staff member, based on her position and training, to alert the former principal of any compliance concerns and to promote financial management compliance. Every time she, an auditor, or any staff member alerted the former principal regarding compliance concerns, corrective action was taken.

The former principal addressed the alleged noncompliance, including procedures for the processing of donations and checks, such as the referenced competition prize check that was presented to an assistant principal. That check was irregular in that it was not from a student or school parent, was not related to a fundraiser, and the contest did not involve an activity sponsor. Consequently, specific processing instructions for that check were not found in the Bookkeeper Manual. The former principal recommends that the Bookkeeper Manual should include specific procedures for the processing of such checks and other unsolicited donations, including instructions regarding who should complete the Monies Collected Report (MCR) when there is no activity sponsor involved.

A critical component in providing for effective financial management is having a trustworthy, compliant, and alert school treasurer who fulfills the 'Essential Functions' and 'Additional Job Functions' of a school treasurer's 'Performance Responsibilities'. The new BRCHS treasurer has been well-trained in District financial procedures and school practices for notifying administration of any perceived training needs or necessary corrective action.

The above responses, increased use of School Cash Online, leadership from the current BRCHS principal and treasurer, heightened awareness and devotion to accountability among coaches and activity sponsors, support from Accounting Services personnel, and guidance from the Inspector General's Office personnel have helped the BRCHS community learn from the happenings detailed in the Special Review and implement exemplary financial management practices.

(Please see pages 19 and 20.)

Current Principal of Boca Raton High: *Following the audit, I met with the auditor and reviewed her findings for the 2016 school year. I then met face-to-face with each coach, teacher and club sponsor who had a finding and reviewed the finding, recommendation, and proper District procedures. I informed each coach, teacher and club sponsor compliance with District policies is mandatory and non-negotiable.*

(Please see page 21.)

District's Chief Financial Officer: *Management concurs with the breakdown of internal controls that occurred 2-4 years ago. Training was/is available and mandatory for all teacher/sponsors collecting funds on behalf of the school. The required training includes proper completion of the Monies Collected Reports (MCR), requirement for daily deposit of funds including recording the deposit on the Drop Safe Log (DSL), retaining the yellow copy of MCR, along with matching the MCR to the official receipt. Effective with school year 2017, training is available in eLM for Document Custodians of the DSL. Effective with school year 2018, all DSLs will be scanned to the District main office through eForms, and District staff will sample and review logs. District staff will notify the school document custodian and principal of any irregularities discovered with the logs.*

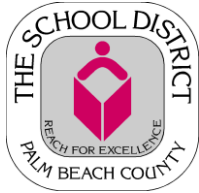
While District staff continues to enhance both in-person and online training, the prescribed procedures must be implemented with fidelity by school staff to be effective. Over the last few years, District Staff have presented Internal Control Best Practices and DSL procedures during Principal Leadership Academies.

(Please see page 22.)

Chronology of Events

Date	Event
August 2015	OIG conducted the 2015 Internal Funds Audit of the school and noted certain noncompliance in money collection records.
September 2015	OIG expanded the scope and requested additional records for review. All the yellow copies of <i>Monies Collected Reports (MCRs)</i> for Fiscal Years 2014 and 2015 were missing, although these records were available for our review in the prior month (August) during the field work.
September 25, 2015	OIG referred the preliminary conclusions to School Police. OIG has assisted School Police in compiling evidence.
October 2, 2015	OIG conducted an unannounced cash count of the school's drop-safe.
October 5, 2015	Treasurer notified the principal that she was resigning, effective immediately.
February 2016 through June 2016	Upon numerous requests, Bank of America was not able to respond to our request for Boca Raton High School's deposit records. At that time, the School District was in the process of transitioning its banking business from Bank of America to Wells Fargo Bank. Subsequently, School Police subpoenaed the records from the bank.
June 2016	Initial analysis completed.
November 2016	Contacted accounting software manufacturer to receive access to archived data entry forms prepared by the former treasurer.
February 15, 2017	School Police completed its investigation and filed its conclusions with the State Attorney's Office and the District's Office of Professional Standards for appropriate actions.
June 26, 2017	The former treasurer of Boca Raton High School was arrested.
July 12, 2017	State Attorney's Office informed School Police that the discovery has not yet been released and advised that the draft report should not be sent to management and subject for response.
October 16, 2017	School Police informed OIG that, after consultation with the State Attorney's Office, this special review report could be released.
October 20, 2017	<p>OIG provided the draft report to the current and former Principals of Boca Raton High School and the District's Chief Financial Officer for management responses. Their responses were received and included in the report.</p> <p>In accordance with <i>School Board Policy 1.092</i>, a 20-day letter, with the draft report, was sent to the legal representative of the school's former treasurer for response. As of December 4, 2017, no response was received from the legal representative.</p>

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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: December 8, 2017

SUBJECT: Special Review: Missing Monies at Boca Raton High School

PURPOSE AND AUTHORITY

Pursuant to the *Office of Inspector General's 2016 Work Plan*, we have reviewed the money collections of Boca Raton High School for Fiscal Year 2015 and selected periods during Fiscal Years 2014 and 2016. The primary objective of this review was to determine whether all money collections were accounted for in accordance with District guidelines, subsequent to our *2015 Internal Funds Audit* of the school.

SCOPE AND METHODOLOGY

During the *2015 Internal Funds Audit of Boca Raton High School*, we noted certain alleged irregularities in money collections. This review specifically covered the periods October 29 through December 31, 2013, and July 1, 2014, through September 30, 2015; and included:

- Analyzing all monies collection records.
- Examining the School's Internal Funds accounting records.
- *DOE Rules (Chapter 8 of the Department of Education's Financial and Program Cost Accounting and Reporting for Florida Schools)*.
- Reviewing *School District Internal Accounts Manual, Chapter 7, Cash Receipts and Deposits*.
- Reviewing *District Bulletin #P-14051-S/CFO, Drop-safe Log Procedures for School Deposits*.

Draft findings were sent to the legal representative of the school's former treasurer, former and current principals, and the District's Chief Financial Officer for review and response. 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 December 8, 2017, Audit Committee Meeting Agenda.

BACKGROUND

Analysis of Deposits. During the *2015 Internal Funds Audit of Boca Raton High School* (School) performed in August 2015, the Office of Inspector General (OIG) noted certain noncompliances in money collection records. The analysis of sample deposits noted that four checks (totaling \$654) included in bank deposit #1798 were not recorded on the accompanying *Monies Collected Reports (MCRs)*. We reviewed additional money collection and deposit records for November and December 2014, and found similar incidents of unrecorded checks included in the bank deposits. We reported this matter to School Police on September 25, 2015.

While School Police conducted interviews of school staff, the OIG continued to analyze all money collection and deposit records for July 1, 2014, through September 30, 2015. The OIG also analyzed money collection records for the time period October 29 through December 31, 2013.

Missing Records. During September 2015, the OIG requested from school staff yellow copies of *MCRs* and *Official Receipts* for the review periods. Yellow copies for the period July 1, 2015, through September 30, 2015, were obtained directly from staff since it was mid-year and administration had yet to collect and store the documents. The yellow copies of *MCRs* for Fiscal Years 2014 and 2015 were missing, although they were available for our review during the field work in August 2015.

Unannounced Cash Count. As a follow-up on the irregularities noted during the school audit, the OIG performed an unannounced examination of the safe's contents on October 2, 2015. The drop-safe contained 70 collections, totaling \$25,481.65, with \$7,158.65 in cash and \$18,323 in checks. For these 70 collections, we found several violations of the District's procedures and *Internal Accounts Manual, Chapter 7*, in the completion of *MCRs* and use of *Drop-safe Log*.

School Treasurer Resigned During the Review. On October 5, 2015, the former school treasurer resigned, effective immediately.

FURTHER ACTIONS

Referral to School Police. On September 25, 2015, the OIG referred the conclusions to School Police. Since then, the OIG worked with School Police in putting the case together.

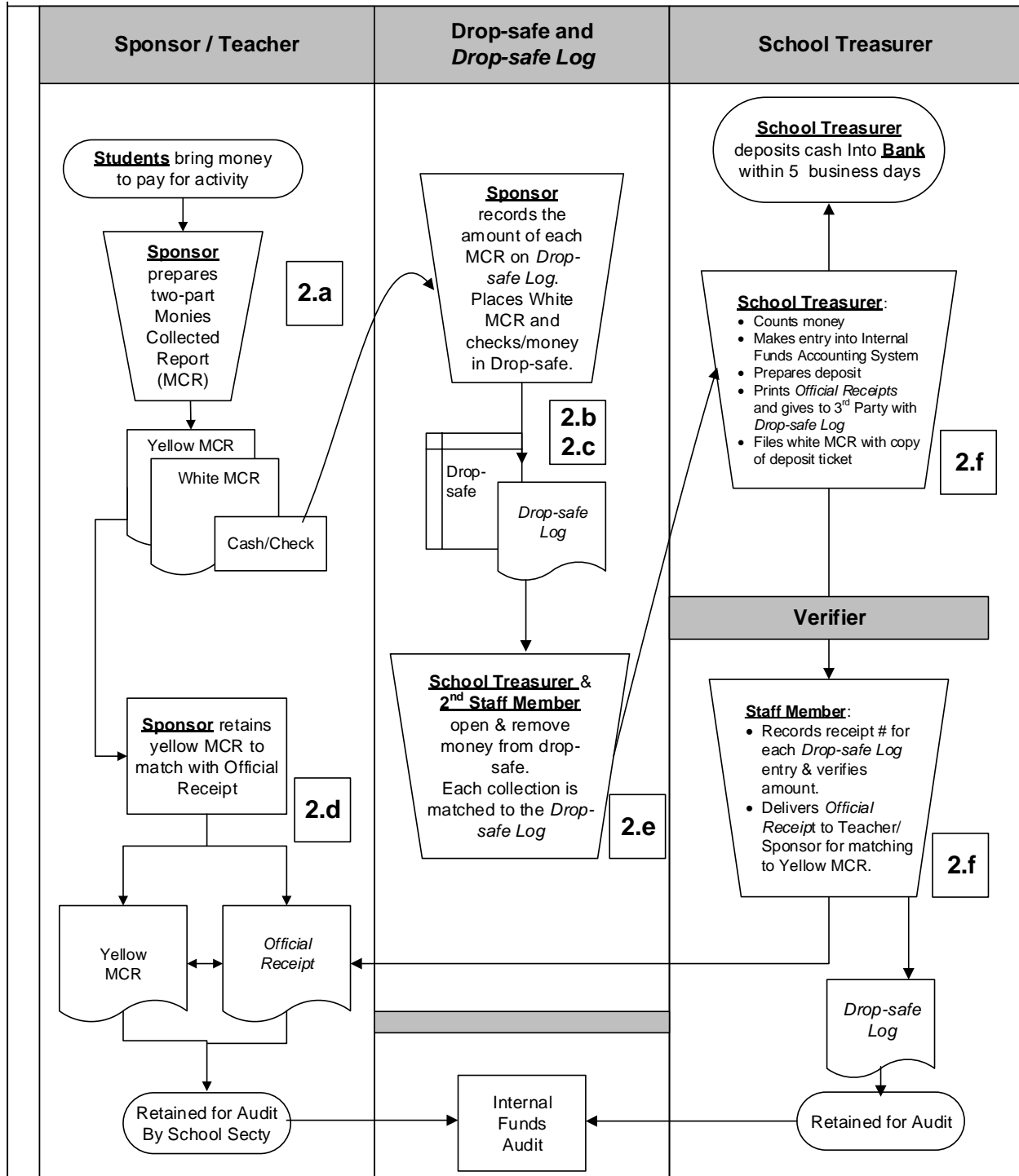
Referral to State Attorney's Office. On February 15, 2017, School Police filed its conclusions with the State Attorney's Office and the District's Office of Professional Standards for appropriate actions.

Arrest. The former treasurer was arrested on June 26, 2017.

Due Process. In accordance with *School Board Policy 1.092*, a 20-day letter, with the draft report, was sent to the legal representative of the school's former treasurer for response. As of December 4, 2017, no response was received from the legal representative.

CONCLUSIONS

The following flowchart shows the District's Money Handling Procedures and the noncompliances at Boca Raton High School.



Boxed numbers correspond to conclusions of noncompliances at Boca Raton High School.

This special review produced the following major conclusions:

1. \$23,086 in Cash Missing, Allegedly Substituted by the Treasurer with Unrecorded Checks

The school treasurer is the only employee of the School who is authorized to enter information into the School’s Internal Funds accounting system and process money collections for bank deposits. The OIG’s analysis of deposit records for the periods October 29 through December 31, 2013, and July 1, 2014 through September 30, 2015, revealed that the former school treasurer appeared to have taken a total of \$23,085.85 in cash from 50 deposits and substituted the stolen cash within the deposits with 98 unrecorded checks from various sources payable to Boca Raton High School.

Cash Missing During Review Period

	Cash Missing	No. of Deposits	Number of Unrecorded Checks Used to Substitute Stolen Cash
FY 2014 (Nov – Dec 2013)	\$6,634.08	7	26
FY 2015	10,575.77	34	56
FY 2016 (July – Sep 2015)	5,876.00	9	16
Total	\$23,085.85	50	98

Note: \$200 of the FY2015 missing money was cash larceny from Deposit #1851. \$1,040 of the FY2016 missing money was cash larceny from Deposit #1886, and check substitution was not involved. The remaining \$10,375.77 missing (\$10,575.77 - \$200) for FY2015 and \$4,836 (\$5,876 - \$1,040) for FY2016 appeared to be taken by substituting cash with unrecorded checks.

Management’s Responses:

Former Principal of Boca Raton High: *The former principal, on behalf of the Boca Raton Community High School (BRCHS) community, appreciates the attentive and discerning work of the auditor who found the anomaly that led to the discovery of missing monies; appreciates the thorough work of the school police investigators and the Inspector General’s office investigators; and appreciates the ongoing training and support provided by Accounting Services personnel. Considering the internal account complexities and BRCHS’s receipts/disbursement activity of over \$4,000,000 during the 16-month analysis period, as well as the former treasurer’s alleged criminal activity, this support has been especially valuable. (Please see page 19.)*

Current Principal of Boca Raton High: *I was not the principal during this time. My start date was July, 2016. While I am aware of cash missing, I am not aware of the total sum nor of the alleged method of substitution. (Please see page 21.)*

District's Chief Financial Officer: *Management does not have the ability to concur at this time without re-performing work. (Please see page 22.)*

2. Failure to Adhere to Procedures

Noncompliances by staff contributed to opportunities for unauthorized removal of money. It is critical that all staff be well trained on money collection procedures and that those procedures be monitored for compliance by school administration. It is the school administration's responsibility to ensure staff is trained for compliance with controls, and ensure the integrity of cash collection procedures.

Noncompliances Observed During Unannounced Cash Count. During the unannounced cash count, we noted the following noncompliances with money collection records prepared by staff.

- a. Information Missing on Monies Collected Reports (MCRs). During our unannounced cash count, we noted that 13 of the 70 MCRs did not contain all the required information. Missing information included the source of cash collections, remitters' signatures, and errors in counting or math.

Missing Information Noted During Unannounced Cash Count

Irregularities in MCRs	Total Number Of MCRs	Dollar Amount On MCRs
Source of Cash (Payer's Name) Not Identified	6	\$1,370
Math/ Count Errors ^(Note)	3	2,621
No Remitter Signature	3	420
No Ticket Sellers Report Attached	1	934
Total Affected	13	\$5,345

(Note) The correct amounts of these three MCRs totaled \$2,496 resulting in \$125 in overstatement.

- b. Collections Not Turned-In Timely for Deposit. Some activity sponsors did not turn in their collections daily, as required by **Bulletin #P-14051-S/CFO** and the **Internal Accounts Manual, Chapter 7**. For example, \$1,481 collected through six MCRs was retained by the sponsors from one to seven working days before the collections were put into the drop-safe for deposit.
- c. Drop-safe Log Not Used. One sponsor did not record a collection of \$1,300 on the *Drop-safe Log* before dropping the collection into the safe. In addition, related activity sponsors did not record 12 collections on the *Log*, totaling \$12,298.

- d. 12% of Yellow Copies of MCRs Missing or Not Retained by Staff. Two collections totaling \$3,223 contained in the drop-safe were accompanied by both the white and yellow copies of the *MCR*; i.e. the sponsors did not keep the yellow copies. They provided the treasurer both the white and yellow copies with the money. Our review found one of these collections (for \$1,300) was also not recorded on the *Drop-safe Log*.

As part of our analysis of the FY 2016 deposits, with the assistance of the principal, we obtained all the yellow copies of *MCRs* retained by staff for collections during July 1 through September 30, 2015. Our reconciliation disclosed that sponsors did not retain the yellow *MCRs* for 79 (or 12%) of the 653 collections deposited, which might be an indicator that the sponsors had also provided the yellow copy to the treasurer. Moreover, as part of our document request from the school in October 2015, we received 186 yellow *MCRs* from the sponsors, which were for Fiscal Year 2015 collections. This indicated that school administration was not enforcing the guidelines provided in *Bulletin #P14051-S/CFO* in collecting and maintaining the yellow *MCRs* from all staff at fiscal year-end (June 30th).

- e. Collections in Drop-safe Not Reconciled to Drop-safe Log. District Internal Accounts procedures require that all collections contained in the drop-safe be matched to corresponding entries on the *Drop-safe Log*. Discrepancies, such as no entry for deposit or missing collections, should be resolved immediately. A school staff member responsible for opening the safe with the treasurer stated that collections were never matched to the entries on the *Log* when the collections were removed from the safe for processing by the treasurer. Instead, the treasurer removed the collections from the safe and took them to her office to count the money and prepare the bank deposit by herself, without the presence of the staff verifier.
- f. Section 3 of Drop-safe Log Not Properly Completed by an Independent Verifier. School staff informed the OIG that *Official Receipts* were not provided by the treasurer to the verifier for independent confirmation that collections removed from the safe were recorded in the School's accounting system. Instead, *Section 3* of the *Log* was completed together by the treasurer and the verifier. The treasurer verbally called out each receipt amount and directed the verifier to enter the receipt number on the corresponding *Log* entry. The verifier did not review the amount deposited on the *Official Receipt*. The treasurer, not the verifier, retained and distributed the *Official Receipts* in the teachers' mailboxes. The treasurer's involvement in the verification process circumvented the internal control of independent verification.

Consequences of Not Using MCRs and Drop-safe Log. During our detailed analysis of money collection records, we noted that a \$500 check was included in Deposit #1798 that was neither recorded on the *Drop-safe Log* nor entered into the accounting system. The \$500 check was a competition prize awarded to the school. It was presented to an assistant principal who later gave it to the principal. The principal endorsed the check with "for deposit only, Internal Accounts" and forwarded the check, without the required *MCR*, to the treasurer. No one recorded the check payment on a *MCR* or made an entry in the *Drop-safe Log*. The treasurer used this unrecorded check to replace \$500 in cash she took from the deposit. By not adhering to the procedure of the activity sponsor in recording collections on the *Log* and keeping the yellow *MCR*, an opportunity was created for the treasurer to substitute an unrecorded check for stolen cash.

Recommendation

To ensure proper fiscal accountability and safeguard school assets, money collections should be administered in accordance with related District guidelines, *DOE Rules (Chapter 8 of the Department of Education's Financial and Program Cost Accounting and Reporting for Florida Schools)*, District's *Internal Accounts Manual*, and *Bulletin #P14051-S/CFO*. Specifically,

- Monies collected should be supported by *MCRs*, with all the required information, including payer's name, the amount of payment, and signature of the remitter.
- Activity sponsors should keep the yellow copy of the *MCR*, instead of giving it to the treasurer with 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 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.
- Responsible staff should complete the *Drop-safe Log* properly with all the required information.
- The staff verifier should independently complete *Section 3* of the *Drop-safe Log* after the school treasurer has entered the deposit information into the school's accounting system. This should provide a mechanism to identify any funds not deposited and report the missing funds to the principal for immediate follow-up.

Management's Responses:

Former Principal of Boca Raton High: *The former principal does not dispute Special Review findings regarding missing monies. However, the former principal does not concur with findings of noncompliance for these four reasons:*

- 1) *The former principal does not have access to conclusive findings of the cited noncompliance.*
- 2) *Evidence of alleged staff noncompliance may have been contaminated by the former treasurer, who had opportunity to alter or discard records. Altered and discarded records may have resulted in noncompliance being attributed to staff members, when it should have been attributed to the treasurer. Here is an example of alleged alterations that could have had such an effect, as reported in the District's 2014-2015 Audit Findings: "The total dollar amounts for deposit listed on four MCRs (#1726-13, #1798-26, #1798-27, and #1798-33) were changed after the school treasurer counted the monies. However, the changes on the MCRs were not signed off or initialed by the sponsors to agree to the changes."*

- 3) *The Special Review findings do not state the cause of noncompliance, i.e., whether staff members failed to comply with District policy due to their compliance with the directives of the former treasurer. The former treasurer disseminated misinformation regarding financial management practices, as reported by staff members and documented in the “failure to maintain the required fundraising documentation” FY2015 Audit Finding Management Response which did not concur with the finding: “Records were kept, though involved staff members have reported that the former bookkeeper (treasurer) told them they did not need to submit those records. Maintained records are available if needed. The new bookkeeper (treasurer) is following procedures.”*
- 4) *The former principal disagrees with the focus on rare noncompliance and the responsibility this statement attributes to competent, well-intentioned staff members: “Noncompliances with procedures created opportunities for theft of cash from deposits.” It would be more accurate to state, “During the 16-month analysis period, the compliance of staff members in managing finances limited theft opportunities, resulting in \$23,085.55 of missing monies. This amounted to less than one percent of BRCHS’s internal account receipt/disbursement gross activity during that time period. Though there was alleged noncompliance, the theft would not have occurred if the treasurer had abided by the law, or if she had fulfilled a school treasurer’s ‘Essential Functions’ and ‘Additional Job Functions’ of a ‘Performance Responsibilities’.”*

Standard staff training did occur during the referenced period. The former principal provided detailed financial procedural information in the Staff Handbook and reviewed that information with all staff members during the pre-school week. Also during pre-school week, the treasurer had a follow-up meeting with all coaches and activity sponsors to go into greater depth regarding financial procedures. Coaches and activity sponsors were required to watch the District eLearning financial management video. Throughout the year, the former principal and former treasurer helped staff members correct errors and follow procedures. Noncompliance matters that were brought to the attention of the former principal were promptly addressed. The financial management training and monitoring system had proven effective prior to the BRCHS tenure of the former treasurer.

The former treasurer attended District treasurer meetings and training sessions, served as an AESOP representative, and was the appropriate staff member, based on her position and training, to alert the former principal of any compliance concerns and to promote financial management compliance. Every time she, an auditor, or any staff member alerted the former principal regarding compliance concerns, corrective action was taken.

The former principal addressed the alleged noncompliance, including procedures for the processing of donations and checks, such as the referenced competition prize check that was presented to an assistant principal. That check was irregular in that it was not from a student or school parent, was not related to a fundraiser, and the contest did not involve an activity sponsor. Consequently, specific processing instructions for that check were not found in the Bookkeeper Manual. The former principal recommends that the Bookkeeper Manual should include specific procedures for the processing of such checks and other unsolicited donations, including instructions regarding who should complete the Monies Collected Report (MCR) when there is no activity sponsor involved.

A critical component in providing for effective financial management is having a trustworthy, compliant, and alert school treasurer who fulfills the 'Essential Functions' and 'Additional Job Functions' of a school treasurer's 'Performance Responsibilities'. The new BRCHS treasurer has been well-trained in District financial procedures and school practices for notifying administration of any perceived training needs or necessary corrective action.

The above responses, increased use of School Cash Online, leadership from the current BRCHS principal and treasurer, heightened awareness and devotion to accountability among coaches and activity sponsors, support from Accounting Services personnel, and guidance from the Inspector General's Office personnel have helped the BRCHS community learn from the happenings detailed in the Special Review and implement exemplary financial management practices.

(Please see pages 19 and 20.)

Current Principal of Boca Raton High: *Following the audit, I met with the auditor and reviewed her findings for the 2016 school year. I then met face-to-face with each coach, teacher and club sponsor who had a finding and reviewed the finding, recommendation, and proper District procedures. I informed each coach, teacher and club sponsor compliance with District policies is mandatory and non-negotiable.*

(Please see page 21.)

District's Chief Financial Officer: *Management concurs with the breakdown of internal controls that occurred 2-4 years ago. Training was/is available and mandatory for all teacher/sponsors collecting funds on behalf of the school. The required training includes proper completion of the Monies Collected Reports (MCR), requirement for daily deposit of funds including recording the deposit on the Drop Safe Log (DSL), retaining the yellow copy of MCR, along with matching the MCR to the official receipt. Effective with school year 2017, training is available in eLM for Document Custodians of the DSL. Effective with school year 2018, all DSLs will be scanned to the District main office through eForms, and District staff will sample and review logs. District staff will notify the school document custodian and principal of any irregularities discovered with the logs.*

While District staff continues to enhance both in-person and online training, the prescribed procedures must be implemented with fidelity by school staff to be effective. Over the last few years, District Staff have presented Internal Control Best Practices and DSL procedures during Principal Leadership Academies.

(Please see page 22.)

Exhibit 1

Internal Accounts Manual, Chapter 7

Chapter 7 - Cash Receipts and Deposits

All funds handled by school board employees during normal working hours shall be included in and become part of the internal funds, and must be recorded in SchoolCash.net unless accounted for in the district-level PeopleSoft accounting system. All organizations of the school, or operating in the name of the school, that maintain monies collected from the public shall be accountable to the Board for receipt and expenditure of those funds. Principals have the option to allow affiliated PTO/PTA/PTSA organizations to operate outside of internal accounts, but those organizations must conduct financial operations after school hours and follow specific rules established by the Board as outlined in the Internal Accounts Overview chapter of this manual. School district personnel are permitted to participate in affiliated outside organizations, but they may not do so during their normal working hours.

Internal controls for student activity accounting rely on a system of checks and balances between three participating members of the revenue collection process: the activity sponsor, the school bookkeeper, and the principal. The role of each of these individuals with regard to cash receipts and deposit of funds is summarized as follows:

- **Activity Sponsors** – responsible for collection of funds, completion of district forms to document those collections, making prompt deposits of funds, confirming that funds were recorded in the student activity account correctly and timely, and monitoring account balances and online payments on a regular basis.
- **Bookkeepers** – responsible for confirming funds collected by sponsors, recording the collections in the internal funds accounting system, setting up parent fees in the online payment system, preparing bank deposits, reconciling the school bank account, and providing computerized receipts and reports to activity sponsors and the principal.
- **Principals** – responsible for approving collection activities on the school campus (fundraisers, field trips, and other solicitations of funds from students and members of the public), overseeing the financial operations of the school, monitoring the financial status of the various campus organizations, and implementing corrective measures when necessary.

The concept of segregation of duties means that no one person is responsible for all phases of the revenue collection process. This concept is a cornerstone of internal controls for most large organizations to deter errors, fraud and mismanagement of funds. For example, bookkeepers may not complete Monies Collected Reports, serve as activity sponsors, or authorize the collection of funds on campus. Bookkeepers must provide receipts to activity sponsors to confirm that deposits are properly recorded on the books and provide the principal with the bank reconciliation and financial reports on a monthly basis. A copy of the monthly reports is also submitted to the district office, which provides another level of financial oversight to internal funds accounting.

This chapter contains a chart to give teachers, coaches, etc. an overview of their responsibilities as a student activity sponsor (Exhibit 7A). Sponsors are required to complete ELM sessions annually, and are encouraged to consult the school bookkeeper if there are questions, concerns, or areas that require more clarification. Bookkeepers must also complete an annual ELM session, and receive a series of

Exhibit 1

Internal Accounts Manual, Chapter 7

training sessions when they are first hired as well as monthly training sessions throughout the year on a wide variety of financial topics. Principals are required to complete an ELM session annually, and receive updates at their monthly meetings and summer leadership sessions. All parties are welcome to call or email the Bookkeeper Support Team for clarification and assistance.

Collecting Money from Students

Collections from students must be properly documented with the name of the student, the purpose of the collection, the internal account name/number assigned to the activity, and the amounts collected from students. All forms must be completed in ink and signed by the sponsor. A sample of a completed Monies Collected Report is included in this chapter as Exhibit 7B.

Schools have several options for recording cash collected from students or members of the public:

- The activity sponsor can issue Classroom Receipts (PBSD 0196) to each student individually. If this option is used, the classroom receipt numbers must be listed on a Monies Collected Report (PBSD 0180). This option may be advisable for large amounts (\$100 or more) or if there is a strong possibility that refunds may be required (textbook fees) or if the student will be required to present proof of payment in order to claim an item at a later date (yearbooks). These are simply examples of the types of collections that might warrant the use of classroom receipts, and they in no way imply a requirement to use classroom receipts. The use of classroom receipts is optional, and is left up to the discretion of the principal.
- The activity sponsor can complete a Monies Collected Report (PBSD 0180) to document funds submitted for deposit into school internal accounts. The Monies Collected Report (MCR) must be completed in ink and filled out completely by the teacher/sponsor, and any changes must be crossed out and initialed by the person making the change. Each student's name and amount paid must be listed on the form, and if a check is received, list the check number in the space designated on the form. The MCR must be totaled and the total on the form must agree with the total of the cash and checks attached. If multiple forms are required, the total block must be labeled "CONT" and each form must be enumerated, eg., "Page 1 of 3, Page 2 of 3, Page 3 of 3" with a grand total entered on the last page.
- If sponsors elect to submit a class roster in lieu of listing the student names, they must highlight the names of the students that paid and list the amount paid by each student along with the check number, thus providing the same level of detail that would appear if the names were listed on the MCR.
- Occasionally it may not be feasible to list the student names, particularly if the collection is of a general nature (anonymous donations, penny drives, etc.) and in those rare instances the sponsor may list "General Collections" and describe the nature of the collection on the MCR. This should be the exception, not the rule. If the name of the students or other participants is available at the time of collection, it must be detailed on the Monies Collected Report.
- The Monies Collected Report is a two-part NCR form. The original (white) copy goes to the front office with the cash/coin/checks and the second (yellow) copy is retained by the activity sponsor

Exhibit 1

Internal Accounts Manual, Chapter 7

as a temporary receipt for later comparison with the computerized receipt issued by the bookkeeper.

- Depending on the nature of the collection, other paperwork may be required to fully document the funds collected. Some examples of this additional paperwork include ticket seller reports, field trip applications, fundraising applications, etc., which help provide a full accounting for the revenues collected in association with these special school events.

Activity sponsors must submit collections to the front office on a daily basis. Every school has some established method for packaging deposits—heavy duty envelopes, bank zipper bags, plastic baggies—that allow the collections and the white copy of the MCR to be bundled together for deposit. Sponsors must retain the yellow copy of the MCR as a temporary receipt, and submit them to the front office at the close of the school year. Each school has a drop safe in the front office specifically for securing funds overnight, and all monies deposited in the safe must be entered on the Drop Safe Log by the activity sponsor. A sample of the Drop Safe Log is included in this chapter as Exhibit 7C. After entering the deposit on the log, the activity sponsor will use the safe's hopper mechanism to drop the funds into the safe. Activity sponsors should exercise care when using the drop safe and turn the hopper handle a second time to confirm that the deposit bag dropped into the safe and that the deposit is not stuck in the safe's hopper mechanism.

When the funds have been verified by the bookkeeper and recorded in the computerized accounting system, the bookkeeper will issue a receipt that shows the amount of the deposit, the account name and number that was credited, and the balance in the account after the deposit. The receipts and the Drop Safe Log are then given to another staff member, who records the receipt numbers on the log, distributes the receipts to the teacher/sponsors, and files the Drop Safe Logs in numerical order for audit purposes. The teacher/sponsor should verify the computer-generated receipt against the temporary receipt (yellow copy of the MCR) and retain it for future reference. Since schools are required to deposit funds within five days of collection, sponsors can realistically expect to receive a deposit receipt within a week. Any deposits that are unconfirmed after a week should be investigated with the bookkeeper and brought to the principal's attention if deposit delays become a routine occurrence.

Drop Safes and Bank Courier Schedules

The Florida Department of Education Red Book requires schools to deposit funds within five days of collection. This can easily be accomplished if teachers turn in money daily and bookkeepers open the safe and prepare a deposit more than once per week. To facilitate that effort, schools have been provided with drop safes (to secure funds between deposits) and armored car service (to transport those deposits to the bank).

The drop safe is a heavy duty combination safe outfitted with a manual hopper device that allows funds to be dropped into the safe without actually opening the safe. Safes must not be left unlocked while unattended. Unless there is a need to open the safe for a specific purpose (to remove funds for verification by the bookkeeper, for instance) it should remain locked at all times. Safes should be

Exhibit 1

Internal Accounts Manual, Chapter 7

located in the school's front office, in a location that is accessible to the staff members and to the armored car service provider. For security reasons, safes must be bolted to the floor. 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. This security measure is for the protection of those members of the school office staff, and if there is a breach of this protocol, the principal should request an emergency work order to the District's Facilities Department to change the safe combination immediately. If there is a change in principals, the safe combination should also be changed as part of the turnover of the school from one principal to another. Safe combinations are on file in the School Police Department, and changes to the combinations are communicated between Maintenance and School Police. If a school forgets or loses the combination, call School Police at PX 48155 for direction and assistance.

Armored car service is provided by the Accounting Department and bids for services are managed by the Purchasing Department when contracts expire. Accounting provides each school with armored car service at least two days per week, and some schools receive service more often. The hours of service extend from 8AM until 3PM and there is no service on the days schools are closed or on bank holidays. The armored car provider sets the routes for the armored vehicles, and as a security measure, those routes may change from time to time to vary the schedules. Schools are advised of their pickup days, and should have a deposit ready to go the day prior to their scheduled pickup. All armored car providers have some form of logbook that lists the deposit bag number, name of the bank depository, and amount of deposit. The armored car logbook is the official record to transfer custody of the deposit from the school to the armored car company, and courier logbooks must be retained for five years. The armored car courier will verify the information on the logbook and sign the book to certify the transfer of custody on the funds. If for any reason the deposit isn't credited to the school's bank account, the information on the logbook can be used to trace the deposit's custody between the school, the armored car company, and the bank to determine what happened with the deposit. Furthermore, schools should only release deposits to properly documented couriers. All couriers wear a picture ID badge with their signature. Bookkeepers (or other school staff) must confirm that the picture on the badge matches the appearance of the courier, and confirm that the signature on the badge matches the signature on the logbook. If there is any doubt about the identity of the armored car personnel, call the vendor's dispatch number (printed on the front of the logbook) immediately. The current armored car provider is Dunbar Armored, and their dispatch number is 561-683-1283.

Entering Monies Collected Reports in School Cash

Monies Collected Reports and funds collected by teachers and other activity sponsors must be verified by the bookkeeper, entered into the computerized accounting system, and deposited with the bank. School funds must be deposited intact—they may not be used to cash checks for teachers, employees, students or other members of the public. Sometimes schools will need to exchange currency or coin to break large bills for a school change fund, but this should be documented and reallocated as part of the bank deposit process.

Exhibit 1

Internal Accounts Manual, Chapter 7

The following series of steps constitute the recommended best practice for verifying and entering MCRs in School Cash.

1. **Open the drop safe.** The principal or the two co-designees may open the safe.
2. **Remove funds from the safe.** As deposit bundles are removed from the safe, they must be compared against the drop safe log that was completed by the sponsors. This assures that all funds were logged in and out of the safe, and should be jointly confirmed by the bookkeeper and another staff member.
3. **Access the Deposits/Receipts module in School Cash.** From the main menu, select the Deposits/Receipts button and select the Forms button, then Add A Form to view the detailed receipt page.
4. **Verify each Monies Collected Form by creating a deposit form in School Cash.** Working one MCR at a time, empty each deposit bundle and organize the money by sorting the currency, coin and checks by denomination. Enter the sponsor's name in the Money Handed In By block. The system has an auto-type feature that allows the bookkeeper to enter a portion of the sponsor's name and select from a pick list. Using this feature promotes uniformity in the way the names are entered into the system and prevents duplicate entries in the pick list.
5. **Enter the Category Names or Numbers shown on the MCR.** From the MCR, select or enter the Category (Account) Name or Category Number and enter the Reason for the deposit. Scroll to the right and select a transaction code. Press ENTER to save the data. If multiple categories are listed on the MCR, click the Add a Row icon at the bottom of the page, enter the next category and transaction code, and click the checkmark to save the data. Continue inserting rows, entering category and transaction codes, and saving the row until all categories have been entered. Leave the Amount field blank temporarily.
6. **Count the currency.** Count the number of bills for each denomination, and enter the number of bills for each in the Bills section of the page. Enter the number and press ENTER to move to the next currency denomination.
7. **Count the loose coin.** Separate the coin by denomination and count the number of loose coins of each denomination, and enter the number of coins for each in the Loose Coins section of the page.
8. **Enter the checks.** Schools have the option to enter the checks in a detailed or summarized format. Depending on volume, some schools elect to detail checks while others do not. At this point in time, the option to detail checks is a school-based decision.
 - **To detail the checks** – click the blue Detail link to bring up the detail screen. Enter the name of the payee, check number and check amount for each check in the deposit bundle. Press ENTER to generate another data line, and continue to do so until all checks have been detailed. Press Continue to return to the deposit form and tabulate the check total.
 - **To summarize the checks** – sort the checks by amount and count the number of checks for each amount. Enter the number of checks in the Qty block and the amount of the checks in the Amount block. Continue until all checks have been entered and the check amount is tabulated.

Exhibit 1

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9. **Confirm that the Deposit Total on the page agrees with the Deposit Total from the Monies Collected Form.** If the totals don't agree, check the addition on the MCR. Depending on the nature and amount of the error, the bookkeeper has the option to correct the MCR or delete the form and return the deposit bundle and MCR to the teacher for correction. To change a MCR, cross through the incorrect information and write in the correct information in ink, and initial the change. Note any changes to the deposit amount on the Drop Safe Log.
10. **Balance the form by allocating funds to the proper category.** Verify the category and total against the sponsor's MCR, and adjust as necessary. To modify a data element on any row, click on the element to open the field and make the change. The form will show a zero balance when all funds have been completely allocated between the categories.
11. **Cross Reference the MCR to the deposit form in School Cash.** Initial the Monies Collected Report and enter the date and the Deposit Number/Form Number in the appropriate blocks on the form submitted by the sponsor.

The screenshot shows the 'School Cash' interface with the following data:

Bills		Loose Coins		Checks	
Qty	Amount	Qty	Amount	Qty	Amount
\$1 7	\$7.00	1¢ 6	\$0.06		
\$2		5¢ 4	\$0.20		
\$5 5	\$25.00	10¢		3	\$15.00
\$10 5	\$50.00	25¢ 3	\$0.75		
\$20 6	\$120.00	50¢			
\$50		\$1			
\$100					
Total Bills:	\$202.00	Total Loose:	\$1.00	Check Total:	\$45.00

Summary Totals: Cash Total: \$203.00, Deposit Total: \$248.00, Balance: \$45.00

Category Name	Cat. #	Amount	Reason
3rd Grade - Pizza Party	3-2300.00	\$45.00	PCAT Pizza Party
Chess Club	4-0990.00	\$200.00	Dues

Category Total: \$248.00

Deposit #: 45

Date: 09/06/2013

Form: 1 / 1

Click Forms, Add Form to save the current form and generate a new blank form. Follow the same technique to verify each Monies Collected Report. There should be a one-to-one correspondence between each Monies Collected Report and each School Cash deposit form. Bookkeepers are encouraged to use a divided money drawer with a locking lid to hold the cash, coin and check after the MCR has been verified and recorded in the system. This is particularly helpful for sorting the bills and coin by denomination and helps isolate funds that have been counted from those that still need to be verified and entered into School Cash. It also produces a much more organized and accurate bank

Exhibit 1

Internal Accounts Manual, Chapter 7

deposit and allows the bookkeeper to “build” the deposit over more than one day, particularly if there is no courier service the next day. Simply lock the lid on the money tray and place the verified funds in the safe for overnight storage, then continue with the deposit the next day.

Confirm the Data Entry and Print Deposit Reports

When the deposit is complete, print a Deposit Statement to preview the deposit. From the Deposits/Receipts page, select Print, Print Menu, Statement, then print the Deposit Statement. Compare the computer input for accuracy and completeness against the Monies Collected Reports. If corrections are necessary, go back to the previous screen and return to the deposit, then find the form number and make the corrections. Generate the Deposit Statement again to confirm that the modifications are correct, and print the remaining deposit reports.

Select Print, Quick Print and generate all remaining deposit forms:

- **Three-part Receipts** – Shows who turned in money, what account was credited, deposit amount, and account balance. The receipts and Drop Safe Log are to be forwarded to a member of the front office staff for verification, and the receipts are to be distributed to Activity Sponsors (usually in their mailboxes)
- **One Page Bank Deposit** – Summarizes bills, coin and checks for all MCR in the batch to assist in completing the bank deposit slip – Retain with deposit paperwork as part of deposit packet
- **Adding Machine Tape for Bank** – Lists all checks for bank deposit in lieu of running tapes or listing checks individually on the deposit slip – Send with the check bundle to the bank
- **Bank and School Records** – Shows deposit details for checks, including account/categories and student names if the school is using the Detail Checks option – Retain with deposit paperwork as part of deposit packet

Prepare and Balance the Bank Deposit

Use the One Page Bank Deposit to prepare the two-part MICR-encoded bank deposit slip. You will need a bank deposit slip, deposit straps, and a courier bag to complete this step. The One Page Bank Deposit should always match the check, coin, and currency that is sent to the bank and that shows on the deposit slip. If you made a mistake entering one of the MCRs or made change, you will need to return to the deposit and click the checkbox to Reallocate cash amounts for one page printout and make the necessary changes. Then proceed with preparing the deposit elements for bank processing and write up the bank deposit slip. School funds should never be used to cash checks for students, staff, or other members of the public. All funds collected must be deposited intact, and any reallocations should be explained with a note on the One Page Bank Deposit.

1. **Batch the checks for processing** – Count the number of checks in the deposit. The number of checks should agree with the Quantity total shown for checks on the One Page Bank Deposit.

Exhibit 1

Internal Accounts Manual, Chapter 7

Bundle the checks together. Fold the Adding Machine Tape for Bank so it fits securely inside the check bundle. Enter the check total in the appropriate blank on the bank deposit slip.

2. **Bundle the currency for processing** – Check the number of bills by denomination on the One Page Bank Deposit. If the quantity is more than 100, strap the bills in batches of 100 bills by using the appropriate currency strap (\$100 for ones, \$500 for fives, \$1000 for tens, or \$2000 for twenties). For batches of less than 100 bills, bundle the mixed bills together, reverse the strap and write the dollar amount on the strap. List the currency total in the appropriate blank on the bank deposit slip.
3. **Prepare the coin for processing** – Wells Fargo requires a separate deposit for coin in excess of \$25. Check the coin totals on the One Page Bank Deposit. If the total is more than \$25, prepare a separate deposit slip with the coin total from the report, complete the information on the courier bag, and place all the coin and the original deposit slip for the coin in the bank deposit bag. Coin totaling less than \$25 can be included with the checks and currency in the same deposit bag, with the coin total listed in the appropriate blank on the bank deposit slip.

Total the deposit slip. The deposit total should agree with the TOTAL DEPOSIT figure shown on the One Page Bank Deposit. If a separate coin deposit was required, the total of both deposits should agree with the total shown on the One Page Bank Deposit.

Complete the information on the courier bag and place all the deposit elements (coin, cash, and checks) in the bag, along with the original deposit slip. Seal the bag and remove the tear strip from the deposit bag to retain proof of the bag number and log the deposit on the courier logbook. The deposit is ready for pickup, and should be secured in the safe until the courier arrives.

Sample deposit reports are included as Exhibit 7D at the end of this chapter.

Finalize the Deposit in School Cash

When the deposit is complete, return to the deposit batch in School Cash and post the transactions to the school's accounting records. From the Deposits/Receipts menu, click the Add to Ledger button. A warning will appear as a reminder to print all the forms and receipts. If all printing tasks have been completed, click OK to post the transactions and finalize the deposit batch in School Cash.

Compile the Deposit Batch Paperwork for Audit Purposes

The school's deposit batch includes the following items, which should be assembled into a neat packet:

- Monies Collected Reports, in order by form number
- Yellow copy of bank deposit slip
- Tear strip from the courier bag
- One Page Bank Deposit report
- Bank and School Records report

Exhibit 1
Internal Accounts Manual, Chapter 7

Staple, rubber band, or otherwise neatly group all the elements of the deposit batch together, and file the batches sequentially by batch number. It may be helpful to write the batch number prominently on the top of the paperwork to make it easier to file and retrieve the batches at audit time and throughout the year.

Distribute Receipts to Activity Sponsors

When the deposit is complete, the bookkeeper should forward the three-part receipts and the Drop Safe Log to another staff member for verification. That staff member must enter the receipt number on the Drop Safe Log and note any discrepancies in deposit totals on the log. The Drop Safe Log must be initialed by the person performing the verification and filed sequentially by document number. They will also distribute the receipts to the teachers' mailboxes as the final step in the deposit process. Teachers can reasonably expect to get a computerized receipt back from the bookkeeper within a few days' time so they can compare it against their yellow copy of the MCR, contacting the bookkeeper immediately if any errors are discovered. Teachers shall retain the yellow MCR and computerized receipts and forward them to the School Secretary at the close of the school year.

Records Retention Requirements

All deposit batches and deposit logs must be retained for five years. Bookkeepers should file the deposit batches sequentially by month in a file cabinet during the current year, and at the close of the year they can be boxed and stored in the file room in a secure location on campus. Drop Safe Logs should be filed sequentially by document number and retained with the year-end records. When a new year's files come into the file room, the oldest files can be rotated out of storage and disposed of in accordance with the District's records disposal guidelines, which can be found at the FORMS link at the top of the District's main webpage. Teacher/sponsors should submit their yellow copies of the MCR and computerized receipts to the School Secretary for possible review as part of the internal funds audit.

Management's Response
Former Principal of Boca Raton High School



SCHOOL DISTRICT OF PALM BEACH COUNTY

MEMORANDUM

November 28, 2017

To: Lung Chiu, CIG, CPA, Inspector General
Randy Law, Director of Audit, Office of the Inspector General

RECEIVED
NOV 28 2017

From: Geoff McKee, Ph.D., Instructional Superintendent for Support Services
Former Principal of Boca Raton Community High School

INSPECTOR GENERAL

Subject: Management Response to the Special Review of Missing Monies at Boca Raton
Community High Special

The former principal, on behalf of the Boca Raton Community High School (BRCHS) community, appreciates the attentive and discerning work of the auditor who found the anomaly that led to the discovery of missing monies; appreciates the thorough work of the school police investigators and the Inspector General's office investigators; and appreciates the ongoing training and support provided by Accounting Services personnel. Considering the internal account complexities and BRCHS's receipts/disbursement activity of over \$4,000,000 during the 16-month analysis period, as well as the former treasurer's alleged criminal activity, this support has been especially valuable.

The former principal does not dispute Special Review findings regarding missing monies. However, the former principal does not concur with findings of noncompliance for these four reasons:

- 1) The former principal does not have access to conclusive findings of the cited noncompliance.
- 2) Evidence of alleged staff noncompliance may have been contaminated by the former treasurer, who had opportunity to alter or discard records. Altered and discarded records may have resulted in noncompliance being attributed to staff members, when it should have been attributed to the treasurer. Here is an example of alleged alterations that could have had such an effect, as reported in the District's 2014-2015 Audit Findings: "The total dollar amounts for deposit listed on four MCRs (#1726-13, #1798-26, #1798-27, and #1798-33) were changed after the school treasurer counted the monies. However, the changes on the MCRs were not signed off or initialed by the sponsors to agree to the changes."
- 3) The Special Review findings do not state the cause of noncompliance, i.e., whether staff members failed to comply with District policy due to their compliance with the directives of the former treasurer. The former treasurer disseminated misinformation regarding financial management practices, as reported by staff members and documented in the "failure to maintain the required fundraising documentation" FY2015 Audit Finding Management Response which did not concur with the finding: "Records were kept, though involved staff members have reported that the former bookkeeper (treasurer) told them they did not need to submit those records. Maintained records are available if needed. The new bookkeeper (treasurer) is following procedures."

The School District of Palm Beach County, Florida
A Top-Rated Urban District by the Florida Department of Education Since 2005
An Equal Education Opportunity Provider and Employer

Management's Response
Former Principal of Boca Raton High School

MANAGEMENT RESPONSE, BRCHS MISSING MONIES

Page 2 of 2

- 4) The former principal disagrees with the focus on rare noncompliance and the responsibility this statement attributes to competent, well-intentioned staff members: "Noncompliances with procedures created opportunities for theft of cash from deposits." It would be more accurate to state, "During the 16-month analysis period, the compliance of staff members in managing finances limited theft opportunities, resulting in \$23,085.55 of missing monies. This amounted to less than one percent of BRCHS's internal account receipt/disbursement gross activity during that time period. Though there was alleged noncompliance, the theft would not have occurred if the treasurer had abided by the law, or if she had fulfilled a school treasurer's 'Essential Functions' and 'Additional Job Functions' of a 'Performance Responsibilities'."

Standard staff training did occur during the referenced period. The former principal provided detailed financial procedural information in the *Staff Handbook* and reviewed that information with all staff members during the pre-school week. Also during pre-school week, the treasurer had a follow-up meeting with all coaches and activity sponsors to go into greater depth regarding financial procedures. Coaches and activity sponsors were required to watch the District eLearning financial management video. Throughout the year, the former principal and former treasurer helped staff members correct errors and follow procedures. Noncompliance matters that were brought to the attention of the former principal were promptly addressed. The financial management training and monitoring system had proven effective prior to the BRCHS tenure of the former treasurer.

The former treasurer attended District treasurer meetings and training sessions, served as an AESOP representative, and was the appropriate staff member, based on her position and training, to alert the former principal of any compliance concerns and to promote financial management compliance. Every time she, an auditor, or any staff member alerted the former principal regarding compliance concerns, corrective action was taken.

The former principal addressed the alleged noncompliance, including procedures for the processing of donations and checks, such as the referenced competition prize check that was presented to an assistant principal. That check was irregular in that it was not from a student or school parent, was not related to a fundraiser, and the contest did not involve an activity sponsor. Consequently, specific processing instructions for that check were not found in the *Bookkeeper Manual*. The former principal recommends that the *Bookkeeper Manual* should include specific procedures for the processing of such checks and other unsolicited donations, including instructions regarding who should complete the Monies Collected Report (MCR) when there is no activity sponsor involved.

A critical component in providing for effective financial management is having a trustworthy, compliant, and alert school treasurer who fulfills the 'Essential Functions' and 'Additional Job Functions' of a school treasurer's 'Performance Responsibilities'. The new BRCHS treasurer has been well-trained in District financial procedures and school practices for notifying administration of any perceived training needs or necessary corrective action.

The above responses, increased use of *School Cash Online*, leadership from the current BRCHS principal and treasurer, heightened awareness and devotion to accountability among coaches and activity sponsors, support from Accounting Services personnel, and guidance from the Inspector General's Office personnel have helped the BRCHS community learn from the happenings detailed in the Special Review and implement exemplary financial management practices.

Management's Response
Current Principal of Boca Raton High School

Boca Raton Community High School

1501 Northwest 15 Court, Boca Raton, Florida 33486
Phone: (561) 338-1400 Facsimile: (561) 338-1440

Principal Suzanne King, Ph.D.

October 27, 2017

Response to Special Review: Missing Monies at Boca Raton High School

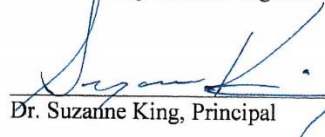
EXECUTIVE SUMMARY Section

1. \$23,086 in Cash Missing, Allegedly Substituted by the Treasurer with Unrecorded Checks
2. Failure to Adhere to Procedures
 - a. Information Missing on Monies Collected Reports (MCRs)
 - b. Collections Not Turned-in Timely for Deposit
 - c. Drop-Safe Log Not Used
 - d. 12% of Yellow Copies of MCRs Missing or Not Retained by Staff
 - e. Collections in Drop-safe Not Reconciled to Drop-safe Log
 - f. Section 3 of the Drop-safe Log Not Properly Completed by an Independent Verifier

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INSPECTOR GENERAL

Management's Response:

1. I was not the principal during this time. My start date was July, 2016. While I am aware of cash missing, I am not aware of the total sum nor of the alleged method of substitution.
2. Following the audit, I met with the auditor and reviewed her findings for the 2016 school year. I then met face-to-face with each coach, teacher and club sponsor who had a finding and reviewed the finding, recommendation, and proper District procedures. I informed each coach, teacher and club sponsor compliance with District policies is mandatory and non-negotiable.


Dr. Suzanne King, Principal

10/27/2017
Date



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Management's Response
Chief Financial Officer



THE SCHOOL DISTRICT OF
PALM BEACH COUNTY, FL

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MICHAEL J. BURKE
CHIEF FINANCIAL OFFICER

ROBERT M. AVOSSA, Ed.D.
SUPERINTENDENT

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MEMORANDUM

NOVEMBER 15, 2017

TO: Lung Chiu, Inspector General

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

DATE: November 15, 2017

SUBJECT: Missing Monies at Boca Raton High School October 2013 – September 2015

Management has reviewed the Special Review of Missing Monies at Boca Raton High School:

- 1. Cash Missing, Allegedly Substituted with Unrecorded Checks**
Management does not have the ability to concur at this time without re-performing work.
- 2. Failure to Adhere to Procedures**
Management concurs with the breakdown of internal controls that occurred 2-4 years ago. Training was / is available and mandatory for all teacher/sponsors collecting funds on behalf of the school. The required training includes proper completion of the Monies Collected Reports (MCR), requirement for daily deposit of funds including recording the deposit on the Drop Safe Log (DSL), retaining the yellow copy of MCR, along with matching the MCR to the official receipt. Effective with school year 2017, training is available in eLM for Document Custodians of the DSL. Effective with school year 2018, all DSLs will be scanned to the District main office through eForms, and District staff will sample and review logs. District staff will notify the school document custodian and principal of any irregularities discovered with the logs.

While District staff continues to enhance both in-person and online training, the prescribed procedures must be implemented with fidelity by school staff to be effective. Over the last few years, District Staff have presented Internal Control Best Practices and DSL procedures during Principal Leadership Academies.

cc: David W. Christiansen, Ed.D., Deputy Superintendent – Chief of Schools
Nancy Samuels, CPA, Director of Accounting

MJB/mw