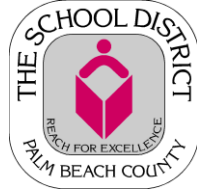


Special Review of
Palm Beach Lakes High School
Money Collection Records

August 25, 2017

Report #2017-06



MISSION STATEMENT

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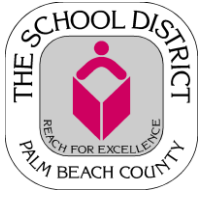
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Palm Beach Lakes High School
Money Collection Records
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LUNG CHIU, CIG, CPA
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MEMORANDUM

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: August 25, 2017

SUBJECT: Special Review of Palm Beach Lakes High School Money Collection Records

PURPOSE AND AUTHORITY

Pursuant to the *Office of Inspector General's (OIG) 2016-17 Work plan* and in response to the request of the Principal of Palm Beach Lakes High School, we have reviewed the deposit records and money collection procedures at the school. The primary objective of this review was to determine whether all monies collected by the school during September and October 2016 were properly accounted for.

SCOPE AND METHODOLOGY

This special review covered the period September and October 2016, and included:

- Interviewing District staff;
- Analyzing all money collection records for the review period; and,
- Reviewing the General Ledger for the school's Internal Funds Accounting System.

Draft findings were sent to the school and the District's Financial Management Division for review and comments. Management 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 August 25, 2017, Audit Committee Meeting Agenda.

BACKGROUND

The school hired a new school treasurer in November 2016. On December 1, 2016, the Principal requested an audit of the school's money collection records because seven pages of the *Drop-Safe Log* were missing from the binder. (Please see Subsequent Event Note below.) Based on the available pages of the *Drop-Safe Log*, the missing pages should contain records for collections during September 23, through October 26, 2016, as shown in Table 1 below.

Table 1
Missing *Drop-Safe Log* Pages

Pages Missing	Estimated Dates of Collections Recorded on the Missing Logs
14-12294	September 23-27, 2016
14-12296	September 27-29, 2016
14-12298	September 29-30, 2016
14-12301	September 30-October 4, 2016
14-12310	October 19-25, 2016
14-12311	October 19-25, 2016
14-12313	October 25-26, 2016

Source: Available Drop-safe Logs.

On December 15, 2016, OIG performed a preliminary review of the available deposit and collection records. Although several instances of potential noncompliance were noted, there were no indicators of money missing. Consequently, these potential noncompliances were put on the OIG's priority list and were to be followed-up immediately after the completion of the Districtwide 2016 Internal Funds Audit. In April 2017, the OIG initiated the follow-up analysis as planned for all the collections of the school during September and October 2016.

SUBSEQUENT EVENT

The seven missing pages of the *Drop-safe Log* as indicated above were subsequently found by the OIG auditor in the front pocket of the *Drop Safe Log* binder for December 2016 through June 2017 during the *2017 Annual Internal Funds Audit* fieldwork on August 1, 2017.

CONCLUSIONS

This special review produced the following major conclusions.

1. No Money Missing

With the assistance of the Principal, OIG obtained available yellow copies of *Monies Collected Reports (MCR)* retained by staff, which included 218 MCRs totaling \$58,563.23. We reviewed all the 218 available MCR copies for money collections during September and October 2016. Our review concluded that no money was missing related to available MCRs; all of the \$58,563.23 in collections were properly reconciled to the deposit records and General Ledger.

2. 46% of Yellow Copies of Monies Collected Reports Missing or Not Retained By Staff

During September and October 2016, there were 28 bank deposits. These 28 deposits included collections from 401 MCRs, totaling \$117,993.75. However, only 218 yellow copy of MCRs, totaling \$58,563.23, were available for our review. The other 183 (401 – 218 = 183, or 46%) yellow copies of MCRs, totaling \$59,430.52 (50% of the total deposits), were not available for our review. Apparently, these 183 yellow copies of MCRs were either missing or not retained by staff (please see Table 2 below.) Due to the significant number (46%) of the yellow copy of MCRs not available for our review, there is less assurance that the collections recorded on the unavailable MCR were properly accounted for.

As required by the *Internal Accounts Manual, Chapter 7, Cash Receipts and Deposit*,

“The teacher/sponsor should verify the computer-generated receipt against the temporary receipt (yellow copy of the MCR) and retain it for future reference until the end of the year when they turn the yellow copies of the MCR and the computerized receipt to the school secretary.”

However, there were no computerized *Official Receipts* (generated by the Internal Funds Accounting System) available for 126 (58%) of the 218 available yellow copy of MCRs.

**Table 2
Bank Deposits
During September and October 2016**

Bank Deposits				Yellow Copy of MCRs			
				Available For OIG Review		Unavailable For OIG Review	
#	Date	Number of MCRs	\$ Amount	Number of MCRs	\$ Amount	Number of MCRs	\$ Amount
777	9/2/2016	14	2,358.40	8	1,542.00	6	816.40
778	9/6/2016	20	14,047.39	14	12,095.94	6	1,951.45
779	9/7/2016	21	1,915.00	13	1,275.00	8	640.00
780	9/8/2016	20	2,952.00	8	1,087.00	12	1,865.00
781	9/9/2016	19	2,072.25	9	1,061.60	10	1,010.65
782	9/12/2016	15	2,609.30	6	1,165.30	9	1,444.00
783	9/13/2016	19	3,643.50	13	2,843.50	6	800.00
784	9/14/2016	19	4,078.75	9	1,503.75	10	2,575.00
785	9/16/2016	27	6,604.30	15	4,105.30	12	2,499.00
786	9/20/2016	24	5,547.75	14	4,594.25	10	953.50
787	9/21/2016	9	1,711.20	5	1,386.20	4	325.00
788	9/22/2016	11	1,878.45	6	1,220.45	5	658.00
789	9/23/2016	11	3,830.00	6	2,489.00	5	1,341.00
790	9/26/2016	7	1,302.40	5	1,015.00	2	287.40
791	9/27/2016	9	1,964.00	5	871.00	4	1,093.00
792	9/28/2016	9	2,166.00	3	910.00	6	1,256.00
793	9/29/2016	10	2,462.00	2	711.00	8	1,751.00
794	9/30/2016	9	4,303.00	6	2,351.00	3	1,952.00
795	10/4/2016	33	26,570.31	12	2,993.54	21	23,576.77
796	10/10/2016	21	3,681.20	13	2,450.00	8	1,231.20

(Continued on next page.)

(Continued)

Bank Deposits				Yellow Copy of MCRs			
				Available For OIG Review		Unavailable For OIG Review	
#	Date	Number of MCRs	\$ Amount	Number of MCRs	\$ Amount	Number of MCRs	\$ Amount
797	10/11/2016	8	2,281.85	6	2,036.85	2	245.00
798	10/14/2016	13	9,544.95	8	2,021.95	5	7,523.00
799	10/17/2016	4	318.70	3	272.30	1	46.40
800	10/18/2016	8	1,424.75	4	667.00	4	757.75
801	10/19/2016	8	1,551.10	7	1,473.10	1	78.00
802	10/20/2016	4	1,342.00	3	1,122.00	1	220.00
803	10/24/2016	10	3,385.20	7	2,885.20	3	500.00
804	10/26/2016	19	2,448.00	8	414.00	11	2,034.00
Total		401 <i>(100%)</i>	\$117,993.75 <i>(100%)</i>	218 <i>(54%)</i>	\$58,563.23 <i>(50%)</i>	183 <i>(46%)</i>	\$59,430.52 <i>(50%)</i>

Recommendations

To ensure proper fiscal accountability and as required by *Bulletin #P-14051-S/CFO*, activity sponsors should keep the yellow copy of the MCR, instead of giving it to the school treasurer with the monies they collected. Keeping a copy of the MCR will assist the sponsors in (1) ensuring that the dollar amount indicated on the *Official Receipt* provided by the bookkeeper 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.

Management's Response:

Principal: I concur with the one finding listed in the report. We replaced the bookkeeper who was responsible for the finding. The new bookkeeper has retrained our staff to retain the yellow copies and turn them in at the end of the year. I am also glad that no money was missing. (Please see page 5.)

Chief Financial Officer: Management concurs with the Office of Inspector General's (OIG) finding relating to missing MCRs. Sponsors are required to complete training in eLearning Management (eLM). The eLM training instructs the sponsor to retain the MCR in order to match it to the receipt that will be received after the deposit is processed. Failure of the sponsor to retain the yellow copy of MCR is contrary to training. In addition, the Document Custodian over the Drop Safe Log should be completing a monthly inventory as prescribed in eLM training to notice any missing pages.

In FY18, management plans to modify the process surrounding the Drop Safe Log to hopefully lead to early detection of missing log pages and potentially missing money. Additional training of staff in schools is also planned. (Please see page 6.)

– End of Report –

Management's Response
Principal of Palm Beach Lakes High School



Randy Law <randy.law@palmbeachschools.org>

Palm Beach Lakes HS Money Collection Records

1 message

David Alfonso <david.alfonso@palmbeachschools.org>
To: Randy Law <randy.law@palmbeachschools.org>
Cc: Alonzo Peterson <alonzo.peterson@palmbeachschools.org>

Thu, Jun 29, 2017 at 4:38 PM

Hello Randy,

I concur with the one finding listed in the report. We replaced the bookkeeper who was responsible for the finding. The new bookkeeper has retrained our staff to retain the yellow copies and turn them in at the end of the year. I am also glad that no money was missing.

Thanks,
Dave

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



Phone (561) 640-5001
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Management's Response
Chief Financial Officer



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MICHAEL J. BURKE
CHIEF FINANCIAL OFFICER

ROBERT M. AVOSSA, Ed.D.
SUPERINTENDENT

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INSPECTOR GENERAL

MEMORANDUM

TO: Lung Chiu, Inspector General
FROM: Mike Burke, Chief Financial Officer *MJB*
SUBJECT: Review of Palm Beach Lakes High School Money Collection Records
Date: August 4, 2017

Management reviewed the Review of Palm Beach Lakes High School Money Collection Records (MCR) and offers the following responses:

Management concurs with the Office of Inspector General's (OIG) finding relating to missing MCRs. Sponsors are required to complete training in eLearning Management (eLM). The eLM training instructs the sponsor to retain the MCR in order to match it to the receipt that will be received after the deposit is processed. Failure of the sponsor to retain the yellow copy of MCR is contrary to training. In addition, the Document Custodian over the Drop Safe Log should be completing a monthly inventory as prescribed in eLM training to notice any missing pages.

In FY18, management plans to modify the process surrounding the Drop Safe Log to hopefully lead to early detection of missing log pages and potentially missing money. Additional training of staff in schools is also planned.

An electronic version of management's response will also be emailed to your attention.

Please let me know if you have any questions.

MJB/NS:ns/sms

cc: Nancy Samuels, Director of Accounting

MJB