Special Review Of

Community School Fee Collections At
Palm Beach Gardens High School

August 27, 2018
MISSION STATEMENT

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

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

School Board Members

Chuck Shaw, Chairman
Debra L. Robinson, M.D., Vice Chairwoman
Marcia Andrews
Frank A. Barbieri, Jr., Esq.
Karen M. Brill
Barbara McQuinn
Erica Whitfield

Audit Committee Members

Noah Silver, CPA, Chairman
David H. Talley, Vice Chairman
Tammy McDonald
N. Ronald Bennett, CPA
Michael Dixon, CPA/PFS
Deborah Manzo
Richard Roberts, CPA

Audit Committee Representatives

Frank A. Barbieri, Jr., Esq., School Board
Donald E. Fennoy II, Ed.D., Superintendent of Schools
Mike Burke, Chief Financial Officer
JulieAnn Rico, Esq., General Counsel
Maureen Werner, Principal Representative
Justin Katz, CTA President
Special Review Of
Community School Fee Collections At
Palm Beach Gardens High School

Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXECUTIVE SUMMARY</td>
<td>i</td>
</tr>
<tr>
<td>PURPOSE AND AUTHORITY</td>
<td>1</td>
</tr>
<tr>
<td>SCOPE AND METHODOLOGY</td>
<td>1</td>
</tr>
<tr>
<td>BACKGROUND</td>
<td>2</td>
</tr>
<tr>
<td>FURTHER ACTIONS</td>
<td>2</td>
</tr>
<tr>
<td>CONCLUSIONS</td>
<td></td>
</tr>
<tr>
<td>$3,063 in Cash Collections Unaccounted For</td>
<td>3</td>
</tr>
<tr>
<td>APPENDIX</td>
<td></td>
</tr>
<tr>
<td>A. Management’s Response – Principal of Palm Beach Gardens High School</td>
<td>5</td>
</tr>
<tr>
<td>B. Management’s Response – Chief Financial Officer</td>
<td>6</td>
</tr>
</tbody>
</table>
Special Review Of

Community School Fee Collections At
Palm Beach Gardens High School

EXECUTIVE SUMMARY

During the Fiscal Year 2017 Internal Funds Audit of Palm Beach Gardens High School, significant discrepancies were noted between the Community School Program fee collection records and the Internal Funds deposit records. The primary objective of this special review was to determine if Community School Program fees for the school were properly accounted for during Fiscal Year 2017. This special review produced the following major conclusion:

$3,063 in Cash Collections Unaccounted For

During the 2017 Internal Funds Audit of Palm Beach Gardens High School in August 2017, we noted (1) a discrepancy between the collections reported by the School District’s outside contractor’s system ActiveNet and the school’s Internal Funds accounting system (SchoolCash.net), and (2) some cash and check payments for Community School class registrations were not deposited into the school’s Internal Funds.

Because of the noted discrepancy, we performed this special review to include all the fee collection records of the school’s Community School Program for Fiscal Year 2017. According to the ActiveNet’s Cash Distribution By Account (Summary) Report, the school’s Community School Program should have collected a total of $10,332 in cash and checks at the school during Fiscal Year 2017. However, only $7,269 was deposited into the school’s Internal Funds. Consequently, $3,063 ($10,332 - $7,269) was unaccounted for.

Management’s Response:

Principal of Palm Beach Gardens High School: We concur with the findings of the audit from our Community School for FY17. (Please see page 5.)

Chief Financial Officer: The Department of Adult and Community Education is responsible for training staff using ActiveNet on the reconciliation process. Accounting Services has training available regarding collection of funds, and schools need to follow the process with fidelity to ensure funds do not go missing. (Please see page 6.)
Referral to School Police

On September 27, 2017, the OIG discussed with School Police the potential theft of funds in the school. On November 16, 2017, the draft conclusions of the special review were referred to School Police for further action.

On December 22, 2017, School Police completed its investigation and forwarded its conclusions to the State Attorney’s Office for further action. On June 28, 2018, the State Attorney’s Office completed its review and concluded that no charges will be filed.

Effective June 16, 2017, subject employee resigned from the School District.

Due Process. In accordance with School Board Policy 1.092, a 20-day letter, with the draft report, was sent by regular mail and Certified Mail with Return Receipt on July 9, 2018, to the subject former employee for a response. As of August 16, 2018, no response was received from the subject former employee.
MEMORANDUM

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

From: Lung Chiu, CPA, Inspector General

Date: August 27, 2018

Subject: Special Review of Community School Fee Collections at Palm Beach Gardens High School

PURPOSE AND AUTHORITY

During the Fiscal Year 2017 Internal Funds Audit of Palm Beach Gardens High School, significant discrepancies were noted between the Community School Program fee collection records and the Internal Funds deposit records. The primary objective of this special review was to determine if Community School Program fees were properly accounted for during Fiscal Year 2017.

SCOPE AND METHODOLOGY

This special review included the school’s Community School Program fee collections for Fiscal Year 2017. To accomplish the review objective, we examined the following records:

- General Ledgers for the school’s Internal Funds Accounting System (SchoolCash.net system).

- Registration and fee collection reports from the Community School Registration and Fee Collection System (ActiveNet System).

Draft findings were sent to the school and Financial Management Division for management review and comments. Their responses are included in the Appendix. We appreciate the courtesy and cooperation extended to us by staff during the review. The final draft report was included in the August 27, 2018, Audit Committee Meeting Agenda.
BACKGROUND

The District’s Community School Program is self-supported by fees and operated at certain District high schools and middle schools. This program offers leisure classes to the general adult population. The School District contracted with Active Network, Inc. (ActiveNet) to administer the registration and fee collections for the Community School Programs. Class fees can be paid by credit/debit card through the online registration system provided by ActiveNet, or by cash or check paid at the school. All class registrations are recorded in the ActiveNet System regardless of payment method.

During the 2017 Internal Funds Audit of Palm Beach Gardens High School in August 2017, we noted a discrepancy between the collections reported by ActiveNet and the school’s Internal Funds accounting system (SchoolCash.net). The review disclosed that some cash and check payments for Community School class registrations were not deposited into the school’s Internal Funds.

Because of the above discrepancy, we performed a special review of the fee collection records of the school’s Community School Program for Fiscal Year 2017.

FURTHER ACTIONS

Referral to School Police. On September 27, 2017, the OIG discussed with School Police the potential theft of funds in the school. On November 16, 2017, the draft conclusions were referred to School Police for further action.

Referral to State Attorney’s Office. On December 22, 2017, School Police completed its investigation and forwarded its conclusions to the State Attorney’s Office for further action. On June 28, 2018, the State Attorney’s Office completed its review and concluded that no charges will be filed.


Due Process. In accordance with School Board Policy 1.092, a 20-day letter, with the draft report, was sent by regular mail and Certified Mail with Return Receipt on July 9, 2018, to the subject former employee for a response. As of August 16, 2018, no response was received from the subject former employee.
CONCLUSIONS

$3,063 in Cash Collections Unaccounted For

According to the ActiveNet’s Cash Distribution By Account (Summary) Report, the school’s Community School Program should have collected a total of $10,332 in cash and checks at the school during Fiscal Year 2017. However, only $7,269 was deposited into the school’s Internal Funds. Consequently, $3,063 ($10,332 - $7,269) was unaccounted for.

To reconcile and determine how the $3,063 was missing from collections, we reviewed cash and check payments recorded in ActiveNet, and traced each payment to the Internal Funds General Ledger. However, we were not able to locate the deposit records for 52 payments, totaling $3,063, which included $899 from 20 cash payments and $2,164 from 32 checks. Moreover, there were no Monies Collected Reports and no deposit entries entered onto the Drop-safe Log for these payments. All of the 52 related students appeared on the attendance rosters.

The Community School secretary was responsible for collecting registration fees for both Community School and Adult Education classes. The secretary also collected payments for leasing of the school’s facilities. She prepared Monies Collected Reports and placed collections into the drop-safe. Our review of the Drop-safe Log for the period September 13, 2016, through January 9, 2017, revealed that the Community School secretary dropped 32 collections totaling $22,031.52 into the drop-safe. Collections included Adult Education registration fees and lease payments. No deposits for Community School registration fees were dropped during that time-period, although the ActiveNet’s Cash Receipts Report for the same time-period indicated that cash and checks totaling $2,863 in Community School fees were collected at the school.

Recommendation

To safeguard the assets of the school, staff should periodically reconcile ActiveNet’s Agency Payment Reports and Cash Distribution By Account (Summary) Reports to deposits. This is to ensure that all program fees collected by ActiveNet and Community School are being deposited in the bank.

Management’s Response:

Principal of Palm Beach Gardens High School: We concur with the findings of the audit from our Community School for FY17. It is my understanding that now the process is that all payments made on line go directly from Active Net to WellsFargo. Currently, at PBGHS all payment collect at the school center are being dropped into the Drop Safe and logged into the Drop Safe Log for deposit. Also, all Adult Ed and Community School funds are transmitted to district monthly instead of quarterly. In addition for the past year, we have implemented a process of how leases are approved, funds are deposited, and payments are made. (Please see page 5.)
Chief Financial Officer: The Department of Adult and Community Education is responsible for training staff using ActiveNet on the reconciliation process. Accounting Services has training available regarding collection of funds, and schools need to follow the process with fidelity to ensure funds do not go missing. (Please see page 6.)
Re: Special Review of Community School Fee Collections at Palm Beach Gardens High

1 message

Larry Clawson <larry.clawson@palmbeachschools.org>  
To: Randy Law <randy.law@palmbeachschools.org>  
Tue, Jul 10, 2018 at 9:18 AM

Good morning Mr. Law,

We concur with the findings of the audit from our Community School for FY17. It is my understanding that now the process is that all payments made on line go directly from Active Net to WellsFargo. Currently, at PBGHS all payment collect at the school center are being dropped into the Drop Safe and logged into the Drop Safe Log for deposit. Also, all Adult Ed and Community School funds are transmitted to district monthly instead of quarterly. In addition for the past year, we have implemented a process of how leases are approved, funds are deposited, and payments are made. If there is anything else we should be doing please let us know.

Thank you,
Mr. Clawson

Larry Clawson, Principal
Palm Beach Gardens High School
(561) 694-7372   PX 27372
MEMORANDUM

TO: Lung Chiu, Inspector General

FROM: Michael J. Burke, Chief Financial Officer

DATE: July 12, 2018

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

Management reviewed the Special Review of Community School Fee Collections at Palm Beach Gardens High School and has the following response.

$3,063 in Cash Collections Unaccounted For
The Department of Adult and Community Education is responsible for training staff using ActiveNet on the reconciliation process. Accounting Services has training available regarding collection of funds, and schools need to follow the process with fidelity to ensure funds do not go missing.

MJB/mw

cc: Keith Oswald, Deputy Superintendent/Chief of Schools
    Peter Licata, Assistant Superintendent, Choice and Innovation
    Nancy Samuels, CPA, Director of Accounting
    Fred Barch, Director, Adult & Community Education