

Special Audit of
Frontier Elementary School's
SACC Revenue Collection

October 15, 2010

Report 2010-11



MISSION STATEMENT

The School Board of Palm Beach County is committed to excellence in education and preparation of all our students with the knowledge, skills, and ethics required for responsible citizenship and productive employment.

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Superintendent of Schools**

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**Special Audit of
Frontier Elementary School's
SACC Revenue Collection**

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THE SCHOOL DISTRICT OF
PALM BEACH COUNTY, FLORIDA

LUNG CHIU, CPA
DISTRICT AUDITOR

ARTHUR C. JOHNSON, Ph.D.
SUPERINTENDENT

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MEMORANDUM

TO: Honorable Chair and Members of the School Board
Arthur C. Johnson, Ph.D., Superintendent of Schools
Chair and Members of Audit Committee

FROM: Lung Chiu, CPA, District Auditor

DATE: October 15, 2010

SUBJECT: Special Audit of Frontier Elementary School's SACC Revenue Collection

PURPOSE AND AUTHORITY

As part of the *2009 Annual Internal Funds Audit of Frontier Elementary School*, we noted certain inconsistencies in the revenue collection process for the School Age Child Care (SACC) program. As a result, we expanded the audit scope to examine the SACC revenues for June 1, 2008, through April 20, 2010. The primary objective of this special audit was to determine whether all SACC revenues were properly accounted for during the audit period.

SCOPE AND METHODOLOGY

The audit was performed in accordance with *Generally Accepted Government Auditing Standards* by Susan Miller, CIA, during April 19 to May 13, 2010 and included:

- Reviewing SACC Kids Care database
- Reviewing *SACC Receipts* and *Monies Collected Reports* (MCRs)
- Reviewing SACC Attendance and Parent Sign-out Sheets
- Reviewing General Ledger and *Drop-Safe Log*
- Reviewing Staff Time and Attendance Records
- Interviewing staff

Draft findings were sent to the school for review and comments. Management response is included in the Appendix. We appreciate the courtesy and cooperation extended to us by staff during the audit.

Referral for Investigation. Due to the irregularities identified during the audit, on April 21, 2010, we referred our conclusions to the School Police and Employee Relations Departments for further actions. The concerned employee was immediately removed from the school and reassigned to another work location effective the same date. On June 23, 2010, Police completed its investigation and the results were forwarded to Employee Relations for administrative review and actions.

Audit Report Release. In an attempt to expedite the special audit release process, the Chief of School Police recommended to the Audit Committee at the September 10, 2010, meeting that all special audit reports pending personnel investigation be released 30 days subsequent to the closure of investigation by School Police. The Audit Committee agreed with Police Chief's recommendation and directed the Audit Department to release those pending special audits if the related investigations have been closed by Police in excess of 30 days, although some of them may still be under investigation by Employee Relations Department.

The final draft of this special audit was presented to the Audit Committee at its October 15, 2010, meeting.

CONCLUSIONS

1. \$33,729 Missing

SACC fees were collected primarily by the SACC director and a SACC activity leader. Manual *SACC Receipts* were issued to parents who paid the fees in cash. All payments, both in cash and checks, were placed in a locked drop-box in the SACC office. At the end of each work day, either the SACC director or activity leader recorded the collection details in the KidsCare database (SACC's Student Information and Accounting System). After recording the fee collections, the monies together with other documentation, would be placed in the school's drop-safe and relevant collection information was recorded on the *Drop-Safe Log*.

We compared the information on the carbon copies of the manual SACC receipts, fee collection records in the KidsCare database, and the school's Internal Accounts General Ledger for June 1, 2008, through April 20, 2010. The audit concluded that a total of \$33,728.70 in SACC fees collected was missing. Specifically,

- \$23,431.06 in fee collections for 44 school days, which were recorded in KidsCare, but were neither dropped off in the drop-safe, entered into the General Ledger, nor deposited into the bank account.
- A total of \$7,815.45 in SACC fees posted onto parents' accounts were reduced from the previous balance, which indicated that the students were withdrawn from the program and consequently did not have to pay all the fees. However, the review of parent sign-out records proved that the related students were in attendance. Apparently, these improper adjustments to parent accounts were to balance the fee collections that were neither recorded in the KidsCare and the General Ledger, nor deposited into the bank account.

- \$2,246.40 collected from 35 *SACC Receipts*, were neither recorded in KidsCare, entered into the General Ledger, nor deposited into the bank account.
- \$235.79 in collections were unaccounted for when comparing the amounts recorded on the SACC Receipts and the corresponding records in KidCare and General Ledger.

The following exhibit provides details for the missing monies:

SACC Monies Missing
June 1, 2008 through June 30, 2009

Irregularities	Monies Missing During		
	June 1, 2008, through June 30, 2009	July 1, 2009, through April 20, 2010	Total Monies Missing
Collections recorded in KidsCare, but not deposited in the Internal Accounts	\$8,851.41	\$14,579.65	\$23,431.06
Adjustments to parent charges	7,336.70	478.75	7,815.45
Unrecorded cash receipts	1,975.65	270.75	2,246.40
Collections recorded at different amount than collected	235.79	0.00	235.79
<i>Total Monies Missing</i>	<i>\$18,399.55</i>	<i>\$15,329.15</i>	<i>\$33,728.70</i>

2. SACC Receipt Books Not Maintained Properly

During June 20, 2008, and April 20, 2010, an unknown number of *SACC Receipt Books* were missing, while 13 receipt books were found in the SACC Office. We noted several gaps in the issuance dates of receipts, indicating that some receipt books were missing. Inventory was not properly maintained for *SACC Receipt Books*. Consequently, we cannot ascertain the extent of monies missing from the SACC program.

Page 3-11, SACC Operational Manual provides that the SACC director be responsible for the receipt books issued by the document custodian and, therefore, must sign for all receipt books on the *Prenumbered Document Inventory Register* for all receipt books received. Moreover, all receipt books should be used in sequential order.

Management's Response: *I concur with the findings of the special audit. Corrective actions taken by the school are:*

- *The employee has been temporarily reassigned.*
- *The SACC director now has the sole responsibility for money collection and recording.*
- *The SACC director has been informed of proper procedures for money collection and recording.*
- *A document custodian has been assigned and the inventory for prenumbered receipts will be checked.*

(Please see the Appendix on page 5.)

– End of Report –

Management's Response



FRONTIER ELEMENTARY
"Home of the Mustangs"



Sharon Brannon
Principal

Laurie Suarez Wilt
Assistant Principal

May 29, 2010

To: Lung Chiu
Audit Dept.

Re: 2009 Internal Audit Response

Via: Fax(PX#48652) and Pony(C-306)

RECEIVED
JUN - 1 2010

DISTRICT AUDITOR

Dear Mr. Chiu:

I have received a copy of the 2009 Annual Internal Funds Audit of Frontier Elementary. I concur with the findings of the special audit. Corrective actions taken by the school are:

- The employee has been temporarily reassigned.
- The SACC Director now has the sole responsibility for money collection and recording.
- The SACC Director has been informed of proper procedures for money collection and recording.
- A document custodian has been assigned and the inventory for prenumbered receipts will be checked.

Thank you,

Sharon Brannon, Principal

Frontier Elementary School