

Special Review of
Palm Beach Gardens Elementary School
August 26, 2016

Report #2016-06



MISSION STATEMENT

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Special Review of
Palm Beach Gardens Elementary School
Table of Contents

	Page
EXECUTIVE SUMMARY	i
PURPOSE AND AUTHORITY	1
SCOPE AND METHODOLOGY	1
CONCLUSIONS	
A. 2015 Summer Camp Revenue	2
1. No Money Missing From 2015 Summer Camp Program	2
2. <i>Drop-safe Log</i> Missing	3
3. Untimely Deposits of Money Collections	4
4. \$15,879 in Summer Camp Fees Not Yet Collected	5
B. Purchase of 3-D Printer	6
5. Equipment Purchased With Online Donations Belong to the School	6
APPENDIX – Management’s Responses	
A. Principal of Palm Beach Gardens Elementary	9
B. Chief Financial Officer	10

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**Special Review of
Palm Beach Gardens Elementary School**

EXECUTIVE SUMMARY

As part of the *2015 Internal Funds Audit of Palm Beach Gardens Elementary*, we noted certain potential noncompliances relative to the purchase of a 3-D printer with funds provided by online donations. Subsequent to the 2015 Internal Funds Audit, we received a referral from the Accounting Services Department regarding potential money missing from the school's 2015 Summer Camp Program. This special review produced the following conclusions:

A. 2015 Summer Camp Revenue

1. No Money Missing from 2015 Summer Camp Program. The Afterschool Program's (ASP) computer failed during the summer of 2015. However, the interim Summer Camp Director did not maintain financial transaction backups. Consequently, we were able to review only the available documentation from the Internal Funds General Ledger, and concluded that all funds collected for the ASP were deposited into the Internal Funds.
2. Drop-safe Logs Missing. Three pages of the Fiscal Year 2016 *Drop-safe Log* (pages #12-00724 through #12-00726) were missing. Collections on these three pages appeared to be for transactions during June 8 through August 12, 2015. Moreover, the entire *Drop-safe Log* for Fiscal Year 2015 was missing even though it was available for our review during the 2015 Internal Funds Audit fieldwork on September 11, 2015.
3. Untimely Deposits of Money Collections. Some money collections were untimely deposited into the bank by the treasurer. Specifically, two deposits (#799 and #802 totaling \$32,950.45) removed from the drop-safe were not deposited into the bank until after 22 to 26 working days.
4. \$15,879 in Summer Camp Fees Not Yet Collected. Based on the available student registrations, attendance, and sign-out records, we estimated the 2015 Summer Camp Program should have generated a total estimated revenues of \$74,752.20. However, only \$58,873.59 was collected and deposited into the Internal Funds. As a result, an estimated \$15,878.61 (\$74,752.20 - \$58,873.59) remain uncollected. Summer Camp Program is a self-sufficient program supported by user fees; they should be collected in advance.

B. Purchase of 3-D Printer

5. Equipment Purchased With Online Donations Belong to the School. The school purchased a 3-D printer with funds obtained through an online donation site with the school name. The donation site was initiated by a teacher. School staff initially indicated that there was confusion regarding ownership of the printer. However, the *Sales Order* indicated that the 3-D printer was sold to "Palm Beach School" and sales tax was not charged for this transaction. Since the online donation was done by a District employee with the name of the school and purchased through the school's Internal Funds, the printer should belong to the School.

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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 26, 2016

SUBJECT: Special Review of Palm Beach Gardens Elementary School

PURPOSE AND AUTHORITY

As part of the *2015 Internal Funds Audit of Palm Beach Gardens Elementary*, we noted certain potential noncompliances relative to the purchase of a 3-D printer with funds provided by online donations. Moreover, subsequent to the 2015 Internal Funds Audit, we received a referral from the Accounting Services Department regarding potential money missing from the school's 2015 Summer Camp Program. The primary objectives of this special review were to:

1. Determine whether all the 2015 Summer Camp revenues were properly accounted for, and
2. Determine if the purchase of the 3-D printer complied with District Policies and procedures.

SCOPE AND METHODOLOGY

This Special Review covered the period July 1, 2014, through September 30, 2015; and included:

- Analyzing 2015 Summer Camp attendance and registrations.
- Examining 2015 Summer Camp accounting records.
- Reviewing 2015 Summer Camp money collections and deposits.
- Reviewing records related to the purchase of the 3-D printer.
- Reviewing *School Board Policy 3.02, Code of Ethics*.
- Reviewing *School Board Policy 6.04, Donations*.

Draft findings were sent to the school for management review and comments. We appreciate the courtesy and cooperation extended to us by staff during the review. The final draft report was presented to the Audit Committee at its August 26, 2016, meeting.

CONCLUSIONS

This Special Review produced the following conclusions.

A. 2015 Summer Camp Revenue

Background. The school operated a Summer Camp Program during June through August 2015. The Summer Camp was managed and operated by an interim Afterschool Program Director. Since the school treasurer's duty days did not include all of the summer months, money collected during that time was placed in the drop-safe until the treasurer reported back to school for duty and processed the collections for deposit into the bank.

School Treasurer Did Not Provide Official Receipts to Afterschool Site Director. The former treasurer transferred to another school on December 11, 2015; and the new treasurer began working at the school on December 14, 2015. While the Internal Accounts technician (technician) from the Accounting Services Department was at the school providing transition support and training to the new treasurer, the school's afterschool programming (ASP) site director stated to the technician that she did not receive any copies of the *Official Receipts* from the former school treasurer for the 2015 Summer Camp money collections.

Three Pages of Drop-safe Log Missing. The technician reviewed the *Drop-safe Log (DSL)* to determine if receipts had been issued for the Summer Camp collections; and noted that three pages of the *Log* (for July through August 2015) were missing. The *DSL Binder* was maintained by the office clerk at the front desk. A search by the clerk was unable to locate the three missing pages. In addition, the entire *Drop-safe Log* for FY 2015, which was available for our review during the 2015 school audit, was also missing.

General Ledger Had No Record of \$3,834.11 in Collections. While reviewing the accounting records, the technician found a white copy of the July 20, 2015, *Monies Collected Report (MCR)*, for \$3,834.11. The MCR was (1) signed by the Summer Camp site director, and (2) attached with an *End-of-Day Payments Report* for the same amount generated by the ASP's accounting software (EZ Care). However, the technician was not able to identify a corresponding deposit in the Internal Funds General Ledger.

1. No Money Missing From 2015 Summer Camp Program

The Afterschool Program's (ASP) computer, which maintained the program records (EZ Care database), experienced a system failure during the summer. The computer was re-imaged on August 25, 2015, but the EZ Care database was destroyed. However, the Summer Camp director did not maintain backups of the database, and therefore could not restore the program data.

Although the EZ Care database was unavailable, the original printouts of the EZ Care *End-of-Day Payments Reports* and the related yellow-copies of the MCRs were maintained. We reviewed the available documentation from the Internal Funds General Ledger, and concluded that all the collections, including the \$3,834.11 recorded on the July 20, 2015,

white copy of the MCR, were properly deposited into the Internal Funds. However, none of the *Official Receipts* generated by the Internal Funds Accounting System were attached to the yellow-copies of the MCRs.

Recommendation

To ensure the integrity of the Afterschool Program records, periodic backups of the EZ Care database should be performed and maintained. Such records should be retained for a time-period required by the District's *Record Retention Schedule*,

Management's Response:

Principal: *Concur. The SACC director, a 15 year veteran, is managing all Summer Camp book keeping and EZ care payments. She backs up all of her data daily. (Please see page 9.)*

Chief Financial Officer: *Management concurs with the OIG's finding relating to Afterschool Program records retention. The District has a Records Retention Schedule that should be adhered to by all departments and schools. (Please see page 10.)*

2. Drop-safe Log Missing

Three pages of the Fiscal Year 2016 *Drop-safe Log* (pages #12-00724 through #12-00726) were missing. Collections on these three pages appeared to be transactions for June 8 through August 12, 2015. Moreover, in December 2015, when the technician was reviewing the school's Summer Camp deposit records, it was noted that the entire *Drop-safe Log* for Fiscal Year 2015 was missing. The *Log* for Fiscal Year 2015, however, was available for review during the 2015 audit fieldwork on September 11, 2015.

Proper use of the *Drop-safe Log* is one of the crucial internal controls to ensure money collections are properly accounted for.

The *Log* is a pre-numbered document that contains three sections for staff to record the needed information for money collection:

- Section 1 of the Log is to be completed by the activity sponsor before dropping off the collections into the safe;
- Section 2 of the Log is to be completed jointly by the treasurer and an independent staff to confirm that the deposits in the safe are removed by the treasurer for processing; and
- Section 3 of the Log is to be completed by the verifier after the treasurer entered the deposit information into the school's accounting system.

Failure to retain records is a serious violation of District guidelines. It jeopardizes the integrity of fiscal control system that is established to protect the financial interests of the school.

Recommendation

School Board Policy 2.34, states, “All Board employees shall faithfully and accurately keep such records as may be required by law, State Board regulations, School Board policy or their supervisor.” As required by **Bulletin #P-14051-S/CFO**, “Completed Drop Safe Logs must be filed sequentially in numerical order in a binder and retained for five years.”

Management’s Response:

Principal: *Concur. Drop safe log procedures were reviewed with appropriate staff, including our new book keeper, in June to ensure correct procedures are in place. The attendance clerk retains the safe logs on a regular basis and reports to me directly if any are missing. In addition, drop safe procedures are reviewed each year in our Teacher Handbook and during preschool faculty meetings. (Please see page 9.)*

Chief Financial Officer: *Management concurs with the OIG that the Drop Safe Log must be filed sequentially in a binder and retained for 5 years. Monthly inventory of Drop Safe Log should be completed by document custodian. Training on procedures for document custodians will be available in eLearning Management this month. (Please see page 10.)*

3. Untimely Deposits of Money Collections

The school treasurer’s duty days did not cover the summer months while the first work day reporting to work after summer was August 3, 2015. The review of deposit records found that some collections were untimely deposited into the bank. For example,

- Deposit #799 (for \$25,634.85 in Summer Camp fees) was processed and recorded in the Internal Funds General Ledger by the school treasurer on August 7, 2015. However, the monies were not deposited into the bank until after 22 working days, on September 9, 2015.
- Deposit #802 (for \$7,315.60 in Summer Camp fees) was not processed and recorded in the General Ledger by the treasurer until September 9, 2015; i.e. 26 working days after the treasurer returned to work.

Recommendation

DOE Rules and the **Internal Accounts Manual** require that monies collected be put into the drop-safe daily, and be deposited into the bank within five working days after the collections. Delay in turning in monies for deposit could result in potential irregularities.

Management's Response:

Principal: Concur. Our new book keeper received district training on procedures for timely deposits. The findings of this audit were shared with her to ensure future summer camp fees are deposited within five days of her return to work in July. (Please see page 9.)

Chief Financial Officer: Management concurs with the OIG's finding regarding the importance of making timely deposits. This process is demonstrated and taught as part of the curriculum for the annual face-to-face bookkeeper training sessions. Principal indicated an understanding of the procedure in their audit response. (Please see page 10.)

4. \$15,879 in Summer Camp Fees Not Yet Collected

The school collected a total of \$58,873.59 (\$40,063.59 in cash and checks, and \$18,810 in credit card payments) from the 2015 Summer Camp Program. However, based on the available student registrations, attendance, and sign-out records, this program should have generated a total estimated revenues of \$74,752.20 (excluding Family Central's subsidy). As a result, it appeared that an estimated \$15,878.61 (\$74,752.20 - \$58,873.59) remained uncollected.

Recommendation

The Summer Camp Program is a self-sufficient program supported by user fees. To ensure fiscal accountability, the program fees should be collected in advance as required by the ***After School Programs Operational Manual***.

Management Response:

Principal: Concur. Summer camp fees are collected and recorded by our new SACC director, who has run camps for many years with no audit findings. She has been notified of the findings and will provide the correct EZ care back up and documentation needed. (Please see page 9.)

Chief Financial Officer: Management concurs with the OIG's finding related to collecting summer camp fees in advance of camp since it is a fee-based, self-supporting program. (Please see page 10.)

B. Purchase of 3-D Printer

Background. As part of the 2015 Internal Funds Audit in September 2015, we observed sample equipment purchased by the school including a 3-D printer purchased through School Check #6900. However, the 3-D printer was not available for our inspection. According to the sponsor teacher, he took the 3-D printer home because printing items from the printer is time-consuming; so he took the printer home to do the printing for the class. However, there was no documentation that the sponsor teacher had permission to remove the property from campus. Moreover, the teacher indicated that the printer belonged to him because it was purchased with donations collected by Donorschoose online website.

3-D Printer Purchased with Funds Generated from Donations. On October 5, 2014, the sponsor teacher at the school submitted a fundraising project to Donorschoose, a non-profit organization, which sponsors a website (donorschoose.org), to assist the school in fundraising to purchase a 3-D printer for the engineering students. The website indicated that the project was fully funded with \$990 available on October 13, 2014. The funding was comprised of donations and matching funds from an anonymous donor. Donorschoose purchased and shipped the printer to the school.

According to the sponsor teacher, the original 3-D printer broke and he contacted Donorschoose regarding the return and replacement of the printer. He requested a different brand but Donorschoose indicated that its approved vendors did not carry the brand requested. The organization agreed to make an exception and refunded the \$799 to the teacher. The teacher stated that he cashed the \$799 check, and raised an additional \$346 from other sources. A total of \$1,145 was deposited into the teacher's classroom account through MCR #766-2 on February 2, 2015. On the same day, the teacher purchased another printer for \$1,207 (\$1,149 for printer + \$58 in freight charges) through his personal credit card. On February 5, 2015, the teacher was reimbursed \$1,145 from the school with Check #6900.

5. Equipment Purchased With Online Donations Belong to the School

According to the school's purchasing records, the school purchased two 3-D printers: one was purchased in February 2015 with donations from Donorschoose, and the second one was purchased in November 2015 with the school's Afterschool Program fund.

Property Transfer Form Not Used. On May 3, 2016, we saw the printer which was funded by the Afterschool Program. It was affixed with a District's inventory tag, located in the teacher's classroom, and was used by the Afterschool Program's 3-D printer club and other students in the school. However, the printer purchased with donations from Donorschoose was not available for our inspection. According to the teacher, the printer was at his house. However, an *Off-Premises Property Transfer Form (PBSD 1279)* was not completed for temporary removal of the equipment from the school.

In addition, the teacher indicated that he was unsure whether the printer belonged to him or to the school because of the Donorschoose *User Agreement* which states, "*any proposals [the teacher] submits are solely for [the teacher] and [the teacher's] class and are not on*

behalf of any other teacher or class.” The *User Agreement* also indicates that if a teacher moves to a new school, the items purchased from donations will follow that teacher to their classroom at their new school. Both the teacher and principal expressed confusion as to the ownership of the equipment purchased through Donorschoose.

3-D Printer Purchased for School Program. Although the organization’s *User Agreement* states that equipment and materials purchased for classroom projects could possibly follow the teacher to another school’s classroom if the teacher moves, it is clear that the items funded through this website donation are intended to be used in a classroom and there is no indication that the organization intends to purchase equipment or materials for the teacher’s personal use. Furthermore, several news releases published by the District’s Office of Communications related to Donorschoose referred to the funding of “classroom projects.”

As indicated by the *Sales Order* attached to the teacher’s reimbursement claim (Check #6900 for \$1,145),

- The 3-D printer was sold to “Palm Beach School,” and shipped to the school’s address at a total cost of \$1,207.
- No sales tax was charged for this transaction.

The 3-D printer was purchased by the school and shipped to the school; instead of a personal purchase made by the teacher.

Recommendation

The ownership of all items purchased through the school’s Internal Funds belongs to the School District. Moreover,

- Pursuant to the District’s *Capital Assets Policies and Procedures*,
 - “All new equipment and/or furniture valued at \$1,000 or over must be tagged with a bar code to identify ownership and to facilitate the annual physical inventory process.”
 - Schools/departments are responsible to “Tag all items greater than \$1,000 (non-computer) with a District ownership tag.”
- All school assets should be properly accounted for at all times. Moreover, school property temporarily removed from campus should be documented on an *Off-Premises Property Transfer Form (PBSD 1279)* and approved by the Principal accordingly.

Management's Response:

Principal: *Concur. Clarification of ownership of the 3D printer purchased through school internal accounts has been determined although the funds did come from a Donors choose online donation site, for the teacher to purchase the printer. We will tag the printer for the purpose of inventory and the teacher will complete form PBSB 1279 with my approval when using the item off campus. (Please see page 9.)*

Chief Financial Officer: *Management concurs with the OIG's finding that all items purchased through the school's Internal Funds belong to the School District. The asset has been tagged and recorded in PeopleSoft. It will be included with the annual property inventory performed by Accounting Department Staff. (Please see page 10.)*

– End of Report –

Management's Response
Principal of Palm Beach Gardens Elementary

Palm Beach Gardens Elementary School

Marie M. Caracuzzo
Principal

RECEIVED
JUL 19 2016

Kimberly A. Evans
Assistant Principal

Dear Inspector General Chiu,

INSPECTOR GENERAL

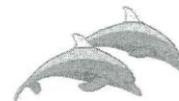
After reviewing the Special Review for the 2015 Internal Funds audit of Palm Beach Gardens Elementary, I concur with the findings and have taken the following corrective actions to ensure all School Board policies are understood and followed by our current staff.

1. The SACC director, a 15 year veteran, is managing all Summer Camp book keeping and EZ care payments. She backs up all of her data daily.
2. Drop safe log procedures were reviewed with appropriate staff, including our new book keeper, in June to ensure correct procedures are in place. The attendance clerk retains the safe logs on a regular basis and reports to me directly if any are missing. In addition, drop safe procedures are reviewed each year in our Teacher Handbook and during preschool faculty meetings.
3. Our new book keeper received district training on procedures for timely deposits. The findings of this audit were shared with her to ensure future summer camp fees are deposited within five days of her return to work in July.
4. Summer camp fees are collected and recorded by our new SACC director, who has run camps for many years with no audit findings. She has been notified of the findings and will provide the correct EZ care back up and documentation needed.
5. Clarification of ownership of the 3D printer purchased through school internal accounts has been determined although the funds did come from a Donors choose online donation site, for the teacher to purchase the printer. We will tag the printer for the purpose of inventory and the teacher will complete form PBSB 1279 with my approval when using the item off campus.

Marie M. Caracuzzo



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Management's Response
Chief Financial Officer



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ROBERT M. AVOSSA, Ed.D.
SUPERINTENDENT

RECEIVED
AUG 18 2016

INSPECTOR GENERAL

MEMORANDUM

TO: Lung Chiu, Inspector General
FROM: Mike Burke, Chief Financial Officer *MJB*
SUBJECT: Special Review of Palm Beach Gardens Elementary School
Date: August 18, 2016

Management has reviewed the Special Review of Palm Beach Gardens Elementary School and offers the following responses:

- 1) Management concurs with the OIG's finding relating to Afterschool Program records retention. The District has a Records Retention Schedule that should be adhered to by all departments and schools.
- 2) Management concurs with the OIG that the Drop Safe Log must be filed sequentially in a binder and retained for 5 years. Monthly inventory of Drop Safe Log should be completed by document custodian. Training on procedures for document custodians will be available in eLearning Management this month.
- 3) Management concurs with the OIG's finding regarding the importance of making timely deposits. This process is demonstrated and taught as part of the curriculum for the annual face-to-face bookkeeper training sessions. Principal indicated an understanding of the procedure in their audit response.
- 4) Management concurs with the OIG's finding related to collecting summer camp fees in advance of camp since it is a fee-based, self-supporting program.
- 5) Management concurs with the OIG's finding that all items purchased through the school's Internal Funds belong to the School District. The asset has been tagged and recorded in PeopleSoft. It will be included with the annual property inventory performed by Accounting Department Staff.

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

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