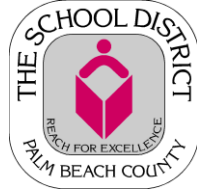


**Special Review of**  
**2018 Internal Funds at Jupiter Middle School**  
**December 6, 2018**

**Report #2018-13**



## **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

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**Special Review of  
2018 Internal Funds at Jupiter Middle School  
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**Special Review of**  
**2018 Internal Funds at Jupiter Middle School**  
**EXECUTIVE SUMMARY**

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In response to the request of the Principal of Jupiter Middle School and the referral from the Department of Accounting Services, we have conducted a special review of the school's Internal Funds records for Fiscal Year 2018. The primary objectives of this special review were to assess the compliance with District's procedures in handling money collection, fundraising, disbursements, leasing, and consultant engagements. This special review produced the following major conclusions.

**1. Noncompliances With Money Collection Procedures**

- 23% of Yellow Copies of MCRs Missing or Not Retained by Staff. Only 1,077 (77%) of the 1,391 yellow copy *Monies Collected Reports* (MCRs), totaling \$246,733.44, were available for our review. The other 314 (23%), totaling 84,106.51 (25% of the total deposits), were missing or not retained by staff.
- No Money Missing for Available Yellow Copies of MCRs. Based on the review of the 1,077 yellow copies of MCRs, the OIG concluded that all \$246,733.44 collected was reconciled to the deposit records and General Ledger. However, because 23% of yellow copy MCRs were not available or missing, there was no assurance that the collections for the unavailable MCRs were properly accounted for.
- Lack of Accountability for Returning Monies Collected to Sponsors. Numerous collections were marked "no deposit" and not ready for deposit were returned to the sponsors for clarification. However, there were no records to document that the monies were returned to, and received by, the sponsors accordingly.

**2. 27% of Transfers/Adjustments Among Activity Accounts Lacked Justification**

During the year, 139 *Transfers* occurred, with \$113,645.82 being transferred between various accounts. The review of these *Transfers* noted that:

- 38 (or 27%) *Transfers* (for \$12,082.61) did not have adequate supporting documentation.
- Two *Transfers* inappropriately moved \$130 from student activity accounts to the Administrative Courtesy Account (#6-0200.00).

### 3. Noncompliances With Fundraiser Procedures

The sponsors of three sample fundraisers did not complete the required Annual eLearning Fundraiser Training Course prior to conducting the fundraiser activities. Moreover, \$2,070 (21%) in estimated revenue was unaccounted for in the Uniform Sales Fundraiser.

### 4. Noncompliances With Disbursement Procedures

During Fiscal Year 2018, a total of \$460,105.90 in 638 check disbursements were processed through the school's Internal Funds, and \$59,077.73 in purchases were made through 340 P-Card transactions. The OIG reviewed 240 sample transactions totaling \$223,279.42 (\$199,675.40 in 119 checks and \$23,604.02 in 121 P-Card transactions) and noted:

- 38 school checks were voided during July 1, 2017, through April 7, 2018. Of the 38 voided checks, 11 were blank checks pre-signed by the treasurer; 10 were missing; and 18 were not defaced.
- The treasurer did not record the check number and check date on the *Check Requisitions*. Additionally, the supporting documentation, such as invoices and receipts, were not defaced in order to prevent potential duplicate payments.
- 15 P-card transactions (totaling \$2,428.02) by one staff did not have any supporting documentation for the purchases. Another six P-card purchases (totaling \$2,239.84) in food items did not have the explanation of business or educational purpose.
- A \$1,196.89 P-Card purchase was split into two smaller transactions: \$897.70 and \$299.19. P-Card purchase exceeding \$1,000 per day should be pre-approved by the Purchasing Department.
- Disbursement #14143 (for \$699.80) was for a deposit to reserve a pavilion at a local water park and a catered lunch. However, the accompanying *Catered Outing Agreement* was signed by the sponsor instead of the Principal.

### 5. Engagement of Consultants

- Five consultants, for a total of \$3,905, were engaged by the school without the required *School District Consultant Agreements (PBSD 1420)*.
- One *Consultant Agreement*, for \$2,500, did not have the Principal's signature; and the consultants' signatures (totaling \$2,835) were not dated for another two *Agreements*.
- A June 2, 2017, *Consultant Agreement* with a contract price of \$8,000, exceeded the \$5,000 threshold, but did not have the signatures of the Regional/Instructional Superintendent, Deputy Superintendent, or Superintendent. In addition, none of the seven payments (totaling \$8,000) were supported by invoices documenting the dates and hours of services.

## 6. Leasing of School Facilities

- The school did not have hard copies of the executed *Lease Agreements* for eight of the 36 leasing arrangements as recorded in the Tririga System during the year.
- Four *Agreements* were neither signed by the lessees nor the witness; three were not approved by the Principal until two to 11 days after the leasehold periods began; one was not signed by the lessee until 22 days after the leasehold period began; and two did not have the witnesses' signatures.
- The *Certificates of Insurance* for Lease #1034 did not include the School Board as an additional insured.
- Leasing charges were not always collected prior to the use of facilities by lessees. Specifically, as of June 30, 2018, \$20,571.20 in leasing charges had not been collected for eight leases; and \$4,298.96 in leasing charges for three leases were not collected prior to the use of facilities with delays ranging from 12 to 22 days after the leasehold periods began.

## 7. Morning Care Programs

- 10 students attended the Morning Care Program free-of-charge (estimated \$14,078.12) without documentation of Principal's approval/justification.
- Based on the available *Record of Payment Forms (PBSD 1652)*, the school collected a total of \$19,042.45 in program fees during the year. However, a total of \$26,902.88 in program revenues were deposited into the school's Internal Funds. According to staff, the discrepancy was due to some program fees collected via online payments but were not recorded on the *Record of Payment Forms*.
- The school did not transmit the fees to the Central Office monthly as required. Instead, the fees were transmitted only three times during the year.

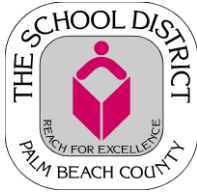
***Management's Responses:*** Both the Principal of Jupiter Middle School and the Office of the CFO concur with all the conclusions for this review.

*The Office of the CFO does not concur that written records should be maintained and signed off by the sponsors when collections are returned by the Treasurer [as OIG recommends for finding #1]. Accounting instructs the Treasurer to make a note in Section 3 of the DSL that funds are being returned and the reason why. They are also told to have the sponsor sign in Section 3 as the change in custody is done but sometimes that isn't feasible after the DSL has been processed.*

(Please see pages 14 to 16.)

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## 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: December 6, 2018

SUBJECT: Special Review of 2018 Internal Funds at Jupiter Middle School

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### PURPOSE AND AUTHORITY

In response to the request of the Principal of Jupiter Middle School and the referral from the Department of Accounting Services, we have conducted a special review of the school's Internal Funds records for Fiscal Year 2018. The primary objectives of this special review were to assess the compliance with District's procedures in handling money collection, fundraising, disbursements, leasing, and consultant engagements.

### SCOPE AND METHODOLOGY

This review included the school's Internal Funds transactions for July 1, 2017, through March 31, 2018. Based on the preliminary testing, we expanded the coverage of transactions through June 30, 2018. We also interviewed related District and school staff and reviewed the following documents and relevant information:

- *DOE Rules (Department of Education's Financial and Program Cost Accounting and Reporting for Florida Schools)*
- *Florida Statutes §1012.465 (Jessica Lunsford Act)*
- *School Board Policy 2.16, Fundraising Activities Relating to Schools*
- *School Board Policy 7.18, Community Use of District Facilities*
- *District Bulletin #P-14051-S/CFO, Drop-safe Log Procedures*
- *School District's Internal Accounts Manual and Middle School Afterschool Program Handbook*
- Fiscal Year 2018 Internal Funds General Ledgers and Supporting Documentation

Draft findings were sent to the school and Financial Management Division for review and comment. Management's responses are included in the Appendix. We appreciate the courtesy and cooperation extended to us by the staff during the review. The final draft report was included in the Audit Committee Agenda at its December 6, 2018, meeting.

## BACKGROUND

In May 2018, the Principal of Jupiter Middle School contacted the Office of Inspector General (OIG) and requested a special review of certain accounts at the school. The school treasurer began an extended leave on April 7, 2018. During the treasurer's absence, an accounting staff from the District's Accounting Services Department was assigned to help the school in maintaining the Internal Funds records. The accounting staff informed the Principal of concerns of certain inaccurate accounting records. The Principal also stated that throughout the year, some school staff members had informed her of posting errors in their activity accounts. In response to the Principal's request, the OIG performed a special review of the Internal Funds records for Fiscal Year 2018.

## CONCLUSIONS

This special review produced the following major conclusions:

### 1. Noncompliances With Money Collection Procedures

Money Collection Procedures. *Internal Accounts Manual, Chapter 7, Cash Receipts and Deposit*, requires that *"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."*

*District Bulletin #P-14051-S/CFO, Drop Safe Log Procedures for School Deposit*, provides the detailed procedures for using the *Drop-safe Log*, such as tracking money collected if they are (1) put into the safe, and (2) recorded in the General Ledger for depositing into the school bank account. (Please see Exhibit 1 on page 13 for the money collection procedures.)

23% of Yellow Copies of MCRs Missing or Not Retained by Staff. During Fiscal Year 2018, there were 68 deposits into the school's bank account. These 68 deposits included collections from 1,391 *Monies Collected Reports* (MCRs), totaling \$330,839.95. However, only 1,077 yellow copy MCRs, totaling \$246,733.44, were available for our review. The other 314 (1,391 - 1,077 = 314, or 23%) yellow copy MCRs, totaling \$84,106.51 (25% of the total deposits), were missing or not retained by staff. For example, the account sponsor for the Boys' Soccer Dominoes Card Fundraiser (Account #1-5010.01) told the District's accounting staff that he was instructed by the school treasurer to turn in both the yellow copies of MCRs and *Official Receipts* to her (treasurer) for the team's fundraiser. However, in a subsequent interview by OIG staff, the sponsor acknowledged that he discarded the yellow copies of MCRs and *Official Receipts* after the fundraiser was concluded.

No Money Missing for Available Yellow Copies of MCRs. With the assistance of the Principal, the OIG obtained all the available Fiscal Year 2018 yellow copies of MCRs retained by staff, which included 1,077 MCRs totaling \$246,733.44. Our review concluded that all \$246,733.44 in collections were reconciled to the deposit records and General Ledger. The OIG concluded that no money was missing based on the review of available yellow copies of MCRs. However, because a significant number (23%) of yellow copy MCRs were missing, there was no assurance that the collections for the unavailable MCRs were properly accounted for.

Lack of Accountability for Returning Monies Collected to Sponsors. Numerous collections were marked “no deposit” and not ready for deposit were returned to the sponsors for clarification. However, there were no records to document that the monies were returned to, and received by, the sponsors accordingly.

### **Recommendation**

To ensure proper fiscal accountability, and as required by *Internal Accounts Manual, Chapter 7* and *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. Moreover, the yellow copy should not be discarded. Maintaining a 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 supporting in determining the amount of revenue collected if recording errors should occur.

Written records should also be maintained and signed off by the sponsors when collections are returned by the treasurer to them for clarification.

### ***Management’s Response:***

*Principal of Jupiter Middle: I concur with the finding.*

*Staff has been trained to keep yellow copies. Drop safe log issue has been resolved.*

*Staff was trained during Pre-School week.*

*The Treasurer notified staff that she will not accept monies nor check requests if teachers have not taken the trainings.*

*Principal will complete online training in November 2018.*

(Please see page 14.)

**Office of the CFO:** Management concurs. The I/A Manual (Chapter 7) and the eLM course IA: Cash Receipts for Teacher/Sponsors instructs the sponsors to retain their yellow MCRs and give to the school secretary at the end of the year.

Management does not concur that written records should be maintained and signed off by the sponsors when collections are returned by the Treasurer. Accounting instructs the Treasurer to make a note in Section 3 of the DSL that funds are being returned and the reason why. They are also told to have the sponsor sign in Section 3 as the change in custody is done but sometimes that isn't feasible after the DSL has been processed.

(Please see page 16.)

## 2. 27% of Transfers/Adjustments Among Activity Accounts Lacked Justification

Funds are transferred among activity accounts in order to correct recording errors or for other purposes as needed. However, such transfers should have proper justification and documentation. During the year, there were 139 sets of *Transfers* for moving \$113,645.82 between various accounts.

The ***Internal Accounts Manual, Chapter 11***, requires “*all transfer vouchers be accompanied by supporting documentation to confirm the amount of transfer and explain the reason for the transfer.*” Documentation might include *Transfer Requisitions* or copies of original *Monies Collected Reports* or *Check Requisitions* being corrected. *Transfer Vouchers* generated by the accounting system are printed and filed sequentially with supporting documentation.

27% of Transfers With Inadequate Documentation. Our review of documentation for the *Transfers* revealed that 38 (or 27%) sets of *Transfers* totaling \$12,082.61 did not have adequate supporting documentation. Examples included no documentation at all, *Transfer Requisitions* not signed by the requestors, and lack of original documentation confirming the amount of transfer.

Inappropriate Transfers. In two instances, a total of \$130 was transferred from student activity accounts to the Administrative Courtesy Account (#6-0200.00) in order to purchase a desk chair and papers. The Account Definitions for Internal Funds states “*the only means of generating funds in [the Administrative Courtesy] account are (1) profits from school pictures, (2) proceeds from vending machines, and (3) donations specifically earmarked for administrative courtesy.*”

### **Recommendation**

Money collected from student activities should benefit the students for which the money was collected. Transfers and adjustments to the accounting records should be adequately documented. Moreover, all school records should be retained for a time-period consistent with the District's ***Record Retention Schedule***.

**Management's Response:**

**Principal of Jupiter Middle:** *I concur with the finding.*

*All transfers now have adequate support.*

*I am monitoring transfers with the support of the Accounting Department. Through October, we've had 21 transfers.*

*I have notified the Treasurer that she should be using the correct account number when she writes a check or makes a deposit and that if the Sponsor completes the documentation with the wrong account, she should catch it and be experienced enough to know the sponsor has made an error and record it correctly to a decimalized account.*

*Principal will complete online training in November 2018.*

(Please see page 14.)

**Office of the CFO:** *Management concurs. This school had an unusually large amount of transfers done due to errors, in most cases according to the description were due to data entry errors by Treasurer. The IG's transfer count included ones done by Accounting to fix the errors during our time covering Treasurer duties.*

(Please see page 16.)

**3. Noncompliances With Fundraiser Procedures**

The review of fundraiser records found the following noncompliances with the fundraiser procedures:

- (a) Fundraising Sponsors Did Not Complete the Required Training. The sponsors of three sample fundraisers did not complete the required eLearning Fundraiser Training Course prior to conducting the fundraiser activity:

<b>Fundraiser Activity</b>	<b>Account Number</b>	<b>Activity Began</b>	<b>Training Completed?</b>
Boys' Soccer Dominoes Cards	#1-5010.01	12/1/2017	No
8 <sup>th</sup> Grade Dance	#3-3800.03	5/7/2018	No
P.E Uniform Sales	#5-19000.01	8/15/2017	No

- (b) \$2,070 in Estimated Revenue Unaccounted For. A total of \$7,930 in uniform sales revenues were deposited into the P.E Uniform Sales (Account #5-1900.01) and P.E Department Account (5-1900.00) during July 1, 2017 and June 30, 2018. Based on the school's purchasing records and the *Sales Item Inventory Report*, this fundraiser should have generated a total estimated revenue of \$10,000. Consequently, \$2,070 (21%) in estimated revenue was unaccounted for.

Quantity					Selling Price	Revenue
Beginning Inventory <sup>(1)</sup>	Purchases <sup>(2)</sup>	Items Given Away <sup>(1)</sup>	Inventory On Hand <sup>(1)</sup>	Units Sold		
196	860	0	56	1,000	\$10	\$10,000

Total Estimated Revenues \$10,000

Total \$ Deposited into Internal Funds \$7,930

***Estimated Revenues Unaccounted For*** \$2,070

(1) Based on *FY18 Sales Item Inventory Report*.

(2) Based on purchasing records during July 1, 2017, through June 30, 2018.

## Recommendation

Fundraisers should be administered in accordance with ***School Board Policy 2.16*** and related District guidelines. Specifically,

- To ensure fundraiser sponsors are familiar with and complying with the updated fundraising procedures, they should complete the required eLearning Training Course annually prior to conducting fundraising activities.
- *Sales Item Inventory Reports* should be prepared and completed with accurate information for each fundraiser. Accurate information will assist staff in reconciling the actual sales with the estimated revenue. Significant discrepancy between the estimated revenue and actual collection should be investigated and resolved accordingly.

## Management's Response:

***Principal of Jupiter Middle:*** *I concur with the finding.*

*The Treasurer is not accepting fundraiser paperwork until Sponsors have taken training. Nineteen teachers have completed the training (12 last year). Thirty-eight (22 last year) have taken cash receipts training.*

*Principal will complete online training in November 2018.*

(Please see page 14.)

***Office of the CFO:*** *Management concurs. Having the Treasurer verify sponsor training is a good practice. The sponsors are trained and should know their individual accounts, make sure the correct account is written on the MCR and follow up with the School Cash Receipt to ensure the funds have been deposited to the correct activity account.*

(Please see page 16.)

#### 4. Noncompliances With Disbursement Procedures

During Fiscal Year 2018, a total of \$460,105.90 in 638 check disbursements were processed through the school's Internal Funds, and \$59,077.73 in purchases were made through 340 P-Card transactions. OIG reviewed 240 sample transactions totaling \$223,279.42 (\$199,675.40 in 119 checks and \$23,604.02 in 121 P-Card transactions) and noted:

- 38 school checks were voided during July 1, 2017, through April 7, 2018; and none of the 38 voided checks had been cleared/posted to the school's bank account as of June 30, 2018. Of the 38 voided checks, 11 were blank checks pre-signed by the treasurer; 10 were missing; and 18 were not defaced.
- The treasurer did not record the check number and check date on any of the *Check Requisitions*. Additionally, none of the supporting documentation, such as invoices and receipts, were defaced to prevent potential duplicate payments.
- 15 P-card transactions, totaling \$2,428.02, by one employee did not have any supporting documentation for the purchases.
- \$2,239.84 in six P-card transactions were for purchases of food items without the explanation of business or educational purpose.
- On January 30, 2018, a \$1,196.89 purchase was split into two smaller P-Card transactions (\$897.70 and \$299.19). Purchases exceeding \$1,000 per day should be pre-approved by the Purchasing Department. P-Card purchase in excess of \$1,000 requires prior approval from the Purchasing Department. Pursuant to ***Purchasing Card Procedures***, "*Splitting an invoice totaling more than \$1,000 is considered Pyramiding and is not allowed. Payment for purchases shall not be split to stay within the single purchase limit.*"
- Disbursement #14143 (for \$699.80) was for a deposit to reserve the pavilion at a local water park for a catered lunch. However, the accompanying *Catered Outing Agreement* was signed by the sponsor instead of the Principal. ***School Board Policy 6.14(4)***, which states "*the School Board has delegated limited authority to ... School Principals relating to the purchase of commodities and contractual services...*" and "*No person, unless specifically authorized to purchase commodities or contractual services under School Board policies, may make any purchase or enter into any contract involving the use of school or School District funds.*"

#### Recommendation

Disbursement procedures should be administered in accordance with ***Internal Accounts Manual, Purchasing Card Procedures (Purchasing Manual Chapter 24)***, and related District guidelines. Specifically,

- To prevent potential irregularities, blank checks should never be pre-signed.

- To prevent misuse of voided checks, they should be stamped VOID and defaced by cutting out the signature section of the check. All voided checks should be maintained for a time period consistent with the District’s **Record Retention Schedule**.
- The issuance of school check should be supported by a properly completed *Check Requisition* signed by the account sponsor and approved by the Principal. The check number, check date, and other pertinent information should be recorded on the *Check Requisition* after the school check has been processed by the treasurer.
- School expenditures should be supported by itemized invoices/receipts. Purposes and justifications should be documented for all expenditures. Without adequate supporting documentation and proper supervisor approval, there is no assurance that the expenses were appropriate.
- To avoid duplicate payments, supporting documentation should be defaced (stamped “PAID”) after payment.
- The school should not circumvent purchasing rules through splitting large purchases.
- All contracts should be approved by the Principal as required.

***Management’s Response:***

***Principal of Jupiter Middle:*** *I concur with the finding.*

*Thirty-seven teachers have completed the training (18 last year).*

*I have directed the Treasurer that she is not to pre-sign checks.*

*Principal will complete online training in November 2018.*

(Please see page 14.)

***Office of the CFO:*** *Management concurs. Treasurers, Sponsors, and P-Card administrators receive training on proper disbursement procedures. Sponsors are trained that only Principals can sign contracts.*

(Please see page 16.)

**5. Engagement of Consultants**

The review of payments to consultants by the school revealed the following noncompliances:

- Five consultants were engaged by the school without the required *School District Consultant Agreements (PBSD 1420)*. These five consultants received a total payment of \$3,905 through 12 disbursements (#s 13867, 13929, 13979, 14060, 14094, 14166, 14235, 14292, 13821, 13990, 13901, and 14095).



- *Consultant Agreements* were not always executed with the required signatures and dates of signatures: (1) eight disbursements to a consultant for a total of \$2,500 were supported by an *Agreement* without the Principal's signature; and (2) another eight disbursements for \$2,835 to two consultants were supported by contracts without the dates of the consultants' signatures.
- A June 2, 2017, *Consultant Agreement* with a contract price of \$8,000 was for the consultant to provide the school with various administrative duties and musical coaching for the band during August 1, 2017 through May 31, 2018. This *Agreement* exceeded the \$5,000 threshold and required the signatures of the regional/instructional superintendent, Deputy Superintendent, and Superintendent. In addition, none of the seven payments (check #s 13892, 13909, 13919, 14034, 14088, 14159, and 14267, totaling \$8,000) were supported by invoices detailing the dates and hours of services.

### **Recommendation**

The engagement of consultants should be administered in accordance with the District's *Internal Accounts Manual* and related District guidelines. Specifically,

- To protect the safety and welfare of students, prior to a consultant performing services at the school: (1) the *School District Consultant Agreement (PBSD 1420)* should be properly executed with all required dated signatures, and (2) most importantly, the consultant's background and clearance check must have been conducted and cleared as required by *Section 8 of the Agreement* and *Florida Statutes §1012.465 (Jessica Lunsford Act)*.
- Payments to consultants should be adequately supported by invoices or statements indicating that the school has received the contract services. Without adequate supporting documentation, there is no assurance that the services were received.

### **Management's Response:**

**Principal of Jupiter Middle:** *I concur with the finding.*

*I am the only person signing consultant agreements this year.*

*Principal will complete online training in November 2018.*

(Please see page 14.)

**Office of the CFO:** *Management concurs. School staff should follow procedures as prescribed by Purchasing Department.*

(Please see page 16.)

## 6. Leasing of School Facilities

The review of records for leasing of school facilities found that:

- The Tririga System indicated that the school had 36 leasing arrangements during the year. However, the school did not have hard copies of the executed *Lease Agreements* for eight leases (#s 1007,1010,1012,1013,1014,1022, 1035 and 1036).
- Four leases (#s 1009, 1015, 1016, and 1018) were neither signed by the lessees nor the witnesses; three leases (#s 1015, 1016, and 1018) were not approved by the Principal until two to 11 days after the leasehold periods began; one lease (#1019) was not signed by the lessee until 22 days after the leasehold period began; and two leases (#1020 and #1032) did not have the witnesses' signatures.
- The *Certificates of Insurance* for Lease #1034 did not include the School Board as an additional insured. As required by **School Board Policy 7.18**, the lessee must “*provide a copy of liability insurance policy in the amount of \$1,000,000, naming the School Board of Palm Beach County as an additional insured, with the Lease Agreement or purchase liability insurance from the School District.*”
- **School Board Policy 7.18**, requires that leasing charges “*are to be paid by check or credit card (no cash) at least forty-eight (48) hours prior to the use of a facility.*” However, as of June 30, 2018, \$20,571.20 in leasing charges had not been collected for eight leases (#s 1009, 1010, 1012, 1013, 1014, 1022, 1035, and 1036). Moreover, \$4,298.96 in leasing charges for three leases (#s 1015, 1019, and 1034) were not collected prior to the use of facilities, with delays ranging from 12 to 22 days after the leasehold periods began.

### Recommendation

Leasing of school facilities should be administered in accordance with **School Board Policy 7.18** and related District guidelines. Specifically,

- To ensure *Lease Agreements* are legally enforceable, they should be properly executed with all the required signatures, prior to the use of facilities by lessees. The school should also maintain a hard copy of the executed *Lease Agreement* for future reference, in addition to recording leasing activities in the Tririga System.
- To protect the School Board from unwarranted liability and as required by **School Board Policy 7.18**, the School Board should be listed as the additional insured party on the lessee's certificate of insurance.
- Leasing charges should be collected from lessees prior to their use of school facilities as required by **School Board Policy 7.18**. The school should collect the \$20,571.20 in unpaid rentals from the lessees for the eight leases (#s 1009, 1010, 1012, 1013, 1014, 1022, 1035, and 1036).

***Management's Response:***

***Principal of Jupiter Middle:*** *I concur with the finding.*

*The Treasurer attended and completed a refresher course on Leases during Pre-School.*

(Please see page 15.)

***Office of the CFO:*** *Management concurs. School staff should follow procedures as prescribed by Real Estate Services Department.*

(Please see page 16.)

**7. Morning Care Programs**

The review of fee collection process for the Morning Care Programs revealed that:

- Ten students attended the Morning Care Program free-of-charge without documentation of Principal's approval. Nine of them attended the program during August 2017 through May 2018; and one attended the program during August through December 2017. Although *Record of Payment Forms* were maintained for these 10 students, payment records or approved fee waivers were not available for our review. The total estimated fees waived for these 10 students was \$14,078.12.
- Based on the available *Record of Payment Forms (PBSD 1652)*, the school collected a total of \$19,042.45 in program fees during the year. However, a total of \$26,902.88 in revenues were deposited into the school's Internal Funds. According to staff, the discrepancy was due to some program fees collected via online payments were not recorded on the *Record of Payment Forms*.
- District procedures require that the program fees collected during the month be transmitted to the Central Office by the fifth business day of the following month. However, the school did not transmit the fees monthly as required. The fees were transmitted only three times during the year, instead of monthly.

**Recommendation**

The money collection process for Safe School Program should be administered in accordance with *Middle School After School Program Handbook* and related District guidelines. Specifically,

- Fee waivers, if any, should be adequately documented and approved by the Principal.
- To ensure proper fiscal accountability, fee payment history should be properly recorded on the individual *MSAS Transmittal Fee/Record of Payments Form* for each student.

- According to the *Chart of Accounts for Internal Funds*, fees collected during the month should be transmitted to the District's Accounting Services Department by the fifth business day of the following month.

***Management's Response:***

***Principal of Jupiter Middle:*** *I concur with the finding.*

*I am signing fee waivers this year.*

*Morning Care program director is being proactive requesting balances in order to transmit payment on time.*

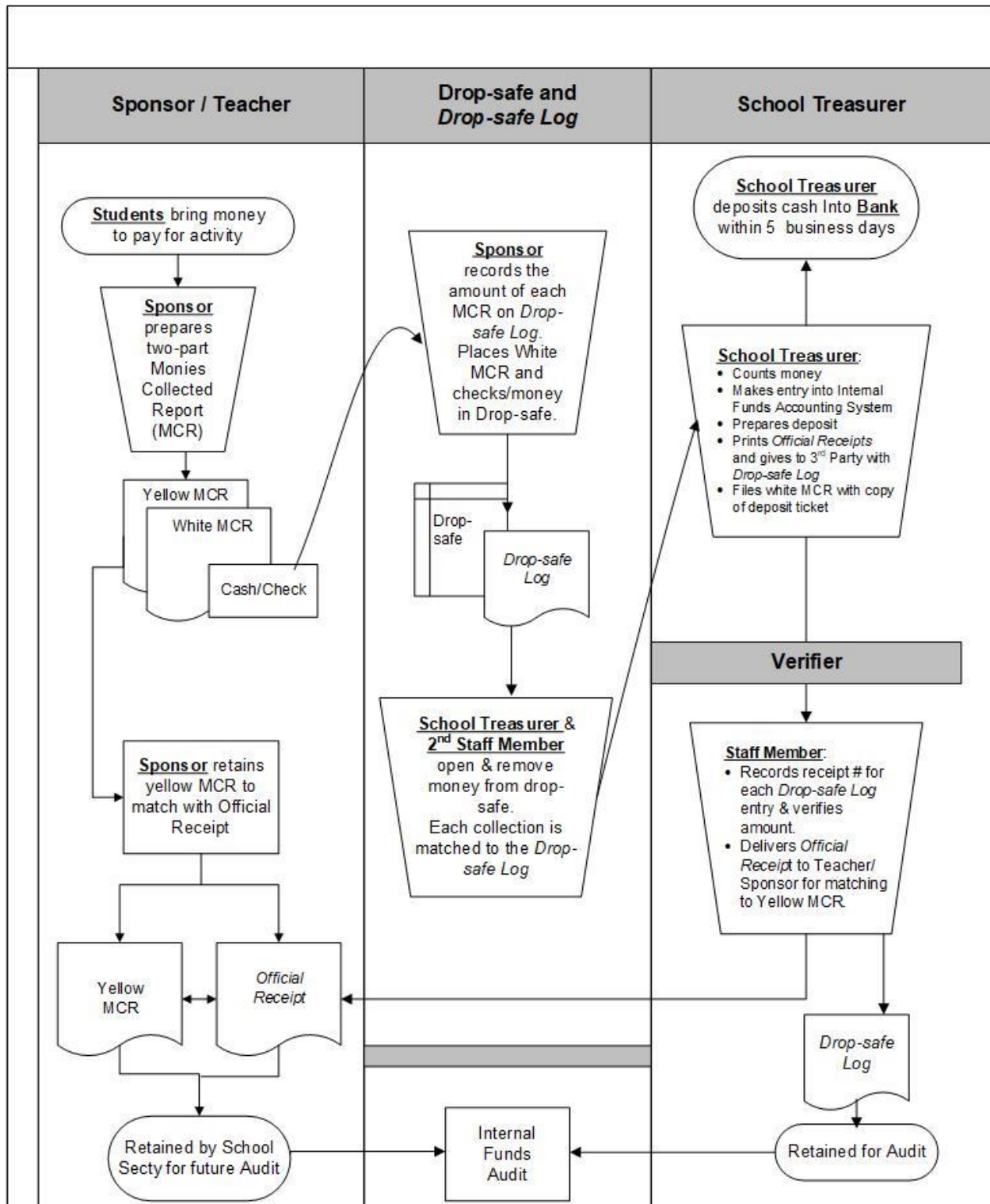
(Please see page 15.)

***Office of the CFO:*** *Management concurs. School staff should follow procedures as prescribed by Extended Learning Department.*

(Please see page 16.)

– End of Report –

**Exhibit 1**  
**Money Collection Procedures**



Source: Internal Accounts Manual

**Management's Response**  
***Principal of Jupiter Middle School***



1. I concur with the finding.

Staff has been trained to keep yellow copies. Drop safe log issue has been resolved.

Staff was trained during Pre-School week.

The Treasurer notified staff that she will not accept monies nor check requests if teachers have not taken the trainings.

Principal will complete online training in November 2018.

2. I concur with the finding.

All transfers now have adequate support.

I am monitoring transfers with the support of the Accounting Department. Through October, we've had 21 transfers.

I have notified the Treasurer that she should be using the correct account number when she writes a check or makes a deposit and that if the Sponsor completes the documentation with the wrong account, she should catch it and be experienced enough to know the sponsor has made an error and record it correctly to a decimalized account.

Principal will complete online training in November 2018.

3. I concur with the finding.

The Treasurer is not accepting fundraiser paperwork until Sponsors have taken training. Nineteen teachers have completed the training (12 last year). Thirty-eight (22 last year) have taken cash receipts training.

Principal will complete online training in November 2018.

4. I concur with the finding.

Thirty-seven teachers have completed the training (18 last year).

I have directed the Treasurer that she is not to pre-sign checks.

Principal will complete online training in November 2018.

5. I concur with the finding.

I am the only person signing consultant agreements this year.

Principal will complete online training in November 2018.

**Management's Response**  
*Principal of Jupiter Middle School*

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6. I concur with the finding.

The Treasurer attended and completed a refresher course on Leases during Pre-School.

7. I concur with the finding.

I am signing fee waivers this year.

Morning Care program director is being proactive requesting balances in order to transmit payment on time.

Management's Response  
Office of the CFO



THE SCHOOL DISTRICT OF  
PALM BEACH COUNTY, FL

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MICHAEL J. BURKE  
CHIEF FINANCIAL OFFICER

Donald E. Fennoy, II, Ed.D.  
SUPERINTENDENT

MEMORANDUM

TO: Lung Chiu, Inspector General

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

DATE: November 29, 2018

SUBJECT: Special Review of 2018 Internal Funds at Jupiter Middle School



Management read the Special Review of 2018 Internal Funds at Jupiter Middle School and has the following responses.

1. **Noncompliances with Money Collection Procedures**  
**Management concurs:** The I/A Manual (Chapter 7) and the eLM course IA: Cash Receipts for Teacher/Sponsors instructs the sponsors to retain their yellow MCRs and give to the school secretary at the end of the year.  
**Management does not concur** that written records should be maintained and signed off by the sponsors when collections are returned by the Treasurer. Accounting instructs the Treasurer to make a note in Section 3 of the DSL that funds are being returned and the reason why. They are also told to have the sponsor sign in Section 3 as the change in custody is done but sometimes that isn't feasible after the DSL has been processed.
2. **37% of Transfers/Adjustments Among Activity Accounts Lacked Justification**  
**Management concurs:** This school had an unusually large amount of transfers done due to errors, in most cases according to the description were due to data entry errors by Treasurer. The IG's transfer count included ones done by Accounting to fix the errors during our time covering Treasurer duties.
3. **Noncompliances with Fundraiser Procedures**  
**Management concurs:** Having the Treasurer verify sponsor training is a good practice. The sponsors are trained and should know their individual accounts, make sure the correct account is written on the MCR and follow up with the School Cash Receipt to ensure the funds have been deposited to the correct activity account.
4. **Noncompliances with Disbursement Procedures**  
**Management concurs:** Treasurers, Sponsors, and P-Card administrators receive training on proper disbursement procedures. Sponsors are trained that only Principals can sign contracts.
5. **Engagement of Consultants**  
**Management concurs:** School staff should follow procedures as prescribed by Purchasing Dept.
6. **Leasing of School Facilities**  
**Management concurs:** School staff should follow procedures as prescribed by Real Estate Services Dept.
7. **Morning Care Programs**  
**Management concurs:** School staff should follow procedures as prescribed by Extended Learning Dept.

MJB/mw

cc: Keith Oswald, Deputy Superintendent – Chief of Schools  
Nancy Samuels, CPA, Director of Accounting