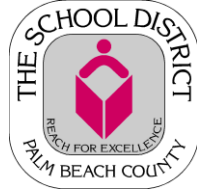


**Special Review Of**  
**Community School Fee Collections At**  
**Palm Beach Gardens High School**

**August 27, 2018**

**Report #2018-09**



## **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  
Community School Fee Collections At  
Palm Beach Gardens High School**

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**Special Review Of**  
**Community School Fee Collections At**  
**Palm Beach Gardens High School**  
**EXECUTIVE SUMMARY**

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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.)

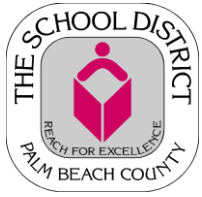
## **Referral to School Police**

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.



THE SCHOOL DISTRICT OF  
PALM BEACH COUNTY, FLORIDA

OFFICE OF INSPECTOR GENERAL  
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WEST PALM BEACH, FL 33406

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www.palmbeachschools.org  
Hotline: (855) 561-1010

LUNG CHIU, CIG, CPA  
INSPECTOR GENERAL

**SCHOOL BOARD**  
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DONALD E. FENNOY II, Ed.D., SUPERINTENDENT

## 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

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### 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.

Employee Resigned. The subject employee resigned from the School District effective June 16, 2017.

Referral to the Office of Professional Standards. On January 25, 2018, School Police forwarded its investigation results to the Office of Professional Standards for appropriate actions.

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.)*

– End of Report –

Management's Response  
Principal of Palm Beach Gardens High School



Randy Law <randy.law@palmbeachschools.org>

**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

RECEIVED  
JUL 10 2018

INSPECTOR GENERAL

Management's Response  
Chief Financial Officer



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PALM BEACH COUNTY, FL

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MICHAEL J. BURKE  
CHIEF FINANCIAL OFFICER

Donald E. Fennoy II, Ed.D.  
SUPERINTENDENT

RECEIVED  
JUL 12 2018

INSPECTOR GENERAL

MEMORANDUM

TO: Lung Chiu, Inspector General

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

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