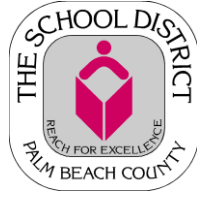


Special Review of
Money Collection Records At
Rolling Green Elementary School

April 29, 2016

Report #2016-03



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.

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Superintendent of Schools

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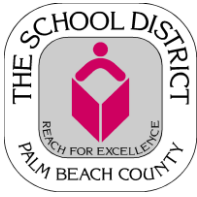
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Special Review of
Money Collection Records At
Rolling Green Elementary School

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PALM BEACH COUNTY, FLORIDA

OFFICE OF INSPECTOR GENERAL
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LUNG CHIU, CIG, CPA
INSPECTOR GENERAL

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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: April 29, 2016

SUBJECT: Special Review of Money Collection Records at Rolling Green Elementary School

PURPOSE AND AUTHORITY

As part of the *2015 Internal Funds Audit of Rolling Green Elementary*, we noted certain irregularities related to the school's money collections. Subsequently, we expanded the scope to review the money collection process at the school. The primary objective of this special review was to determine whether all monies collected by the school during Fiscal Year 2015 were properly accounted for.

SCOPE AND METHODOLOGY

This special review covered the period July 1, 2014, through June 30, 2015; and included:

- Analyzing all money collection records for the time period covered.
- Interviewing school 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 review. The final draft report was presented to the Audit Committee at its April 29, 2016, meeting.

BACKGROUND

Drop-safe Log. The *Drop-safe Log (Log)* is part of the critical internal control procedures to enhance fiscal accountability, and assist the school in determining if collections turned in by activity sponsors are accounted for.

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

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

As required by *Internal Accounts Manual* and *Bulletin #P-14051-S/CFO*, completed *Drop-safe Logs* must be filed sequentially in numerical order in a binder and retained for five years. Moreover, the Principal should assign a document custodian, who must be an independent staff other than the treasurer, to maintain the inventory of the *Log*.

Analysis of Deposits. We obtained and analyzed all the available money collection records and documentation for Fiscal Year 2015. These records and documentation included: (1) original *Monies Collected Reports (MCR)* filed with the official accounting records maintained by the treasurer, (2) bank deposit records, (3) *Drop-safe Log*, (4) Internal Funds General Ledger, and (5) the yellow copies of MCRs and *Official Receipts* retained by activity sponsors.

CONCLUSIONS

This special review produced the following major conclusions:

1. **\$340.06 Unaccounted for**

\$302 Missing from Seven Yellow MCRs. Our analysis of money collection records found that \$302, from seven yellow copies of MCRs retained by activity sponsors, were neither deposited into the bank nor recorded in the Internal Funds General Ledger.

**Yellow MCRs
Not Found on *Drop-safe Log* and General Ledger**

Date	Activity Sponsor	Description	Amount
9/2/2014	Illegible	1 st Sr. Cherrydale	\$87
9/15/2014	Battles	Cherrydale	26
10/17/2014	Getz	5 th Gr. Field Trips	9
11/4/2014	Alain	Hospitality	70
12/1/2014	Rottowitz	Unknown	35
5/12/2015	Rottowitz	Science Museum	55
5/14/2015	Mathhews	Science Museum FT	20
Total			\$302

\$38.06 Unaccounted For from MCR #703-6. \$38.06 in cash shortage was noted for MCR #703-6. Specifically, MCR #703-6 was for monies collected from the Fall Bookfair. The supporting documents indicated that \$192.66 and \$678.83, totaling \$871.49, were collected on November 21 and 25, 2014, respectively. As indicated by the sponsor on the MCR, \$802.73 in cash and \$30.70 in check (\$833.43 in total) were turned-in for deposit. There was no explanation for the \$38.06 in shortage (\$871.49 - \$833.43 = \$38.06).

2. Noncompliance with Internal Control Procedures

The review of the money collection records revealed the following noncompliances:

- Three collections totaling \$16,005 were not recorded on the *Drop-safe Log* or placed in the drop-safe. However, all three amounts were recorded in the General Ledger (*Official Receipt* #155, #262, and #672). This indicated that staff might have bypassed the requirement of recording money collections on the *Drop-safe Log* and gave the money directly to the treasurer. Skipping this requirement may create an opportunity to discard documentation and mishandle the collections.
- *Section 2* of the *Drop-safe Log* was only initialed by the treasurer. It appeared that the treasurer was removing monies from the drop-safe without being accompanied and verified by a second staff member.
- The school’s *2014-2015 Checkout Procedures* (i.e. end-of-year checklist) instructed staff to turn-in all yellow copies of MCRs to the treasurer, contrary to the District procedures that the documents should be submitted to the school secretary for filing and future references at the year-end.

Recommendation

Records missing can jeopardize the integrity of fiscal control system. ***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.*” All school records should be properly safeguarded and retained for a time-period consistent with the District’s ***Record Retention Schedule***.

Management's Responses:

Principal of Rolling Green Elementary: *I concur with the final recommendation that records missing can jeopardize the integrity of physical control system and all school records should be properly safe guarded and retained for a time period consistent with the District records retention schedule. The FY2015 bookkeeper resigned June 2015. The new bookkeeper has been properly trained by the School District of Palm Beach County to make sure Rolling Green is in compliance with internal control procedures. All faculty and staff have also been properly trained on the correct procedures for money collected documents.*

(Please see page 5.)

Chief Financial Officer: *Management has reviewed the Special Review Report of Rolling Green and offers the following responses:*

- 1) Management concurs with the Office of Inspector General's (OIG's) finding relating to proper handling of deposits and completion of the Drop Safe Log. The Cash Receipts Training for Teacher/Sponsors includes an instruction to retain the yellow copies of the Monies Collected Report. It also provides a thorough overview of the teacher/sponsor's responsibility with regard to the completion of the Drop Safe Log and the Monies Collected Reports.*
- 2) Management agrees with the OIG's findings regarding the proper completion of the Drop Safe Log. This process is demonstrated and taught as part of the curriculum for the annual face-to-face bookkeeper training sessions.*
- 3) Management concurs with the OIG's finding related to checkout procedures. Monies Collected Receipts are to be turned into the school secretary or other designee, not the school treasurer.*
- 4) While District staff makes every effort to train and reinforce training, the prescribed procedures only work if school staff follow them and training requirements are enforced.*

(Please see page 6.)

FURTHER ACTION

We discussed the preliminary conclusions with School Police on October 9, 2015; and we referred the final draft findings to School Police on December 17, 2015.

On March 7, 2016, School Police informed OIG that it had completed the investigation and could not positively establish that a theft of funds took place by any individual.

On March 23, 2016, the Office of Professional Standards indicated that the school's treasurer resigned and the case was closed.

– End of Report –

Management's Response
Principal of Rolling Green Elementary



ROLLING GREEN ELEMENTARY

Mrs. Allyson Manning

Mrs. Lynn Cato

Principal

Assistant Principal

A Title I School

MEMORANDUM

RECEIVED
MAR - 2 2016

INSPECTOR GENERAL

TO: Randy Law
Director of Audit

FROM: Allyson Manning *AM*
Principal

DATE: March 2, 2016

RE: Response to Special Review of Monies Collection Records at Rolling Green Elementary

I concur with the final recommendation that records missing can jeopardize the integrity of physical control system and all school records should be properly safe guarded and retained for a time period consistent with the District records retention schedule. The FY2015 bookkeeper resigned June 2015. The new bookkeeper has been properly trained by the School District of Palm Beach County to make sure Rolling Green is in compliance with internal control procedures. All faculty and staff have also been properly trained on the correct procedures for money collected documents.

Management's Response
Chief Financial Officer



THE SCHOOL DISTRICT OF
PALM BEACH COUNTY, FL

CHIEF FINANCIAL OFFICE
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MICHAEL J. BURKE
CHIEF FINANCIAL OFFICER

ROBERT M. AVOSSA, Ed.D.
SUPERINTENDENT

RECEIVED
APR 14 2016
INSPECTOR GENERAL

MEMORANDUM

TO: Lung Chiu, Inspector General

FROM: Mike Burke, Chief Financial Officer *MB*

SUBJECT: Special Review of Money Collection Records at Rolling Green Elementary School

Date: April 14, 2016

Management has reviewed the Special Review Report of Rolling Green and offers the following responses:

- 1) Management concurs with the Office of Inspector General's (OIG's) finding relating to proper handling of deposits and completion of the Drop Safe Log. The Cash Receipts Training for Teacher/Sponsors includes an instruction to retain the yellow copies of the Monies Collected Report. It also provides a thorough overview of the teacher/sponsor's responsibility with regard to the completion of the Drop Safe Log and the Monies Collected Reports.
- 2) Management agrees with the OIG's findings regarding the proper completion of the Drop Safe Log. This process is demonstrated and taught as part of the curriculum for the annual face-to-face bookkeeper training sessions.
- 3) Management concurs with the OIG's finding related to checkout procedures. Monies Collected Receipts are to be turned into the school secretary or other designee, not the school treasurer.
- 4) While District staff makes every effort to train and reinforce training, the prescribed procedures only work if school staff follow them and training requirements are enforced.

MJB/NS:ns/sms

cc: Nancy Samuels, Director of Accounting

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