

**Special Review of
Okeehceelee Middle School
Yearbook Collections**

March 15, 2019

Report #2019-05



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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**Special Review of
Okeeheelee Middle School Yearbook Collections
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**Special Review of
Okeeheelee Middle School Yearbook Collections
EXECUTIVE SUMMARY**

In response to the Principal's request, we have reviewed the Internal Accounts records for the 2018 Yearbook Sales and 2018 Candy Sales collections at the school. The primary objectives of this review were to determine (1) whether all monies collected from both fundraisers were properly accounted for, and (2) the extent of compliance with money collection procedures. This special review produced the following major conclusions:

1. \$2,983 Missing

We analyzed all the fundraiser records and available money collection records for 2018 Yearbook Sales and the associated Candy Sales. Our analysis concluded that a total of \$2,983 was missing: \$2,112 missing from Candy Sales, \$671 missing from Yearbook Sales, and \$200 missing from eight collections from eight *Classroom Receipts*.

2. Noncompliances with Money Collection Procedures

The review of the money collection records revealed the following noncompliances with the District's money collection procedures. The sponsor-teacher (a) did not timely turn-in collections for deposit, (b) did not retain all the yellow copies of the *Monies Collected Reports* (MCRs) and *Official Receipts*, and (c) did not complete the MCRs with all the required information.

3. Noncompliances with Fundraising Procedures

Noncompliances with the fundraising procedures were also noted during the review: (a) the sponsor-teacher did not complete the required online Annual Fundraiser Training Course, (b) *Sales Item Inventory Report* for the Candy Sales was not completed with accurate information, and (c) 34 yearbooks with a total resale value of \$1,020 were given-away free-of-charge without proper documentation and approval.

Management's Response: *The Principal of Okeeheelee Middle School and the Office of the CFO concur with the conclusions. (Please see pages 10 and 11.)*

FURTHER ACTIONS

Referral to School Police. On August 13, 2018, we forwarded our draft conclusions to School Police for further actions. School Police found a lack of probable cause for criminal prosecution, stating:

“Based on the issues discovered during this investigation, and lack of proper documentation, probable cause cannot be established that a theft took place by the teacher. The issue appears to be mismanagement of both the yearbook sales and the candy fundraiser sales.”

Referral to Office of Professional Standards by School Police. On October 29, 2018, School Police forwarded its investigation report to the Office of Professional Standards for appropriate actions.



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MEMORANDUM

TO: Honorable Chair and Members of the School Board
Donald E. Fennoy II, Ed.D., Superintendent
Chair and Members of the Audit Committee

FROM: Lung Chiu, CPA, Inspector General

DATE: March 15, 2019

SUBJECT: Special Review of Okeehetee Middle School Yearbook Collections

PURPOSE AND AUTHORITY

In response to the Principal's request, we have reviewed the Internal Accounts records for the 2018 Yearbook Sales and Candy Sales collections at the school. The primary objectives of this review were to determine (1) whether all monies collected from both fundraisers were properly accounted for, and (2) the extent of compliance with money collection procedures.

SCOPE AND METHODOLOGY

This review covered the Yearbook Sales and Candy Sales for July 1, 2017, through June 6, 2018. We interviewed related 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)*
- *School Board Policy 2.16, Fundraising Activities Relating to Schools*
- *School District Internal Accounts Manual, Chapter 7, Cash Receipts and Deposits*
- *District Bulletin #P-14051-S/CFO, Drop-safe Log Procedures for School Deposits*
- *District Bulletin #P-18132-S/CFO, FY18 Updated Drop Safe Log Procedures*
- Internal Accounts General Ledger
- Money Collection Records including *Monies Collected Reports, Drop-safe Logs*, and deposit documentation
- Expenditure Records
- Observed remaining inventories of the Yearbook and Candy Sales on June 7, 2018

Draft findings were sent to the school and Office of Chief Financial Officer for review and comment. Management's responses are included in the Appendix. We appreciate the courtesy and cooperation extended to us by the school's staff during the review. The final draft report was included in the March 15, 2019, Audit Committee agenda.

BACKGROUND

On June 6, 2018, the former principal of Okeeheelee Middle School contacted the Office of Inspector General (OIG) expressing concerns that the Yearbook sponsor might have mishandled the fundraiser collections. The Yearbook sponsor also conducted the Candy Sales during October 27, 2017 and June 6, 2018; both fundraisers were approved by the principal. The profit from the Candy Sales was to be used to help fund the printing of the yearbook, and provide assistance to students in need to purchase the yearbook at a discount.

Referral to the Office of Inspector General (OIG). The principal contacted the School Police, and was requested by School Police to report the matter to the OIG. After OIG completed the review, School Police would determine if an investigation was needed.

FURTHER ACTIONS

Referral to School Police by OIG. On August 13, 2018, we forwarded our draft conclusions to School Police for further action. Subsequently, Police interviewed some students who indicated that some of the candies were missing and some monies had not been turned-in to the school. Moreover, the OIG noted that fundraising collection records were not accurately completed, and yearbook sales revenues were comingled with the candy sales. School Police concluded in its report that:

“Based on the issues discovered during this investigation, and lack of proper documentation, probable cause cannot be established that a theft took place by the teacher. The issue appears to be mismanagement of both the yearbook sales and the candy fundraiser sales.”

Referral to Office of Professional Standards. On October 29, 2018, School Police forwarded its investigation report to the Office of Professional Standards for further action.

CONCLUSIONS

This special review produced the following major conclusions:

1. \$2,983 Missing

Analysis of Money Deposited. We analyzed all fundraiser records and other available related money collection records for Fiscal Year 2018 Yearbook Sales and the associated Candy Sales. These records included: (1) *Fundraiser Application/Recap Forms*, (2) *Sales Item Inventory Reports (SIIR)* (3) deposit records with white copies of the *Monies Collected Reports (MCRs)* maintained by the treasurer, (4) Internal Funds General Ledger, (5) yellow copies of *MCRs* and *Official Receipts* retained by the school secretary, and (6) classroom receipt books retained by the school's document custodian.

Our analysis of the Yearbook Sales and the associated Candy Sales concluded that a total of \$2,983 was missing, as follows:

Fundraisers	\$ Missing
Candy Sales	\$2,112
Yearbook Sales (at school)	671
Additional Yearbook collections from <i>Classroom Receipts</i>	200
Total \$ Missing	\$2,983

(a) \$871 Missing from Yearbook Sales

The school offers a Yearbook Course in which students learn how to plan, create, produce, and market a school yearbook. The Yearbook teacher is responsible for collection of revenues from the yearbook sales. The yearbooks were sold during January through March 14, 2018, at a price of \$30 each, and at a discounted price of \$25 each for certain buyers.

The review of sales records for the Yearbook Sales (Account #5-0450.00) disclosed the following exceptions:

- Comingling of Funds. Collections from the Yearbook Sales and the associated Candy Sales were comingled in the Yearbook Sales Account (#5-0450.00). The account had a total revenue of \$4,260.72, which included \$2,431.72 in sales revenue from the candy sales. Therefore, the other \$1,829.00 (\$4,260.72 - \$2,431.72) in sales revenue was related to the sale of yearbooks.
- \$671 Missing From Yearbook Sales. A total of 154 Yearbooks were ordered from the printer. Based on the school's purchasing records, the *Sales Item Inventory Report* for Fiscal Year 2018, the vendor's *Yearbook Orders Summary*, and our observation of physical inventory of yearbook on June 7, 2018; this fundraiser should have generated a total estimated revenue of \$2,500. As a result, \$671 (\$2,500 - \$1,829, or 27%) in estimated revenue was missing.

<u>Yearbook Sales</u>	Number of Books	Collected by Vendor (Online Sales)	Collected at School (Local Sales)
Books purchased for resale	154		
Sold Online by Vendor			
Pre-sale (@\$25)	5	\$125	
Sales (@30)	25	750	
Personalization		65	
Total Sales by Vendor		\$940	
Sold at School			
Pre-sale (@\$25)	40		\$1,000
Sales (@30)	50		1,500
Total Sales at School			\$2,500
Give-Away (per <i>Sales Item Inventory Report</i>) / (Resale value: @\$30 = \$1,020) <i>See page 7</i>	34		
Collections (per <i>General Ledger</i>)			\$1,829
Money Shortage			\$671

Source: *Vendor's School Summary Report, June 15, 2018*

- Additional \$200 From Classroom Receipts Not Deposited. A comparison of the available pink *Classroom Receipt* book copies used for Yearbook sales to the vendor's *Yearbook Orders Summary Report* found that eight *Classroom Receipts*, totaling \$200, were issued to students for the purchase of Yearbooks. However, these sales were not identified on the *Yearbook Orders Summary Report*. Additionally, the related *Monies Collected Reports (MCR)* for Yearbook sales were not properly completed and the sponsor did not list the student's names or attach the yellow copy of the *Classroom Receipt*. Therefore, it appears the \$200 collected was not deposited into the Internal Funds.

**Classroom Receipts Issued to Students
Not Found on the Vendor Yearbook Orders Summary**

Collection #	Receipt Number	Collection Amount
1	17-304579	\$25
2	17-304581	\$25
3	17-304584	\$25
4	17-304585	\$25
5	17-304590	\$25
6	17-304593	\$25
7	17-304596	\$25
8	17-304599	\$25
Total		\$200

District money collection procedures require staff to issue a three-part *Classroom Receipt* when collecting money from students and (1) give the white copy to the payer, (2) attach the yellow copy to the *Monies Collected Report (MCR)*, and (3) leave the pink copy in the receipt book. Because of the discrepancies between the *Classroom Receipts* and the *Yearbook Orders Summary Report*, we cannot ascertain the extent of monies missing from the Yearbook sales and there is no assurance that all monies collected were properly accounted for.

(b) \$2,112 Missing from Candy Sales

The Yearbook Course teacher also sponsored a Candy Sales (Account #5-0450.01) to help fund the printing of the yearbooks and to provide a discount to students in need. Candy bars were sold for \$1 each; and each box has 52 bars. However, the teacher did not maintain records of the number of boxes issued and the amount of money collected from the students.

- \$2,112 Missing. Based on the school’s purchasing records and our examination of the remaining physical inventory, the Candy Sales should have generated a total estimated revenue of \$14,093. However, \$11,980.95 in sales revenues were deposited during October 27, 2017, and June 6, 2018. As a result, an estimated \$2,112.05 (\$14,093.00 – \$11,980.95) in candy sales revenue was missing.

Item	Numbers of Candy Bars					Selling Price	Revenues
	Beginning Inventory	Purchases ⁽¹⁾	Items Given Away	Inventory On Hand ⁽²⁾	Units Sold ⁽³⁾		
New Snack Zone	0	13,936	0	418	13,468	\$1.00	\$13,468.00
					50	\$0.50	25.00
Assortment	0	600	0	0	600	\$1.00	600.00
Total Estimated Revenues							\$14,093.00
Total Sales Revenues Collected							<u>\$11,980.95</u>
<i>Estimated Revenues Unaccounted For</i>							<u>\$2,112.05</u>

- (1) Based on purchasing records during July 1, 2017, through June 6, 2018.
- (2) Based on our examination of physical inventory on June 6, 2018.
- (3) The school’s secretary indicated that 50 bars were sold at cost of \$0.50 each since sales were lagging.

Due to the lack of complete and accurate records, we were unable to ascertain the amount of monies missing from the Yearbook and Candy Sales; and there is no assurance that all the monies collected were properly account for. As stated in the School Police report,

“... lack of proper documentation, probable cause cannot be established that a theft took place by the teacher. The issue appears to be mismanagement of both the yearbook sales and the candy fundraiser sales.”

Management Responses:

Principal of Okeeheelee Middle School: Concurs. (Please see page 10.)

Office of the CFO: No management response is requested for this finding. However, it seems the intention of the candy fundraiser was to assist students to earn a yearbook by selling candy. If this was the intention, the documentation was not handled appropriately to actually show this in a proper manner. (Please see page 11.)

2. Noncompliances with Money Collection Procedures

In addition to the estimated \$2,112 missing, we also noted other noncompliances with the money handling procedures.

- Collections Not Secured and Not Turned-In Timely for Deposit. During our June 7, 2018 site visit of the sponsor’s classroom, we noted that a lock-box was hanging behind the teacher’s desk and there were blank MCRs, completed yellow MCRs and empty plastic bags remaining inside the lock-box. The principal stated he discovered that the Yearbook sponsor requested the school’s construction teacher to make a lock-box for securing monies submitted by the students; and a key was kept in her classroom. The principal did not have a key to this box and collections were sometimes held by the sponsor for weeks. Moreover, the secretary and the treasurer found more than \$900 cash in various locations in the Yearbook sponsor’s classroom.
- Yellow Copies of MCRs and Official Receipts Not Retained by Sponsors. As required by the *Internal Accounts Manual, Chapter 7, Cash Receipts and Deposit*, “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.”

As part of our review, we requested all yellow MCRs and the corresponding *Official Receipts* (receipts generated by the Internal Funds accounting system) for the Yearbook Sales and Candy Sales from the school secretary. Of the 31 MCRs and *Official Receipts* recorded in the *General Ledger*, the sponsor only retained and submitted 19 (or 61%) of the yellow copies of the MCRs without any *Official Receipts* to the school secretary for record retention at the end of the school year.

During a subsequent search of the sponsor’s classroom on June 7, 2018, we found eight additional yellow MCRs (or 26%) and 15 *Official Receipts* (or 48%) from various locations. In summary, (1) both yellow MCRs and the *Official Receipts* were missing for three collections, (2) the *Official Receipts* were missing for 13 collections, and (3) the yellow MCR was missing for one collection.

Documents Retained by Sponsor			Monies Collected	
Description	Yellow MCRs	Official Receipts	# of Collections	Dollar Amount
None	–	–	3	\$1,336.41
Yellow MCRs Only	√	–	13	6,495.13
Official Receipts Only	–	√	1	417.85
Both Yellow MCRs and Official Receipts	√	√	14	5,560.56
Total (Per General Ledger)			31	\$13,809.95

- Incomplete MCRs. We noted that none of the 31 MCRs contained all the required information. Missing information included the source of cash collections, remitters' signatures, and errors in recording the account number.

Recommendations

Money collections should be administered in accordance with related District guidelines and *DOE Rules (Chapter 8 of the Department of Education's Financial and Program Cost Accounting and Reporting for Florida Schools)*. Specifically,

- As required by *DOE Rules* and *District Bulletin #P-14051-S/CFO*, monies collected should be put into the drop-safe daily, and be deposited into the bank within five working days after the collections. The District provides for armored courier pickup at all schools at least twice each week.
- Activity account sponsors should retain the yellow copy of the related MCR before turning in monies to the school treasurer for deposit. Keeping a copy of the MCR will assist the sponsors in (1) ensuring that the dollar amount printed on the *Official Receipt* provided by the school treasurer agrees with the monies collected and submitted for deposit, (2) tracking the account balance periodically, and (3) providing documentation for revenue collections should bookkeeping errors occur.
- MCRs should be completed with the needed information, and signed by the remitters and the school treasurer. Changes of information on MCRs made by the school treasurer should be documented and acknowledged by sponsors.

Management's Responses:

Principal of Okechee Middle School: *Concurs. (Please see page 10.)*

Office of the CFO:

Management concurs: *eLM Training is available and mandatory for all teacher/sponsors collecting funds on behalf of the school. However, this sponsor did not complete the training.*

Item to note: *The recommendation about cash collections (page 5, Section (a)) includes "District money collection procedures require staff to issue a three-part Classroom Receipt when collecting money from students..." This is not a requirement but it is a suggestion that students receive a receipt when turning in funds from sale proceeds when the goods are not provided at the same time.*

(Please see page 11.)

3. Noncompliances with Fundraising Procedures

OIG's review of the records for the Yearbook and Candy Sales noted the following noncompliances with the District's fundraising procedures:

- Required Annual Training Incomplete. The teacher/sponsor for the Yearbook and Candy Sales did not complete the required online Annual Fundraiser Training Course during Fiscal Year 2018. This online training was made available from August 14, 2017 through June 30, 2018 on the District's eLearning Management System.
- Sales Item Inventory Report (SIIR) Incomplete. Purchase quantities and sale prices were recorded by boxes while the units of sale were by candy bars. Moreover, The SIIR indicated that 78 boxes with a total resale value of \$4,056 (78 boxes x 52 bars x \$1) were given away or missing. However, no explanation was included with the fundraiser documentation.
- Lack of Documentation for Give-Away Yearbooks. The sponsor recorded on the *Sales Item Inventory Report* that 34 yearbooks, with a total resale value of \$1,020, were given away. As indicated by the secretary and school treasurer, a list of recipients for yearbooks given away was later provided by the sponsor. The sponsor stated that the yearbooks were given away as gratuities for teachers/students who sold 2 or 3 boxes of chocolate bars during the fundraiser. However, the secretary indicated that the Principal was neither aware nor approved the 34 yearbooks which were given away.

We noted that on the recipient list for give-away yearbooks, three names were marked with a question-mark. One name was recorded as "yearbook". Moreover, the secretary's name was also indicated in the list of recipients; however, she stated that she never received a copy of the yearbook. Furthermore, the secretary confirmed with a teacher who appeared on the list that a yearbook was never provided to them. Due to these inconsistencies, there is no assurance that the persons who were listed as recipients of the free yearbooks by the sponsor did in fact receive a yearbook.

Recommendations

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

- To ensure fundraiser sponsors are familiar with and complying with the updated fundraising procedures, they should complete the required Annual eLearning Training Course prior to conducting fundraising activities.
- The *Sales Item Inventory Report* should be prepared and completed with accurate information. Accurate information will assist staff in reconciling the sales revenue with the estimated revenue. Moreover, the *Sales Item Inventory Report* should be approved by the Principal to account for any items that were given-away free-of-charge, or missing.

- To ensure proper fiscal accountability, fundraising resale items (donations received by the schools or purchased with school funds) that are provided free-of-charge to students, staff members, or the community should follow similar requirements for giving gift cards, as specified in **Bulletin #P-14974-COO/P/AS**. This Bulletin states “Schools must maintain documentation of all recipients of gift cards.” A written explanation including the recipients of the items and the reason for providing the items should be part of the fundraiser documentation. This practice should provide better control through the revenue collection reconciliation. It also provides Principals with information in deciding if similar future fundraising activities are warranted.

Management’s Responses:

Principal of Okeehelie Middle School: *Concurs. (Please see page 10.)*

Office of the CFO:

Management concurs: *Sponsors of fundraisers must take the required eLM training and complete the Sales Item Inventory Report (SIIR) accurately. Sponsors should maintain proper records in order to track inventory and account for funds that are raised. As indicated by the IG, this sponsor did not complete the required training.*

Management does not concur with recommendation to utilize Bulletin #P-14974-COO/P/AS for Items Given Away: *Bulletin #P-14974-COO/P/AS does not mention fundraiser items given away free of charge, the IG recommendation to follow this Bulletin’s procedure for gift cards is not referenced in our sponsor training and not part of District procedure. As recommended by the IG in FY18, the SIIR (PBSD 0182) was updated in FY19 to include the verbiage of the new requirements for documenting items given away with a sale price of over \$50, however the yearbooks and candy in this instance would not have fallen under this rule.*

(Please see page 11.)

Additional Comments from the Principal of Okeehelie Middle School: *The sponsor was removed from sponsoring yearbook. Current yearbook sponsor will only sell yearbook and yearbook related items (ads, signing pens, etc.) Documented disciplinary action for sponsor will follow for failure to comply with set procedures. (Please see page 10.)*

Additional Comments from the Office of the CFO: *While District staff continues to enhance both in-person and online training, the prescribed procedures must be implemented with fidelity by school staff to be effective. Also, new FY19 Principal eLM Training highlights the requirements for fundraisers and money collections, and provides Principals with what to look for when approving forms. (Please see page 11.)*

– End of Report –

Management's Response
Principal of Okeehelée Middle School

Principal
Elizabeth A. Morales



Assistant Principals
Francisco Argain
Terri Livingston
Dwight Stewart

TO: Lung Chiu, Inspector General
FROM: Elizabeth Morales, Principal
DATE: March 11, 2019
SUBJECT: Response to Special Review of Okeehelée Middle School Yearbook Collections

RECEIVED
MAR 11 2019
INSPECTOR GENERAL

I have reviewed the Report related to Special Review of Okeehelée Yearbook Collections and have the following responses to recommendations.

1. **I concur with the conclusions**
2. **Corrective Actions:**
 - Sponsor was removed from sponsoring yearbook.
 - Current yearbook sponsor will only sell yearbook and yearbook related items (ads, signing pens, etc.).
 - Documented disciplinary action for sponsor will follow for failure to comply with set procedures.
3. Target Completion Date June 1, 2019.

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Management's Response
Office of the CFO



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MICHAEL J. BURKE
CHIEF FINANCIAL OFFICER

Donald E. Fennoy II, Ed.D.
SUPERINTENDENT

MEMORANDUM

TO: Lung Chiu, Inspector General
FROM: Mike Burke, Chief Financial Officer *MS*
DATE: February 28, 2019
SUBJECT: Response to Special Review of Okeehetee Middle School Yearbook Collections



Management reviewed the Report related to Special Review of Okeehetee Yearbook Collections and has the following responses to recommendations.

1. **\$2,983 Missing** – No management response is requested for this finding. However, it seems the intention of the candy fundraiser was to assist students to earn a yearbook by selling candy. If this was the intention, the documentation was not handled appropriately to actually show this in a proper manner.
2. **Noncompliances with Money Collection Procedures**
Management concurs: eLM Training is available and mandatory for all teacher/sponsors collecting funds on behalf of the school. However, this sponsor did not complete the training.

Item to note: The recommendation about cash collections (page 5, Section (a)) includes "District money collection procedures require staff to issue a three-part Classroom Receipt when collecting money from students....." This is not a requirement but it is a suggestion that students receive a receipt when turning in funds from sale proceeds when the goods are not provided at the same time.

3. **Noncompliance with Fundraising Procedures**
Management concurs: Sponsors of fundraisers must take the required eLM training and complete the Sales Item Inventory Report (SIIR) accurately. Sponsors should maintain proper records in order to track inventory and account for funds that are raised. As indicated by the IG, this sponsor did not complete the required training.

Management does not concur with recommendation to utilize Bulletin #P-14974-COO/P/AS for Items Given Away: Bulletin #P-14974-COO/P/AS does not mention fundraiser items given away free of charge, the IG recommendation to follow this Bulletin's procedure for gift cards is not referenced in our sponsor training and not part of District procedure. As recommended by the IG in FY18, The SIIR (PBSD 0182) was updated in FY19 to include the verbiage of the new requirements for documenting items given away with a sales price of over \$50, however the yearbooks and candy in this instance would not have fallen under this rule.

While District staff continues to enhance both in-person and online training, the prescribed procedures must be implemented with fidelity by school staff to be effective. Also, new FY19 Principal eLM Training highlights the requirements for fundraisers and money collections, and provides Principals with what to look for when approving forms.

MJB/mw:NS

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