

**October 8, 2018**  
**Unannounced Cash Counts**  
**At Five Sample Schools**

**March 15, 2019**

**Report #2019-06**



## **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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## 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: March 15, 2019

SUBJECT: October 8, 2018, Unannounced Cash Counts at Five Sample Schools

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### PURPOSE AND AUTHORITY

Pursuant to the *Office of Inspector General's (OIG) 2018-19 Work Plan*, we have performed unannounced cash counts at five sample schools on October 8, 2018. The primary objectives of this audit were to determine:

- (1) If all the monies in the drop-safe and change funds were properly accounted for, and
- (2) The extent of compliance with District procedures for money collections.

### SCOPE AND METHODOLOGY

To accomplish the objectives of this project, we performed the following procedures:

- Unannounced cash counts on October 8, 2018, at five sample schools to review (1) change funds, and (2) all collections kept in the drop-safes.
- Reviewing applicable *School Board Policies* and District's procedures related to money collections, prenumbered tickets, and cash handling at the schools.
- Reviewing prior audit findings and conclusions related to unannounced cash counts and athletic revenue collections.
- Interviews with appropriate school staff.

Draft findings were sent to the school principals for review and comment. The school principals concurred with all the findings and recommendations. The consolidated draft report was sent to the Office of Chief Financial Officer for response; and the management response is included in the Appendix. We appreciate the courtesy and cooperation extended to us by all the school staff during the audit. The final draft report was included in the March 15, 2019, Audit Committee Meeting Agenda.

**BACKGROUND**

As part of the ongoing monitoring of the money collection process at schools and follow-up on audit conclusions identified during the Annual Internal Funds Audits, the OIG periodically conducts unannounced cash counts and examinations of the contents in drop-safes at selected schools to determine (1) the extent of compliance with District’s money collection procedures, and (2) if all monies collected are properly accounted for.

Five sample schools were randomly selected for the October 8, 2018, unannounced cash counts. The five sample schools were as follows:

**Sample Schools for  
October 8, 2018 Unannounced Cash Counts**

<u>Schools</u>	<u>Football Games On Campus the Friday Night Before (October 5)?</u>	
1. Barton Elementary		No
2. Boca Raton High	Yes	
3. Jupiter High	Yes	
4. Spanish River High		No
5. Wellington High	Yes	

Change Funds. *Chapter 10* of the *Internal Accounts Manual* provides the guidelines for establishing and managing a change fund (certain amount of cash) that sponsors can use to make change while receiving payments in cash at school events. A change fund is to be requested by the school through the District’s Treasury Department and the cash requested delivered to the school by an armored car service. Schools should try to determine their annual needs and request a sufficient change fund for all campus events. Change funds are checked in and out to event sponsors by the school treasurer. When not needed at an event, all change funds must be secured in the school safe.

## CONCLUSIONS

### 1. No Money Missing in Four Schools, and \$25 Missing in One School

During the October 8, 2018, unannounced cash counts at five sample schools, four schools were found with no money missing; and \$25 in change fund was missing at Spanish River High School. Three of the schools (Boca Raton High, Jupiter High, and Wellington High) had football games on campus three days before (October 5) our visit. The cash counts included both change funds and all the collections in the drop-safe awaiting processing and deposit into the bank.

#### October 8, 2018 Unannounced Cash Counts Change Funds and Drop-Safe Contents

Sample Schools	Collections in Drop-safes		Change Funds	Total	Money Missing?
	From Football Games	From Other Sources			
<b>Barton Elementary</b>	–	\$195.00	–	\$195.00	No
<b>Boca Raton High</b>	\$6,591.45	3,652.21	\$1,000.00	11,243.66	No
<b>Jupiter High</b>	2,663.00	32,413.31	2,400.00	37,476.31	No
<b>Spanish River High</b>	–	7,184.65	2,200.00	9,384.65	\$25.00 missing from change fund
<b>Wellington High</b>	4,077.75	8,053.00	600.00	12,730.75	No
<b>Total</b>	<b>\$13,332.20</b>	<b>\$51,498.17</b>	<b>\$6,200.00</b>	<b>\$71,030.37</b>	<b>\$25.00</b>

Subsequent Testing: All Collections Deposited. Subsequent to the October 8, 2018, unannounced cash counts, the OIG also verified bank deposit records for the five sample schools. The OIG reviewed the schools’ deposit records and concluded that all collections found in the drop-safes on October 8, 2018, were properly deposited into the schools’ bank accounts.

### 2. No Findings for Two Schools, Minor Noncompliances in Three Schools

The unannounced cash counts and review of the money collection procedures at the five sample schools revealed no findings for Barton Elementary and Boca Raton High Schools. Several minor noncompliances were noted for Jupiter, Spanish River, and Wellington High Schools. The results of the unannounced cash counts are summarized in the following chart with details in Exhibit 1 on page 6.

## Summary of Noncompliances

School	Noncompliances						
	No Findings	Change Funds Stored in Unsecured Location	Change Funds Not Ordered Through the Treasury Department	Collections Not Recorded on Drop-Safe Log	Collections With No Monies Collected Reports (MCRs)	Sponsors Did Not Maintain the Yellow Copies of MCRs	Inadequate Control in Prenumbered Documents
Barton Elementary	√						
Boca Raton High	√						
Jupiter High		X	X	X	X	X	
Spanish River High				X			X
Wellington High		X	X		X		
<b>Number of Schools</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>

Source: October 8, 2018, Unannounced cash counts for five sample schools.

### Recommendations

To safeguard school assets properly, applicable School District’s procedures for Internal Funds and money collections should be strictly enforced. Specifically,

- For Jupiter and Wellington Highs: Change funds should be obtained in a manner consistent with the *Internal Accounts Manual, Chapter 10*, which states, “A new change fund may be established in July when the new school year begins by going to the Treasury Department’s web page and completing a Request for Change Form ..., then email the form to the [Treasury Department].” Moreover, change funds should be properly safeguarded and periodically reconciled with the accounting records.
- For Jupiter and Spanish River Highs: To ensure proper fiscal accountability and as required by *Bulletin #P-14051-S/CFO*, the school treasurer and an independent staff should jointly verify the contents of the safe with the information in *Section 2* of the *Drop-safe Log*. This is to confirm that the deposits from the safe were removed by the treasurer for processing. The staff verifier should complete *Section 3* of the *Log* after the treasurer entered the deposit information into the school’s accounting system.
- For Jupiter and Wellington Highs: Monies collected should be supported by *Monies Collected Reports* (MCRs) with all the required information, including the account number, remitter’s signature, payer’s name, dollar amount, and check number when appropriate.
- For Jupiter High: As required by *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 collected. Keeping a copy of the MCR will assist the sponsors in (1) ensuring that the dollar amount indicated on the *Official Receipt* provided by the bookkeeper agrees with the monies collected and submitted for deposit, (2) tracking the account balance periodically, and (3) providing documentation for the amount of revenue



collected if recording errors should occur. Moreover, “*Teacher/sponsors should submit their yellow copies of the MCR and computerized receipts to the School Secretary...*”

- For Spanish River High: The custodian for prenumbered forms, including prenumbered athletic tickets, should be someone who is not involved in the day-to-day use of the form. Each assigned document custodian should use the *Prenumbered Document Inventory Register* (PBSD 0160) to perform the periodic inventory of the prenumbered forms.

***Management’s Responses:***

***Principals of Jupiter High, Spanish River High, & Wellington High:*** They concurred with all the findings and recommendations.

***Office of the CFO:*** Management reviewed the Report on Unannounced Cash Counts at Five Sample Schools and has the following responses to recommendations.

***Change Funds Procedures***

**Management concurs:** Change funds should be ordered through the Treasury Department and safeguarded properly as outlined in the Internal Account’s Manual.

*Item to Note:* In instances where a change fund is needed before an order can be processed, Treasury does allow for someone to go to a branch. When checks are cashed at a branch it should be pre-arranged and coordinated by the Treasury Department.

***Noncompliances with Drop Safe Procedures***

**Management concurs:** All items for deposit should include the white copy of a properly completed Money Collected Report (MCR) and be recorded on the Drop Safe Log. Upon receipt of the Official School Cash Receipt the sponsor should match it up with the yellow portion of the MCR to verify the deposit was processed correctly. eLM Training is available and mandatory for all teacher/sponsors collecting funds on behalf of the school.

***Prenumbered Document Custodian***

**Management concurs:** Chapter 27 of the Internal Accounts Manual, Prenumbered Document Inventory states: In accordance with DOE Red Book requirements, all documents used in the collection or disbursement of internal accounts funds must be prenumbered forms. Those forms must be inventoried on a regular basis by an independent party who does not use the form. eLM Training is available for all Document Custodians of prenumbered documents.

(Please see page 7.)

**Exhibit 1**  
**Details of October 8, 2018 Unannounced Cash Counts**

<b>Schools</b>	<b>Findings</b>
Barton Elementary	No finding
Boca Raton High	No finding
Jupiter High	<ul style="list-style-type: none"> <li>• \$2,100 in Athletic Change Fund was found beneath a desk in an unsecured office.</li> <li>• Change funds were not ordered from the Treasury Department. Instead, school checks were issued to staff who took the checks to the bank and cashed them.</li> <li>• Four collections (totaling \$2,680) were not recorded in the <i>Drop-safe Log</i>.</li> <li>• Three collections were put in the drop-safe without a <i>Monies Collected Report</i> (MCR).</li> <li>• Five sponsors put collections in the drop-safe with both the white and yellow copies of the MCRs.</li> </ul>
Spanish River High	<ul style="list-style-type: none"> <li>• \$25 missing in the Athletic Change Fund.</li> <li>• Two checks (totaling \$721.60) in the drop-safe were not recorded in the <i>Drop-safe Log</i>.</li> <li>• The Athletic Director was the assigned custodian for prenumbered athletic tickets. He was also the one who used the tickets to collect athletic event fees.</li> <li>• <i>Prenumbered Document Inventory Register</i> was not maintained for the prenumbered athletic tickets.</li> </ul>
Wellington High	<ul style="list-style-type: none"> <li>• The Community School Change Fund (\$150) was kept in an unlocked cabinet in an unsecured office.</li> <li>• Change funds were not ordered from the Treasury Department. Instead, school checks were issued to staff who took the checks to the bank and cashed them.</li> <li>• One collection (\$25) was put in the drop-safe without a <i>Monies Collected Report</i> (MCR).</li> </ul>

Management's Response  
Office of the CFO



THE SCHOOL DISTRICT OF  
PALM BEACH COUNTY, FL

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**MEMORANDUM**

**TO:** Lung Chiu, Inspector General  
**FROM:** Mike Burke, Chief Financial Officer *MB*  
**DATE:** February 28, 2019  
**SUBJECT:** Response to Unannounced Cash Counts at Five Sample Schools

RECEIVED  
MAR - 4 2019

INSPECTOR GENERAL

Management reviewed the Report on Unannounced Cash Counts at Five Sample Schools and has the following responses to recommendations.

**Change Funds Procedures**

**Management concurs:** Change funds should be ordered through the Treasury Department and safeguarded properly as outlined in the Internal Account's manual.

**Item to Note:** In instances where a change fund is needed before an order can be processed, Treasury does allow for someone to go to a branch. When checks are cashed at a branch it should be pre-arranged and coordinated by the Treasury Department.

**Noncompliances with Drop Safe Procedures**

**Management concurs:** All items for deposit should include the white copy of a properly completed Money Collection Report (MCR) and be recorded on the Drop Safe Log. Upon receipt of the Official School Cash Receipt the sponsor should match it up with the yellow portion of the MCR to verify the deposit was processed correctly. eLM Training is available and mandatory for all teacher/sponsors collecting funds on behalf of the school.

**Prenumbered Document Custodian**

**Management concurs:** Chapter 27 of the Internal Accounts Manual, Prenumbered Document Inventory states: In accordance with DOE Red Book requirements, all documents used in the collection or disbursement of internal accounts funds must be prenumbered forms. Those forms must be inventoried on a regular basis by an independent party who does not use the form. eLM Training is available for all Document Custodians of prenumbered documents.

MJB/mw:NS

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