

Fiscal Year 2022

Unannounced Cash Counts at 13 Sample Schools

July 14, 2022

Report #2022-07



MISSION STATEMENT

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Superintendent of Schools

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Fiscal Year 2022
Unannounced Cash Counts at 13 Sample Schools

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MEMORANDUM

TO: Honorable Chair and Members of the School Board
Michael J. Burke, Superintendent of Schools
Chair and Members of the Audit Committee

FROM: Teresa Michael, Inspector General

DATE: July 14, 2022

SUBJECT: Fiscal Year 2022 Unannounced Cash Counts at 13 Sample Schools

PURPOSE AND AUTHORITY

Pursuant to the *Office of Inspector General's (OIG) 2021-2022 Work Plan*, we have performed unannounced cash counts at 13 sample schools on March 23 and April 18, 2022. The primary objectives of the unannounced cash counts were to determine:

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

SCOPE AND METHODOLOGY

The unannounced cash counts were performed at 13 sample schools and included:

- Examining the contents in the drop-safes and reconciling the amount of cash and checks in the drop-safes with the collection records;
- Reviewing money collection records, including *Drop-Safe Logs (DSLs)*, *Monies Collected Reports (MCRs)*, *Classroom Receipts*, Internal Funds accounting records (SchoolCash), and bank deposit records;
- Reviewing applicable *School Board Policies*, *Department of Education Rules*, and District procedures related to money collections and cash handling at the schools; and
- Interviewing school staff.

Draft findings were sent to the school principals for review and comment. The school principals, who responded, concurred with all the findings and recommendations. The consolidated draft report was sent to the Deputy Superintendent/Chief of Schools and Chief Financial Officer for review and comment. The management responses are 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 presented to the Audit Committee at its July 14, 2022, meeting.

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 analyzes and compares schools' money collection and bank deposit records. Based on prior year audit findings and the ongoing data analytics results, the following 13 sample schools were selected for unannounced cash counts during March and April 2022:

- Boynton Beach High
- Congress Middle
- Forest Hill High
- Freedom Shores Elementary
- Indian Pines Elementary
- Jeaga Middle
- LC Swain Middle
- Meadows Park Elementary
- Palmetto Elementary
- Polo Park Middle
- Roosevelt Elementary
- West Riviera Elementary
- Wynnebrook Elementary

CONCLUSIONS

1. No Missing Money

During the unannounced cash counts, we examined the contents in the drop-safes and compared the collections in the safes to the records on the *DSLs*, *MCRs*, and collection receipts. The examination did not reveal any missing money at any of the schools. (See Table 1.)

Table 1
Collections in Drop-Safes During Unannounced Visits

Cash Count Date	School	Cash ^(Note)	Checks	Total
3/23/2022	Boynton Beach High	\$2,758.00	\$1,337.00	\$4,095.00
	Forest Hill High	7,753.50	2,100.00	9,853.50
	Freedom Shores Elementary	5,603.65	1,287.26	6,890.91
	Palmetto Elementary	-	1,385.00	1,385.00
	Polo Park Middle	752.00	1,040.00	1,792.00
	Roosevelt Elementary	-	-	-
	West Riviera Elementary	480.00	19.79	499.79
	Wynnebrook Elementary	8,674.52	1,746.77	10,421.29
4/18/2022	Congress Middle	370.00	-	370.00
	Indian Pines Elementary	454.00	57.60	511.60
	Jeaga Middle	168.00	-	168.00
	LC Swain Middle	7,922.00	338.07	8,260.07
	Meadows Park Elementary	10.00	-	10.00
Total		\$34,945.67	\$9,311.49	\$44,257.16

Note: Cash included both new collections and Change Funds.

All Collections Deposited into the Schools' Bank Accounts. Subsequent to the unannounced cash counts, the OIG reviewed the bank deposit records and concluded that all collections we examined during the unannounced visits were deposited into the schools' bank accounts.

2. Noncompliances with District Money Collections Procedures

During the unannounced cash counts and analysis of collections and deposit records, the OIG discovered:

- No exceptions with money collection procedures were noted at six schools (Congress Middle, Indian Pines Elementary, Meadows Park Elementary, Palmetto Elementary, Polo Park Middle, and Roosevelt Elementary.)
- Certain instances of noncompliance with money collection and security procedures were identified at seven schools. (See Table 2.)

Table 2
Instances of Noncompliance With Cash Collection and Security Procedures

School Name	(a) Unlocked Drop-Safe	(b) Change Funds Discrepancies	(c) Collections Not Timely Deposited	(d) Collections Without MCRs or Not Recorded on DSLs	(e) MCRs Not Properly Completed	(f) Sponsors Did Not Retain Yellow Copies of MCRs	(g) Collections Not Secured in the Drop-Safe	(h) Staff Did Not Acknowledge Receipt of Prenumbered Documents
Boynton Beach High				X				
Forest Hill High			X ^(Note)		X ^(Note)			
Freedom Shores Elementary				X				
Jeaga Middle	X	X				X ^(Note)		
LC Swain Middle		X						
West Riviera Elementary							X	
Wynnebrook Elementary				X				X ^(Note)
Number of Schools	1	2	1	3	1	1	1	1

Note: Finding was also noted during the FY 2021 Internal Funds Audit

(a) Unlocked Drop-Safe

At Jeaga Middle, we observed that the drop-safe was unlocked prior to the staff entering the combination. The auditor was able to open the safe without assistance from the staff.

(b) Change Funds Discrepancies

Two schools had discrepancies between the cash on hand for the Change Funds and the SchoolCash accounting records.

- Jeaga Middle maintained a total of \$108 in Change Funds for the PTO Polo Shirts Sales during our site visit. The funds were neither ordered from the Treasury Department nor recorded in the school's Change Fund Account (#0-0600.00). Instead, the source of the funds was from revenue collections for the PTO Polo Shirts Sales (Account #6-3300.02).
- LC Swain Middle had \$150 in additional Change Funds without records of where these additional funds originated.

(c) Collections Not Timely Deposited

At Forest Hill High, collections were not deposited timely, with delays as much as four months. Specifically, 10 checks totaling \$1,930 issued between November 1, 2021, and February 23, 2022, were not put in the Drop-Safe for deposit until March 12, 2022.

(d) Collections Without *MCRs* or Not Recorded on *DSLs*

Collections were found in the drop-safes without adequate documentation at the following three schools:

- Boynton Beach High had four deposits totaling \$610 (\$450 in checks and \$160 in cash) for Track Team entry fees that did not have the required *MCRs* or entries on the *DSL*.
- Freedom Shores Elementary had four envelopes containing \$416.28 from miscellaneous cash sources that did not include the required *MCRs* or entries on the *DSL*.
- Wynnebrook Elementary had two envelopes containing a total of \$25.04 in cash for "Pennies for Patients" that did not have the required *MCRs* or entries on the *DSL*.

(e) MCRs Not Properly Completed

At Forest Hill High, some receipts were not properly completed with all the required information.

- Four receipts totaling \$250 did not indicate if the payments were in cash or checks.
- One receipt indicated the payment was for \$50 in cash, while the actual payment was made with a \$100 check.
- Two *Classroom Receipts* for check payments totaling \$100 did not indicate the check numbers. Moreover, one of these receipts indicated a \$50 collection, but the actual check amount was \$20.

(f) Sponsors Did Not Retain Yellow Copies of the MCRs

At Jeaga Middle, one sponsor provided both the white and the yellow copies of the *MCRs* to the school treasurer along with the monies. Furthermore, the sponsor did not record the deposit information on the *DSL* before dropping the monies into the safe.

(g) Collections Not Secured in the Drop-Safe

At West Riviera Elementary, two prepared deposits totaling \$499.79 were stored in an unlocked filing cabinet in the treasurer's office in anticipation of pickup by the courier service. However, the treasurer did not place the funds back into the safe leaving the deposits unattended when the treasurer left campus prior to the courier's arrival.

(h) Staff Did Not Acknowledge Receipt of Prenumbered Documents

At Wynnebrook Elementary, the document custodian did not require the staff to sign on the *Prenumbered Document Inventory Register (PBSD 0160)* to acknowledge receipt of the Music Theater Musical Tickets.

During Fiscal Year 2013, the District implemented the *Mandatory Internal Accounts Training for Teachers and Account Sponsors* through the eLearning Management System. All staff involved in money collections at schools are required to complete the mandatory Internal Accounts training through the eLearning platform prior to beginning any activities every year. These trainings cover all aspects of *DOE Rules (Chapter 8 of the Department of Education's Financial and Program Cost Accounting and Reporting for Florida Schools), Internal Accounts Manual, District Bulletin #P-14051-S/CFO*, and other related District guidelines. However, similar noncompliances with money collection procedures were still found at various schools during the Annual Internal Funds Audits of schools.

Recommendations

To ensure proper fiscal accountability, adequate safeguarding of District assets, and full compliance with all money handling requirements, the District and schools should monitor staff are administering all money collections in accordance with **DOE Rules** and District guidelines. Specifically,

- The *Drop-Safe* should be locked at all times and access be restricted to authorized personnel only. The safe combination should be assigned to staff consistent with the requirements of the **Internal Accounts Manual**.
- Change funds should be obtained in a manner consistent with the **Internal Accounts Manual, Chapter 10**. Proper procedures include, “accessing the School Banking web page and completing a Request for Change Form specifying the amount of coin and currency by denomination, then email the form to the [Treasury Department]. Furthermore, the **Manual** states, “If a sponsor deposits the change fund in error, it will be necessary to record that transaction in the Change Fund general ledger account in School Cash Accounting and make a corresponding entry in the Cashbox module”.
- Monies collected must be put in the drop-safe on the day of collection. The deposit information should be recorded on the *DSL* prior to putting the collections in the safe. Delays in turning in the monies for deposit could subject the monies to unnecessary exposure and result in financial irregularities.
- Monies collected should match the submitted *MCRs* and include all the required information, including the account number, remitter’s signature, payer’s name, dollar amount, and check number when applicable.
- The school treasurer should verify the accuracy of the money turned in by sponsors for deposit prior to recording the collection information into SchoolCash. Discrepancies between the amount of monies turned in and the amount stated on related collection records should be reviewed and resolved accordingly.
- Activity sponsors must keep the yellow copies of the *MCRs* instead of giving them to the school treasurer when turning in the monies for deposit. Keeping a copy of the *MCR* as the temporary receipt will assist the sponsors in (1) ensuring that the dollar amount indicated on the *Official Receipt* provided by the treasurer matches 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.
- Prepared deposits should be stored in the drop-safe.

Management's Response:

Drop Safe Procedures: Management Concurr: Safes should remain locked at all times while unattended. The safe combination is confidential, and the only person on campus who is authorized to have the complete safe combination is the principal. The safe combination may be shared between two or more trustworthy members of the office staff with each person having a portion of the combination, so it takes two individuals to open the safe in the principal's absence. Management developed required eLM training for these procedures.

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.

Monies Collected Procedures (4 Bullets): Management concurs: All items for deposit should be accurately recorded by the sponsor on a MCR on the day of collection. Sponsors are trained to deposit funds daily and not hold funds overnight. Treasurers are instructed to process deposits at a minimum of once weekly to ensure funds are deposited to bank within 5 working days in compliance with DOE Red Book. 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. Any discrepancies should be discussed with the Treasurer. eLM Training is available and mandatory for all teacher/sponsors collecting funds on behalf of the school.

Store Deposit(s) in the Drop Safe: Management concurs: This procedure is included as part of the Internal Accounts Training. All completed deposits should be secured in the safe prior to pick up.

(See page 8.)

– End of Report

Management's Response



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RECEIVED

JUN 29 2022

MEMORANDUM

TO: Teresa Michael, Inspector General
FROM: Heather Frederick, Chief Financial Officer 
DATE: June 29, 2022
SUBJECT: Response to Report on Unannounced Cash Counts at 13 Sample Schools

INSPECTOR GENERAL

Management reviewed the Report on Unannounced Cash Counts at 13 Sample Schools and is encouraged that there was no missing money. Management has the following responses to recommendations.

Drop Safe Procedures

Management concurs: Safes should remain locked at all times while unattended. The safe combination is confidential, and the only person on campus who is authorized to have the complete safe combination is the principal. The safe combination may be shared between two or more trustworthy members of the office staff with each person having a portion of the combination, so it takes two individuals to open the safe in the principal's absence. Management developed required eLM Training for these procedures.

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.

Monies Collected Procedures (4 Bullets)

Management concurs: All items for deposit should be accurately recorded by the sponsor on a MCR on the day of collection. Sponsors are trained to deposit funds daily and not hold funds overnight. Treasurers are instructed to process deposits at a minimum of once weekly to ensure funds are deposited to bank within 5 working days in compliance with DOE Red Book. 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. Any discrepancies should be discussed with the Treasurer. eLM Training is available and mandatory for all teacher/sponsors collecting funds on behalf of the school.

Store Deposit(s) in the Drop Safe

Management concurs: This procedure is included as part of the Internal Accounts Training. All completed deposits should be secured in the safe prior to pick up.

HF/NS/WM

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