



THE SCHOOL DISTRICT OF
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
Dr. Robert Avossa, Superintendent
Chair and Members of the Audit Committee

FROM: ^{RLC} Lung Chiu, Inspector General

DATE: July 27, 2015

SUBJECT: Transmittal of Final Investigative Report
Case # 15-246 Santaluces Community High School

In accordance with School Board Policy 1.092(6)(d), we transmit the above-referenced final investigative report.

The report addresses two allegations involving the culinary arts program at Santaluces Community High School regarding 1) the sale of food items without proper fundraising approval; and, 2) proceeds from sales not properly deposited into the school's Internal Funds Account. Both allegations were substantiated.

Packaged food and beverages were purchased from the culinary arts program teacher's personal funds, and subsequently reimbursed to the teacher from the school's Internal Funds Account. The food and beverages were sold to students and the proceeds from the sales were not deposited, as required, into the Internal Funds Account. No records were retained documenting what items were sold, the quantity, and the proceeds from the sales.

Required fundraising approval was not obtained; and, although it appears the proceeds from the sales were primarily used for the purposes of legitimate program expenses, no documentation was retained to substantiate how the proceeds, estimated at approximately \$7,000, were expended.

The results of our investigation will be referred to the Office of Professional Standards for any appropriate action and posted on the Inspector General's website.

cc: Michael Burke, Chief Operating Officer

Office of Inspector General
The School District of Palm Beach County

Case No. 15-246

Santaluces Community High School

INVESTIGATIVE REPORT

AUTHORITY AND PURPOSE

Authority *School Board Policy 1.092, Inspector General (4)(a)(iv)* provides for the Inspector General to receive and consider complaints, and conduct, supervise, or coordinate such inquiries, investigations, or reviews as the Inspector General deems appropriate.

Allegations The Office of Inspector General (OIG) initiated an investigation during April 2015 in response to a referral received from the Office of Professional Standards with regard to Santaluces High School, alleging:

1. A teacher sold packaged food without the appropriate fundraising approval; and
2. The proceeds from the sales of packaged food were not properly deposited into the school's Internal Funds Account.

BACKGROUND

The Culinary Arts Academy (Program) at Santaluces Community High School provides the opportunity for students to train for a career in food services and production. The school's on-site café allows the students to work with state-of-the-art equipment in a commercial kitchen.

During School Year 2014/15 (School Year), approximately 158 students,¹ ranging from grades nine to twelve, attended the Program.

REVIEWS PERFORMED

Document Review

We reviewed the following documents:

- *School Board Policy 2.16, Fund-Raising Activities Related to Schools*
- *School Board Policy 6.185, School Food Service Management*
- *School District Internal Accounts Manual, Chapters 7 and 19*

¹ Student count based on OIG review of District records and confirmation from the School Data Processor.

- School's *Internal Accounts* FY 2014/2015
- Itemized Internal Funds Account reimbursement receipts

Interviews

We conducted interviews with the following staff at Santaluces High School:

- Principal
- School Treasurer
- Teacher

Consultations

- School Police

This investigation was conducted in compliance with the *Quality Standards for Investigations* within the *Principles and Standards for Offices of Inspector General*, promulgated by the Association of Inspectors General.

APPLICABLE DISTRICT POLICIES AND PROCEDURES

School Board Policy 2.16(2), Fund-Raising Activities Relating to Schools, states that:

- The principal shall approve in writing all fund-raising activities in the school in accordance with established procedures, including completing *Form PBSD 0153, Fundraising Application/Recap*.
- Money derived from any school fund-raising project or activity shall be deposited in the school's Internal Funds account.

School District's Internal Accounts Manual Chapter 7, Cash Receipts and Deposits, requires that:

- All funds handled by school board employees during normal working hours shall be included in and become part of the Internal Funds.
- All money collected must be turned in daily and recorded on the *Drop Safe Log* by the activity sponsor.

School District's Internal Accounts Manual Chapter 19, Fundraising, states that:

- All fundraising projects shall be approved in advance by the principal.
- The teacher/sponsor must complete *Form PSBD 0153, Fundraising Application/Recap*, and route it to the principal for approval.
- The proceeds from school fundraising shall be deposited in the school's internal funds and must be disbursed in accordance with district purchasing policies for the purposes stated on the *Fundraising Application/Recap*.
- The sponsor must be responsible for maintaining detailed records of inventories and cash collections.
- Materials or supplies MAY NOT be purchased from fundraising collections. All sales must be turned into the Treasurer intact and all items purchased as part of the fundraising activity must be paid by a check from the school's Internal Accounts.
- *A Sales Item Inventory Report* is required even if there was no inventory.
- The sponsor must retain copies of all invoices for items purchased.

RESULTS OF REVIEW

School Internal Fund records indicate the Program generated approximately \$18,000 in revenue during the School Year. The source of these funds came primarily from catering events, fundraisers, and collection of student program fees. Records further reflect that approximately \$17,000 of the Internal Funds were expended during the School Year for the purchases of various Program related items such as, but not limited to, food items for the Program, uniforms, and kitchen supplies. Based on District records, the OIG performed an analysis and determined that approximately \$3,500 of the \$17,000 was used from the school's Internal Funds account to purchase packaged food and beverages.

The teacher responsible for the Program (Teacher) confirmed he purchased and sold packaged food and beverages to students, including chips, fruit snacks, soda, bottled water and sports drinks (Snacks). The Teacher indicated the primary reason for selling Snacks to students was to minimize interruptions of students leaving class to use school vending machines. In addition, the Teacher stated he used the proceeds from the Snacks to fund certain Program related expenses, as discussed in more detail below.

Throughout the School Year, the Teacher used his personal funds to purchase the Snacks, along with other supplies for the Program, and subsequently submitted and received reimbursement from the Internal Funds Account. Although the purchase of the Snacks was funded with monies in the Internal Funds Account; once the Snacks were sold, the funds collected were not returned to the Internal Funds Account, nor were any associated profits.

No approval was obtained by the Teacher to sponsor a fundraiser, nor was the required fundraiser documentation completed. Based on available records, OIG staff calculated approximately \$3,500 was expended to purchase packaged food and beverages; approximately \$3,500 of profit was generated from \$7,000 in total estimated proceeds (Gross Proceeds)².

The Teacher provided detailed receipts to support the purchase of the Snacks; however, he did not have records to support the sale of the Snacks. No inventory records were maintained.

The Teacher stated the Gross Proceeds were used for Program related expenses such as:

- Transportation fuel charges for students participating in catering and other Program events;³
- Kitchen cleaning supplies and small kitchen equipment;
- Meals for student volunteers at Program and catering events;
- Food items and decorations used at a banquet in honor of Senior students;
- Food items used at a Thanksgiving lunch provided to students in the Program; and,
- Gardening supplies for the Program's herb and vegetable garden.

The Teacher could not provide any receipts or other documentation to support the above expenditures.

² The estimated Gross Proceeds were based on the assumption that all Snacks purchased were sold at a profit, less a small adjustment for remaining inventory. Due to the lack of records, both the profit per item and volume of remaining inventory was based on information provided by the Teacher. Due to the lack of records supporting the number of sales and the price per item, gross profits, as estimated by the OIG, are solely an estimate. No deductions were made to estimated Gross Proceeds to account for any Snacks which may have been provided free of charge, as no records were maintained regarding items potentially given away.

³ The Teacher stated the Program hosted approximately 25 catering events during the School Year at various locations.

OIG staff confirmed with students that fuel monies and meals were provided by the Teacher, although the total amount cannot be determined. OIG staff reviewed the documentation submitted for reimbursements and determined that no cleaning supplies were purchased during the School Year using Internal Funds, supporting the Teacher's statement that he used part of the Gross Proceeds for the purpose of purchasing cleaning supplies.

It should be noted the Teacher fully cooperated with OIG staff during the course of the investigation.

CONCLUSIONS

Allegation #1: A teacher sold packaged food without the appropriate fundraising approval

The Teacher acknowledged he sold the items during the School Year without proper approval and without completing and submitting the appropriate fundraising documentation.

School Board Policy 2.16 and the District's *Internal Accounts Manual, Chapters 19*, require all fundraising projects be approved in advance by the Principal. In addition, completion and approval of *Form PBSD 0153 Fundraising Application/Recap* is required.

The allegation that a teacher sold packaged food without the appropriate fundraising approval is substantiated.

Allegation #2: The proceeds from the sales were not properly deposited into the school's Internal Funds account

School records did not show any accounts or deposits related to sale of Snacks.

School Board Policy 2.16 and the District's *Internal Accounts Manual, Chapters 7 and 19*, require all funds derived from any school fund-raising project or activity be deposited in the school's Internal Funds account.

The allegation that the proceeds from the sales of packaged food were not deposited into the school's Internal Funds account is substantiated.

The Teacher should have maintained an inventory or cash collection record evidencing the resale or distribution of Snacks. The District's *Internal Accounts Manual, Chapter 19*, requires detailed records of inventories and cash collections be maintained.

Further, *Internal Accounts Manual, Chapter 19*, prohibits materials or supplies to be purchased with funds from fundraising collections. All sales must be turned in and all items purchased as part of the fundraising activity must be paid from the School's Internal Accounts. The collections from the Snack sales were not deposited, as required, and expenditures were improperly made directly from the Gross Proceeds.

ADDITIONAL INFORMATION

The Snack sales may have violated *School Board Policy 6.185, School Food Services Management*, which states:

High schools may sell food and beverages that meet the USDA Smart Snacks in School Standards in school stores, vending machines and snack bars at any time during the school day except when meals are being served. Any food and beverages that do not meet the nutrition standards may be sold beginning 30 minutes after the end of the official school day.

It appears that the Snack sales took place throughout the school day. The OIG did not perform a nutritional analysis to determine if the Snacks met USDA Smart Snacks standards.

AFFECTED PARTY RESPONSE

The OIG provided a draft copy of this report to the Teacher, whose response is attached hereto, in its entirety, as Exhibit A. The emails referenced in the Teachers response are attached hereto as Exhibit B.

OIG REBUTTAL TO AFFECTED PARTY RESPONSE

As outlined in the response, the Teacher indicated that a portion of the purchased packaged food and beverages were provided to students free of charge, and were not resold. Due to the lack of records, the OIG cannot quantify the amount of Snacks that may have been provided free of charge vs. sold. As indicated in the report, the purchase and redistribution of the packaged food without proper approval and documentation did not adhere to District policy.

FURTHER ACTION

The results of this investigation will be provided to the Office of Professional Standards.

RECEIVED
JUN 29 2015

INSPECTOR GENERAL

June 27, 2016

Lung Chiu, Inspector General,

I am writing this response in reference to your Draft Report OIG Case No. 15-246 which I received by email on June 25, 2015.

Before I provide my comments to the Draft Report I would like to first state that I do realize that I made a very poor choice to handle these monies in the manner in which I did. The daily receipts were fairly small and I turned right around and utilized the proceeds in a small window of time. I typically shop 3-4 times per week with everything I need to plan for (catering events, kitchen labs for 4 levels of Culinary Classes, kitchen maintenance items) and used up the small daily receipts before they accumulated. I did not realize the actual total amount until I saw your totals in the Draft Report.

I had stopped my inappropriate actions very early in April, a few weeks before I was contacted by Veronica Rodriguez. The inventory of items I had left at that time I saved to provide free of charge for students as they did the final kitchen breakdown and cleaning and to provide each student with a beverage and snack after their Final Exam. This also accounted for approximately 7 cases of assorted chip, pretzels and Rice Krispies Snacks and 6 cases of assorted beverages.

After reading the Draft a few times I have just a few comments/modifications to further clarify certain aspects of the Draft report.

Under the BACKGROUND heading I wanted to adjust the number of students I had in my classes this school year. I teach 6 periods per day and my upper level classes are double block periods. This then equates to 181 students total versus the stated 160.

Under RESULTS OF REVIEW it is stated that \$3500 of the \$17,000 was used from Internal Funds to purchase packaged food and beverage items for resale. This is not totally accurate due to the fact that probably 40% of these purchases were not used for resale. Snacks and beverages were given free of charge to students under several routine scenarios:

- When they assisted with the preparation & delivery of multiple catering events
- When they provided additional assistance with special projects in the kitchen (other prep and especially cleaning assignments)
- After exams/testing
- For holidays (Halloween, Thanksgiving, Christmas, Valentine's Day)
- In the mornings when students did not have breakfast I kept a supply of breakfast bars and protein bars available to give them when they asked so they could better concentrate on schooling
- Some items actually used by customers/guests for paid catering events

This would therefore reduce the figure of \$3500 utilized for resale to approximately \$2100 and also reduce the total estimated proceeds of \$7,000 to \$4200.

As I had stated in emails to Veronica Rodriguez, these funds were utilized to purchase numerous items for the functioning of the Culinary Arts Program which is fully funded by my time and efforts:

- Cleaning supplies (sponges, clothes soap, dish soap, commercial dishwasher supplies, mops, brooms, stain remover, towels, stainless steel cleaners/polishers, oven cleaners, degreasers)
- Small replacement kitchen equipment (spatulas, tongs, immersion blenders, knives, pans)
- Gardening supplies/equipment for our herb & vegetable garden
- Thanksgiving Dinner prepared by and for my Level 3 and 4 classes
- Senior Banquet prepared by and for my Level 3 and 4 class Seniors
- Monies for gas for students that assisted with their own vehicles for off campus catering events
- Buying food items for students that assisted with catering events and food/supply items for ongoing kitchen labs for students.

Again, I do realize that the manner in which I handled these funds was absolutely wrong and against the District policies. I am very disappointed in myself as I am extremely meticulous with my Internal Account and the related paperwork. What started out as something small got out of hand which is why I had already stopped this activity in early April.

I can assure you that this will never happen again. Any items purchased for use by the students and all the other items listed will be purchased by Internal Funds backed up with appropriate receipts in accordance with District Policies.

Thank you for your consideration,

Gary Swaye

7/16/2015

School District of Palm Beach County Mail - Re: Follow Up



Veronica Rodriguez (Auditor Senior) <veronica.rodriguez.1@palmbeachschools.org>

Re: Follow Up

1 message

Gary Swaye <gary.swaye@palmbeachschools.org> Sat, May 23, 2015 at 8:52 PM
To: "Veronica Rodriguez (Auditor Senior)" <veronica.rodriguez.1@palmbeachschools.org>

Veronica,

Please find the attached letter in response to your request for additional information.

Hopefully you are enjoying the long holiday weekend!

Sincerely,

Gary

On Fri, May 22, 2015 at 3:28 PM, Veronica Rodriguez (Auditor Senior) <veronica.rodriguez.1@palmbeachschools.org> wrote:

- > Good afternoon Mr. Swaye,
- >
- > Thank you for meeting with us last week. We have a few follow up questions.
- >
- > - We reviewed the receipts you submitted to the school for reimbursement. We
- > noticed there were purchases for fruit snack packs and rice krispies, Is
- > that something you also sell to the students? If so, how much do you charge
- > for those items? If there other any other items you sell to the students
- > that we did not discuss, please let us know.
- >
- > - During our meeting, you noted that you charge .50 for water, .75 for other
- > beverages, please confirm that is accurate. Also, how much do you charge for
- > chips?
- >
- > - During our meeting we discussed receipts for any purchases you have made
- > with the funds you have collected from selling these items, have you been
- > able to locate any of those receipts? It would be helpful to see the
- > receipts. If you are unable to provide us with any receipts, please provide
- > us with a list of items the items that were purchased and an approximate
- > date so that we may include that in our case file.
- >
- > Thank you for your assistance.
- >
- > Kind regards,
- >
- > -
- > Veronica Rodriguez
- >
- > Senior Auditor/Investigator
- >
- > Office of Inspector General
- >
- > The School District of Palm Beach County
- >

7/16/2015

School District of Palm Beach County Mail - Re: Follow Up

- > 3318 Forest Hill Blvd., Suite C-306
- >
- > West Palm Beach, Florida 33406
- >
- > Phone: 561.432.6359
- >
- >

-
Gary Swaye
Executive Chef - Instructor
Santaluces Culinary Arts Academy

 **Veronica Rodriguez letter.docx**
15K

Veronica,

In response to your email of May 22, 2015, please find the following information that will hopefully answer your outstanding questions regarding your investigation.

Some of the fruit snacks and Rice Krispie treats were part of the items that were sold. Fruit snacks were 25 cents each and the Rice Krispie treats were 3/\$1.00. You are correct regarding the water and sodas. They were .75 each. Chips were .50 a bag.

As I mentioned to you during our meeting the monies from the snack sales was used to buy various items utilized ongoing within my classrooms and kitchen labs. I typically need to shop at various locations 3-4 times each week to support the catering events I volunteer to provide so that I can generate monies to support the Culinary Academy Program as well as a multitude of kitchen labs provided for the 4 levels of classes I teach. Most items purchased are from Costco, Rorebecks, Walmart, Restaurant Depot, Publix and Target.

I would use the cash to make smaller purchases, as needed, throughout the past few months from the above establishments. I tried to sit and think of the types of items that the monies were used for and came up with the following:

- Multitude of cleaning supplies (sponges, dish soap, clothes soap, stain remover, sponges, towels, stainless steel cleaners, oven cleaners, etc)
- Gardening supplies for our herb & vegetable garden
- Snacks for the students provided free of charge (some sodas, chips, fruit snacks, rice krispie treats, protein bars, breakfast bars)
- Classroom treats for Semester Exam time, Halloween, Thanksgiving
- I have a remaining inventory of sodas (4+cases), 4+ cases of chips & 3 boxes of Rice Krispies that I plan to use up as free student snacks as we begin our breakdown, cleaning and degreasing of the entire kitchen. These will also be provided on Final Exam days for my Level 1 & 2 classes.
- For each catering event I provide food, snacks & beverages for my students volunteers
- This year my Level 3 & 4 students prepared a Thanksgiving feast that was eaten as a class in the Café. Some of the monies were used to buy food items for that.
- I also provided a Senior Banquet for my outgoing Level 3 & 4 Seniors. This was prepared by the Juniors in that class and some monies were used to buy table decoration & food items for that also.
- When we provided off campus catering and additional vehicles were needed to transport students and food items I typically would give the student drivers gas monies to offset any personal expense.

As I mentioned in our meeting all sales were stopped several weeks ago back in April. Hopefully this provides you with a general idea of where the monies were spent. I look forward to resolving this issue at your convenience so that I can get back to fully focusing on wrapping up the school year. I do realize this was a very bad choice on my part to handle these monies in the manner in which I did. This will never occur again.

Thanks for your consideration.
Gary Swaye

7/16/2015

School District of Palm Beach County Mail - Re:



Veronica Rodriguez (Auditor Senior) <veronica.rodriguez.1@palmbeachschools.org>

Re:

1 message

Gary Swaye <gary.swaye@palmbeachschools.org>

Wed, Jun 3, 2015 at 11:53 AM

To: "Veronica Rodriguez (Auditor Senior)" <veronica.rodriguez.1@palmbeachschools.org>

Veronica,

The following students were my relied upon drivers for several events held off campus. They are all either Juniors or Seniors in my Level 3&4 Academy classes.

- 1. (Level 3)
- 2. (Level 3)
- 3. (Level 4)
- 4. (Level 4)
- 5. (Level 4)
- 6. (Level 4)

I can think of at least 4 large catering events we did off campus where these students assisted with driving other students and/or food/equipment to the offsite location:

- 65th Birthday Party on Valentine's Day in South Boca
- Worth Tasting (Jr. League of Palm Beach) on Worth Avenue
- Lantana Chamber Fishing Toumey registration at the Lantana Recreation Center
- Luncheon we prepared for the Florida Consortium of School Board Members that was provided at the District office location.

Hope this helps!

Gary

On Wed, Jun 3, 2015 at 11:27 AM, Veronica Rodriguez (Auditor Senior) <veronica.rodriguez.1@palmbeachschools.org> wrote:

- > Good morning,
- >
- > I saw that you called, unfortunately I was not in my office at the time.
- >
- > If you cant get ahold of me at the office please call my cell
- >
- >
- >
- > Have a good day.
- >
- > --
- > Veronica Rodriguez
- >
- > Senior Auditor/Investigator
- >
- >
- > Office of Inspector General
- >
- > The School District of Palm Beach County
- >

7/16/2015

School District of Palm Beach County Mail - Re:

- > 3318 Forest Hill Blvd., Suite C-306
- >
- > West Palm Beach, Florida 33406
- >
- > Phone: 561.432.6359
- >
- >

-
Gary Swaye
Executive Chef - Instructor
Santaluces Culinary Arts Academy

7/16/2015

School District of Palm Beach County Mail - re: List of Catering Events



Veronica Rodriguez (Auditor Senior) <veronica.rodriguez.1@palmbeachschools.org>

re: List of Catering Events

1 message

Gary Swaye <gary.swaye@palmbeachschools.org>

Mon, Jun 15, 2015 at 2:35 PM

To: "Veronica Rodriguez (Auditor Senior)" <veronica.rodriguez.1@palmbeachschools.org>

Here is the list of the major catering events that we handled this school year and the approx. # of students that assisted in the preparation and/or service of each.

- 1-7. 7 monthly Principal Meetings: luncheons (# students 15 for each event)
8. Greater Florida Consortium of Board Members (12 students)
9. Homecoming Dance (14 students)
10. Criminal Justice Desserts (8 students)
11. Annual Pumpkin Bread Sales (8 students)
12. Edward Jones Holiday Party (8 students)
13. Criminal Justice Spaghetti Dinner (10 students)
14. Staff Holiday Cookies (10 students)
15. Staff Holiday Breakfast (15 students)
16. JROTC Fund raising dinner (12 students)
17. Basketball Senior Night (8 students)
18. 65th Birthday/Valentine Dinner Party (14 students)
19. Lantana Chamber Luncheon (9 students)
20. Criminal Justice Desserts - (6 students)
21. Lantana Chamber Fishing Tourney (15 students)
22. Chorus Banquet (12 students)
23. JROTC Military Ball (15 students)

Sincerely,

Gary Swaye
Executive Chef - Instructor
Santaluces Culinary Arts Academy

7/16/2015

School District of Palm Beach County Mail - re: add'l event



Veronica Rodriguez (Auditor Senior) <veronica.rodriguez.1@palmbeachschools.org>

re: add'l event

1 message

Gary Swaye <gary.swaye@palmbeachschools.org>

Mon, Jun 15, 2015 at 6:20 PM

To: "Veronica Rodriguez (Auditor Senior)" <veronica.rodriguez.1@palmbeachschools.org>

Just thought of this one too. We volunteer each year to help the Junior League of Palm Beach to raise monies to assist students in Palm Beach.

Worth Tasting on Worth Ave (24 students)

FYI,

Gary Swaye
Executive Chef - Instructor
Santaluces Culinary Arts Academy

7/16/2015

School District of Palm Beach County Mail - re: add'l event

**Veronica Rodriguez (Auditor Senior) <veronica.rodriguez.1@palmbeachschools.org>**

re: add'l event

1 message

Gary Swaye <gary.swaye@palmbeachschools.org>

Tue, Jun 16, 2015 at 8:23 AM

To: "Veronica Rodriguez (Auditor Senior)" <veronica.rodriguez.1@palmbeachschools.org>

We also cater the Snowball Dance that Santaluces SGA hosts for all the handicapped students from the various high schools. I forgot this one because we do not charge for it. (15 students)

FYI,

Gary Swaye
Executive Chef - Instructor
Santaluces Culinary Arts Academy