

Special Review of
Missing Change Funds at Pahokee Middle-Senior High School

November 20, 2020

Report #2020-13



MISSION STATEMENT

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**Special Review of
Missing Change Funds at Pahokee Middle-Senior High School**

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**Special Review of
Missing Change Funds at Pahokee Middle-Senior High School**

EXECUTIVE SUMMARY

Pursuant to the *Office of Inspector General's 2019-2020 Work Plan*, and in response to a referral from the Accounting Services Department, we have conducted an unannounced cash count at Pahokee Middle-Senior High School on January 21, 2020. The primary objectives of this cash count 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 in safeguarding money after collections. This special review produced the following major conclusions:

1. \$1,475 Missing in Change Funds

The school's accounting records indicated that the District's Treasury Department issued \$3,500 cash in change funds to the school on August 6, 2019. According to the accounting records, as of January 21, 2020, (a) \$300 in change fund was mistakenly deposited into an activity account on October 18, 2019, (b) a net total of \$1,000 in Athletic Change Fund was assigned to the athletic director, and (c) \$2,200 in unassigned change fund remained in the drop-safe. However, our examination of the change funds on January 21, 2020, concluded that a total of \$1,475 was missing: \$1,000 in unassigned change funds, and \$475 in athletic change funds.

Management's Responses:

Principal of Pahokee Middle-Senior High School: *I concur with the IG conclusions. Corrective actions are in place to make sure the school stays in compliance. (Please see page 7.)*

Office of the CFO: *Management Concur – The Internal Account Manual states that when not in use all change funds must be secured in the school safe. The cashbox must be verified by the bookkeeper and the event sponsor whenever they are signed in or out and both parties must sign a hard copy of the Cash In and Cash Out transactions to document the date, time and amounts that were confirmed by both parties when the cashbox transferred custody. (Please see page 8.)*

2. Assistant Principal Completing Drop-safe Log for Event Sponsors

During our January 21, 2020, site visit, we noted that \$470.38 in three collections were put into the drop-safe on January 16, 2020. The accompanying MCRs were prepared and signed by the event sponsors responsible for the collections. However, the corresponding entry on the *Drop-safe Log* was signed by an assistant principal who had verified the money count prior to the collections being put into the safe by the event sponsors. District ***Bulletin #P 18-132 CFO***, states,

“The Drop Safe Log is an important internal control document for school internal funds. It ensures that funds turned in by Teacher/Sponsors and dropped in the safe are removed for deposit and that receipts are furnished to teachers. By comparing the receipts vs. the Drop Safe Log, and funds that were not deposited as expected can be identified and reported to the Principal immediately for further investigation.”

Management’s Responses:

Principal of Pahokee Middle-Senior High School: *I concur with the IG conclusions. Corrective actions are in place to make sure the school stays in compliance. (Please see page 7.)*

Office of the CFO: *Management Concur – It is the activity sponsor’s responsibility to complete the Monies Collected Report and to record the deposit on the Drop Safe Log. Required Training on this topic is available in eLM Internal Accounts: Cash Receipts for Teacher/Sponsors. (Please see page 8.)*

Additional Comments from the Office of the CFO: *District staff provides annual on-line training, but the prescribed procedures must be implemented with fidelity by school staff to be effective. (Please see page 8.)*

FURTHER ACTIONS

Referral to School Police. On January 21, 2020, we discussed the money missing issue with a representative from the School Police Department. On February 24, 2020, we forwarded our draft report to School Police and the Department of Employee & Labor Relations for review and appropriate actions.

On April 24, 2020, School Police completed its investigation and concluded that, *“It cannot be determined, at this time, the individual(s) responsible for the theft of these funds.”*

Referral to Department of Employee & Labor Relations. On April 27, 2020, School Police forwarded its conclusions to the Department of Employee & Labor Relations (ELR) for appropriate actions.

On October 9, 2020, ELR completed its investigation and concluded that, *“There were no probable cause for disciplinary action for [the related employees], and the matter will be addressed administratively by [the Principal] in a conference with [the employees].”*



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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: Teresa Michael, Inspector General

DATE: November 20, 2020

SUBJECT: Special Review of Missing Change Funds at Pahokee Middle-Senior High School

PURPOSE AND AUTHORITY

Pursuant to the *Office of Inspector General's 2019-2020 Work Plan*, and in response to a referral from the Accounting Services Department, we have conducted an unannounced cash count at Pahokee Middle-Senior High School on January 21, 2020. The primary objectives of this cash count 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 in safeguarding money after collections.

SCOPE AND METHODOLOGY

To accomplish the objectives of this project, we interviewed appropriate school staff and:

- Examined the cash balance of the school's change funds as of January 21, 2020.
- Reviewed applicable District's procedures related to money collections including:
 - *Internal Accounts Manual, Chapter 7 – Cash Receipts and Deposit*
 - *Bulletin #P-14051-S/CFO – Drop-safe Log Procedures*
 - *Bulletin #P 18-132 CFO – FY18 Updated Drop-safe Log Procedures*
- Reviewed Internal Funds collection records, including *Drop-safe Log*, *Armored Car Courier Log*, and bank deposit records.

Draft findings were sent to the school principal and the Office of 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 review. The final draft report was presented to the Audit Committee at its November 20, 2020, Meeting.

BACKGROUND

On January 15, 2020, the accounting technician from the Accounting Services Department (Accounting) was providing training to the school's new school treasurer on how to record assignment and return of change funds to event sponsors. According to the school records, \$1,000 in change funds was issued to the athletic director. The accounting staff requested the athletic director to bring the assigned \$1,000 athletic change funds to the treasurer's office. However, the athletic director had only \$889 in athletic change funds, and \$111 (\$1,000 – \$889) was missing. Subsequently, Accounting notified the OIG of the missing money from the school's athletic change funds.

FURTHER ACTIONS

Referral to School Police. On January 21, 2020, we discussed the money missing issue with a representative from the School Police Department. On February 24, 2020, we forwarded our draft report to School Police and the Department of Employee & Labor Relations for review and appropriate actions.

On April 24, 2020, School Police completed its investigation and concluded that, *“It cannot be determined, at this time, the individual(s) responsible for the theft of these funds.”*

Referral to Department of Employee & Labor Relations. On April 27, 2020, School Police forwarded its conclusions to the Department of Employee & Labor Relations (ELR) for appropriate actions.

On October 9, 2020, ELR completed its investigation and concluded that, *“There were no probable cause for disciplinary action for [the related employees], and the matter will be addressed administratively by [the Principal] in a conference with [the employees].”*

CONCLUSIONS

1. \$1,475 Missing in Change Funds

On January 21, 2020, we conducted an unannounced site-visit and examined the change funds at the school. The examination of the change funds concluded that a total of \$1,475.25 was missing: \$1,000 in unassigned change funds, and \$475.25 in athletic change funds.

(A) \$1,000 Missing from Unassigned Change Fund

The school's accounting records indicated that the District's Treasury Department issued \$3,500 cash in change funds to Pahokee Middle-Senior High School on August 6, 2019. On August 23, 2019, \$1,500 of the \$3,500 was assigned to three staff members: (1) \$1,300 to the athletic director with \$1,000 for athletic activities and \$300 for parking, (2) \$100 to the band director, and (3) \$100 to the cheerleading sponsor. These assignments of funds were recorded in the school's accounting records by the former treasurer (who was reassigned to the West Regional Office on October 21, 2019, due to an ongoing Police investigation of money missing at the school). Consequently, during the unannounced cash count on January 21, 2020, the balance of the unassigned change fund should have been \$2,000 as recorded in the school's Change Funds Account.

On January 21, 2020, during our examination of the school's change funds, we noted a small zippered cash bag inside the drop-safe with 50 banded together \$20 bills (\$1,000 = 50 x \$20 bills) and another ten \$20 bills (\$200 = 10 x \$20 bills), totaling \$1,200. The current treasurer stated that this was the known unassigned change fund.

The sponsors for the Band and Cheerleading Programs both stated that (1) their change funds (\$100 each) were returned to the former school treasurer at the end of their events, and (2) no change funds were assigned to them as of January 21, 2020. However, our review of the Change Funds Account did not find any records for the returned change funds as indicated by the sponsors.

As a result, \$1,000 was missing from the unassigned change fund on January 21, 2020. (Please see Table 1.)

Table 1
\$1,000 Missing from Unassigned Change Fund

<u>Date</u>	<u>Activity</u> ¹	<u>Amount</u>
August 6, 2019	Initial change fund issued to the school	\$3,500.00
Less:		
August 23, 2019	\$ issued to the athletic director	(\$1,300.00)
January 21, 2020	Unassigned \$ found in the safe	<u>(\$1,200.00)</u>
<i>Total missing unassigned change fund as of January 21, 2020</i>		<u>\$1,000.00</u>

¹ On November 4, 2019, the Athletic Director received an additional \$1,000 change fund which was returned on January 15, 2020.

(B) \$475 Missing from Athletic Change Fund

According to the school's accounting records, on August 23, 2019, the athletic director (AD) received \$1,300 in change funds: \$1,000 for sports' admissions and \$300 for parking. These entries were recorded by the former treasurer. On November 4, 2019, an additional \$1,000 was assigned to the athletic director for General Athletic events. On January 15, 2020, the technician recommended that the athletic director return \$1,000 to the safe. The athletic director informed the Accounting Services technician that she never received the \$300 in parking change fund from the prior treasurer.

During our prior October 21, 2019, unannounced cash count at the school, we identified two *Monies Collected Reports* (MCRs) [#979-60 and #979-25] put in the drop-safe on October 18, 2019, by an event sponsor which contained \$295 total cash more than reported on the MCRs. It appeared that this \$295 was the parking change fund (\$300) the prior school treasurer gave to the event sponsor on October 18, 2019. As a result, the \$300 parking change fund (with \$5 shortage) was mistakenly deposited into the event activity account, instead of returning back to the school treasurer or the athletic director as unused change fund. Consequently, the athletic director should have \$1,000 in change fund issued to her.

During our January 21, 2020, unannounced cash count, the athletic director brought the athletic change fund to the principal's conference room. The money was stored in a green, large zippered cash bag, containing \$449.75 cash. The athletic director stated that only \$25 was assigned for concession on Saturday, January 18, 2020. During the remaining cash count, the assigned \$25 was found with the event collection. Total athletic change fund available for our review was \$524.75.

As a result, the \$475.25 (\$1,000 – \$524.75) of the \$1,000 athletic change fund assigned to the athletic director was missing. (Please see Table 2)

Table 2
\$475.25 Missing from Athletic Change Fund

<u>Date</u>	<u>Activity</u>	<u>Amount</u>
August 23, 2019	Change fund issued to the athletic director	\$1,300.00
November 4, 2019	Additional fund issued to the athletic director	<u>\$1,000.00</u>
		\$2,300.00
Less:		
October 18, 2019	Parking change fund mistakenly deposited into event account	(\$300.00)
January 15, 2020	Athletic director returned \$1,000 to the safe	(\$1,000.00)
January 21, 2020	OIG examination/counting of athletic change fund	<u>(\$524.75)</u>
<i>Total missing athletic change fund as of January 21, 2020</i>		<u>\$475.25</u>

Recommendation

To ensure school assets are properly safeguarded, change funds should be maintained in accordance with *Internal Accounts Manual, Chapter 10, Change Funds*.

Management's Responses:

Principal of Pahokee Middle-Senior High School: I concur with the IG conclusions. Corrective actions are in place to make sure the school stays in compliance. (Please see page 7.)

Office of the CFO: Management Concur – The Internal Account Manual states that when not in use all change funds must be secured in the school safe. The cashbox must be verified by the bookkeeper and the event sponsor whenever they are signed in or out and both parties must sign a hard copy of the Cash In and Cash Out transactions to document the date, time and amounts that were confirmed by both parties when the cashbox transferred custody. (Please see page 8.)

2. Assistant Principal Completing *Drop-safe Log* for Event Sponsors

During our January 21, 2020, site visit, we noted \$470.38 in three collections were put into the drop-safe on January 16, 2020. The accompanying MCRs were prepared and signed by the event sponsors responsible for the collections. However, the corresponding entry on the *Drop-safe Log* was signed by an assistant principal who had verified the money count prior to the collections being put into the safe by the event sponsors. District *Bulletin #P 18-132 CFO*, states,

“The Drop Safe Log is an important internal control document for school internal funds. It ensures that funds turned in by Teacher/Sponsors and dropped in the safe are removed for deposit and that receipts are furnished to teachers. By comparing the receipts vs. the Drop Safe Log, and funds that were not deposited as expected can be identified and reported to the Principal immediately for further investigation.”

Recommendation

To ensure proper fiscal accountability as required by *Bulletins #P-14051-S/CFO* and *#P 18-132 CFO*, the sponsor should complete the *Drop-safe Log* with all the required deposit information before dropping off the collections into the safe.

Management's Responses:

Principal of Pahokee Middle-Senior High School: *I concur with the IG conclusions. Corrective actions are in place to make sure the school stays in compliance.*

- 1) *All personnel that are responsible for any monetary interactions will stay in compliance with the district's financial protocol through attending district financial trainings.*
- 2) *The school purchased an extra lock safe so that event money received from the bookkeeper will be safely locked away until the event time has started.*
- 3) *There will be limited but verified exchange of monetary funds to start any school sponsored event.*

We have completed the timeframe for some of the findings, other issue items in the report are ongoing but the main report completion date is 11/2/2020.

(Please see page 7.)


Office of the CFO: *Management Concur – It is the activity sponsor's responsibility to complete the Monies Collected Report and to record the deposit on the Drop Safe Log. Required Training on this topic is available in eLM Internal Accounts: Cash Receipts for Teacher/Sponsors.*

(Please see page 8.)

Additional Comments from the Office of the CFO: *District staff provides annual on-line training, but the prescribed procedures must be implemented with fidelity by school staff to be effective. (Please see page 8.)*

– End of Report –

Management's Response
Principal of Pahokee Middle-Senior High School



Mr. Dwayne Dennard *Principal* Ms. Camella Slydell *Asst. Principal* Dr. Earlean McLemore *Asst. Principal* Mr. Brian Lawson *Asst. Principal* Mr. Guy Tabuteau *Asst. Principal* Ms. Natasha Twigg *SAT*

Ms. Janay Abellins *Testing Coordinator* Ms. Shantea Bryant *Academic Coach* Mr. Sonia Soto-Ramirez *MTT Coordinator* Ms. Ayoko Hasegawa *IT Coordinator* Mrs. Lashonda Baldwin *Adoles. Director* Mrs. Sharonda Rush *Special Health Director*

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Date: 10/21/2020
Due: November 17th, 2020
Ref: Review of Missing Change Funds at Pahokee Middle-Senior High School

To whom it may concern in IG:


I concur with the IG conclusions. Corrective actions are in place to make sure the school stays in compliance. As follows with respect to the report.

- 1) All personnel that are responsible for any monetary interactions will stay in compliance with the district's financial protocol through attending district financial trainings.
- 2) The school purchased an extra lock safe so that event money received from the bookkeeper will be safely locked away until the event time has started.
- 3) There will be limited but verified exchange of monetary funds to start any school sponsored event.

We have completed the timeframe for some of the findings, other issue items in the report are ongoing but the main report completion date is 11/2/2020.

Please feel free to contact me if you have any questions.

Humbly,
Mr. Dwayne Dennard, Principal



Management's Response
Office of the CFO



THE SCHOOL DISTRICT OF
PALM BEACH COUNTY, FL

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MICHAEL J. BURKE
CHIEF FINANCIAL OFFICER

DONALD E. FENNOY II, Ed.D.
SUPERINTENDENT

RECEIVED
NOV - 5 2020
INSPECTOR GENERAL

MEMORANDUM

TO: Teresa Michael, Inspector General
FROM: Michael J. Burke, Chief Financial Officer *MJB*
DATE: November 5, 2020
SUBJECT: Response to Missing Change Fund at Pahokee Middle-Senior High School

Management reviewed the Report related to Missing Change Fund at Pahokee M-S High School and has the following responses to findings and recommendations.

- 1) Finding:** \$1,475 Missing in Change Funds
Recommendation: To ensure school assets are properly safeguarded, change funds should be maintained in accordance with Internal Accounts Manual, Chapter 10, Change Funds.
Management Concurs – The Internal Account Manual states that when not in use all change funds must be secured in the school safe. The cashbox must be verified by the bookkeeper and the event sponsor whenever they are signed in or out and both parties must sign a hard copy of the Cash In and Cash Out transactions to document the date, time and amounts that were confirmed by both parties when the cashbox transferred custody.
- 2) Finding:** Assistant Principal Completing Drop-safe Log for Event Sponsors
Recommendation: To ensure proper fiscal accountability as required by Bulletins #P-14051-S/CFO and #P 18-132 CFO, the sponsor should complete the Drop-safe Log with all the required deposit information before dropping off the collections into the safe.
Management Concurs - It is the activity sponsor's responsibility to complete the Monies Collected Report and to record the deposit on the Drop Safe Log. Required Training on this topic is available in eLM Internal Accounts: Cash Receipts for Teacher/Sponsors.

District staff provides annual on-line training, but the prescribed procedures must be implemented with fidelity by school staff to be effective.

MJB/NS:mw

c: Randy Law
Nancy Samuels

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