

**Special Review of
Certain Financial Issues at
Crosspointe Elementary School**

February 13, 2015

Report #2015-03



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.

E. Wayne Gent
Superintendent of Schools

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**Special Review of
Certain Financial Issues at
Crosspointe Elementary School**

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MEMORANDUM

TO: Honorable Chair and Members of the School Board
E. Wayne Gent, Superintendent of Schools
Chair and Members of Audit Committee

FROM: Lung Chiu, Inspector General

DATE: February 13, 2015

SUBJECT: Special Review of Certain Financial Issues at Crosspointe Elementary School

PURPOSE AND AUTHORITY

In response to the request of the new Principal of Crosspointe Elementary (Crosspointe) during the Fiscal Year 2014 Annual Internal Funds Audit, we have performed a special review of certain financial transactions at the school. The primary objectives of this special review were to determine whether:

1. Certain Purchasing Card (P-Card) transactions were appropriate and funded properly;
2. Payments to certain school employees funded by the Afterschool Program's (ASP) payroll funds were permissible by District policies and guidelines;
3. The ASP budget funds were used appropriately; and
4. The reported enrollment for September 2013 Count Day was accurate.

SCOPE AND METHODOLOGY

The special review was conducted during August 2014, and included:

- Interviewing District staff
- Reviewing budget and ledger transactions in PeopleSoft for Fiscal Year 2014
- Reviewing payroll documentation for Fiscal Year 2014
- Reviewing enrollment data for September 2013
- Reviewing *District's Afterschool Programs Operational Manuals*
- Reviewing Afterschool Program staffing schedules

Draft findings of the special review were sent to management for review and comments. Management response is included in the Appendix. We appreciate the courtesy and cooperation extended to us by staff during the special review. The final draft report was presented to the Audit Committee at its February 13, 2015, meeting.

BACKGROUND

In July 2014, Crosspointe’s former Principal and her secretary were transferred to Palm Beach Lakes High School (Lakes). During the Fiscal Year 2014 Annual Internal Funds Audit of the school, the new Principal requested that certain P-Card purchases and overtime payroll for the school’s custodial foreperson during July 2014 be reviewed

After we completed the fieldwork in November 2014, we forwarded our conclusions to Professional Standards Department for necessary personnel actions. Subsequently, the North Area Superintendent issued a verbal reprimand to Corsspointe’s former Principal.

CONCLUSIONS

This special review produced the following major conclusions.

1. \$1,007.36 in Questionable P-Card Purchases by Former Principal

The current principal questioned the appropriateness of three P-Card purchases during July 2014 by several former employees of the school.

P-Card Holder	Date	Vendor	Items Purchased	Amount
Former Principal	7/11/2014	Profits Plus	175 customized tote bags	\$802.50
Former Secretary	7/11/2014	Office Depot	Desk Chair	99.99
Former Bookkeeper	7/25/2014	Troy Fain Insurance	Notary Public Registration	104.87
<i>Total</i>				<i>\$1,007.36</i>

Customized Tote Bags. The former principal was assigned new principalship at Lakes effective July 1, 2014. On July 10th, she ordered 175 customized tote bags for Lakes’ employees, totaling \$802.50 on Crosspointe’s P-Card. The former principal requested the former bookkeeper of Crosspointe to pay the \$802.50 P-Card purchase from Crosspointe’s Administrative Courtesy Account. The current principal was informed that the former principal considered the purchase a donation from Crosspointe to Lakes.

Desk Chair. The former secretary was officially transferred to Lakes on July 21, 2014. She purchased a desk chair at Office Depot on July 11, 2014, for \$99.99 on her Crosspointe P-Card. The current principal was informed that the desk chair was located at Lakes and that the former principal again considered the purchase a donation from Crosspointe. The former principal requested the former bookkeeper of Crosspointe to use Crosspointe’s rental income funds to pay for the chair.

Notary Public Registration. On July 25, 2014, the former bookkeeper, who later transferred to Lake Worth High School in August 2014, was requested by the former principal to pay for the notary public registration for Crosspointe's food service manager. The former bookkeeper used her Crosspointe P-Card to pay the \$104.87 registration fee from the Administrative Courtesy Account. The request was received two days after the former principal's transfer was officially approved by the School Board.

Conclusion

It is inappropriate to use the P-Cards issued on behalf of the former school to purchase items to be used for the newly assigned positions. The two P-Card expenses for tote bags (\$802.50) and desk chair (\$99.99) should be reimbursed by Lakes because the items purchased were to benefit Lakes.

According to the Director of Food Service Department, "*Food Service Managers have no requirement to hold a notary public certificate and currently we do not pay for the registration for any of our managers.*"

Management's Response from the Former Principal:

Response:

- *The former principal (McKeever) called to verify that donations and purchases for "needy schools" by other schools that are financially able to donate was permissible – answer 'yes.'*
- *McKeever was board approved on 7/23/14; & conducted approvals up to board date (i.e. leases, payroll, requisitions, etc..).*
- *The tote bags, office chair were paid under the "needy school" provision (PBLHS internal accounts are over \$150,000 in the red). The cafeteria manager notary republic [sic] training was a service need for the Title I families.*
- *Since the afterschool program & school center require a notary for parental signatures & school documents, the cafeteria manager was the on-staff employee logistical willing and able to handle said function through renewal of her notary license.*

Regarding Principal's Authority:

- *The former principal (McKeever) informed the incoming principal (Dilbert) of the "needy school" expenditures.*
- *The former principal, still acting principal had authority to approve donation.*

- *The former principal after advisement from the District’s ASP Director has the authority to make decisions that will keep a school’s budget within compliance. The assignment of the bookkeeper to monitor the ASP was necessary to clear up previous years audit findings and maintain financial solvency of the program.*

(Please see page 8.)

Management’s Response from the Current Principal: *I agree with the conclusions of the auditor, this transaction preceded my tenure. I will abide by auditor’s recommendations. (Please see page 10.)*

2. Afterschool Program (ASP) Budget Funds Used for Bookkeeper Overtime

On September 18, 2013, the former principal requested and received approval from the Department of Afterschool Programming and the Area Superintendent for a \$3,000 budget “to pay overtime to employees that work in the [Crosspointe’s] Afterschool Program.” The former principal’s justification stated, “these employees work part-time in the [ASP] and may occasionally accumulate overtime hours because of training and staff meetings required for part-time employment in the [ASP].”

On September 25, 2013, the bookkeeper initiated a budget transfer of \$42,178 from the ASP supply account to various ASP salary accounts:

<u>Account</u>	<u>Decrease</u>	<u>Increase</u>
Supplies (#551100)	(\$42,178)	
Other Support Personnel (#516000)		\$20,000
Part Time In System Personnel (#518400)		10,000
Overtime (#519990)		5,000
Retirement (#521000)		7,178
	Total <u>(\$42,178)</u>	<u>\$42,178</u>

During Fiscal Year 2014, the school’s Afterschool Program incurred a total overtime expenditure of \$4,367.92, of which \$4,137.46 was incurred by the bookkeeper. However, the bookkeeper’s signature did not appear on any training session sign-in rosters, except on one staff meeting sign-in sheet on June 6, 2014.

The bookkeeper’s duties did not involve supervising students for the Afterschool Program. Her overtime was earned through a secondary job of Temporary Administrative Support. Page 4-4 of the District’s *Afterschool Programs Operational Manual* discourages the use of bookkeepers “for Temporary Administrative Support in the afterschool program due to the lack of segregation of duties in the accounting and collection of afterschool funds this would create.” The ASP site director confirmed that only she collected program fees.

Page 4-6 of the *Afterschool Programs Operational Manual* states that bookkeepers “*may be paid by afterschool for the additional hours they work for afterschool after their contracted school day ends.*” The bookkeeper did clock in and out using the time-collection-device (TCD) for time charged to ASP. The ASP site director, however, was unable to verify the work performed by the bookkeeper that was charged to the Afterschool Program. The ASP site director stated that the former principal informed her that the bookkeeper maintained the budget accounts and payroll records for the ASP. The ASP site director never received any budget or payroll reports from the former principal or bookkeeper.

Conclusion

It appeared that the payment of overtime to the school bookkeeper did not comply with the funding justification.

Management’s Response from the Former Principal:

Response:

- *The ASP coordinator did not have the expertise to handle program documentation and financial management.*
- *The previous ASP audits were deficient & contained audit findings such as ASP findings on 2014 Draft audit.*

Regarding Principal’s Authority:

The former principal after advisement from the District’s ASP Director has the authority to make decisions that will keep the school budget in compliance. The assignment of the bookkeeper to monitor the ASP was necessary to clear up previous years audit findings.

(Please see page 8.)

Management’s Response from the Current Principal: *I agree with the conclusions of the auditor, this transaction preceded my tenure. I will abide by auditor’s recommendations. (Please see page 10.)*

3. Custodial Foreperson Added to Summer Camp Payroll

The current principal questioned the appropriateness of several invoices from the Central Office for the reimbursement of labor costs of the custodial foreperson during July 2014, prior to the current principal’s arrival. A review of payroll time records concluded that the charges were for work performed by the custodial foreperson each Friday during July 2014.

The custodial foreperson is a 40-hour employee. During part of June and July 2014, the District operated on a 4-day, 10-hour schedule. District facilities and schools were closed on Fridays. The custodial foreperson worked Monday through Thursday during the summer 2014.

Crosspointe operated a summer camp from June 7 through August 8, 2014; and the camp was open five days per week. The original business plan for the summer camp did not include the need of an additional custodian because the custodial services were provided by the school's regular custodian.

On June 25, 2014, the former secretary initiated an *Online Job Action Form* to create an additional job assignment for the custodial foreperson as a summer camp custodian, to be paid by the Summer Camp budget. Beginning on June 27, 2014, the custodial foreperson clocked-in for about five hours each Friday.

The Afterschool Program site director stated she did not request custodial services for Fridays; however, she was directed by the former principal that the custodial foreperson be added to the Summer Camp payroll.

Conclusion

There does not appear to be noncompliance regarding the addition of the custodial foreperson to the Summer Camp payroll.

Management's Response from the Former Principal:

Response:

- *PBSD runs a 4 day (10 hour) summer session*
- *ASP runs a 5 day summer session*
- *Custodial services were necessary to keep the school clean and eliminate parent & leasee complaints*

Regarding Principal's Authority:

Policy 1.014 – Responsibilities of Principals “3. The duties of all personnel at a school center shall be prescribed by the principal.”

(Please see page 9.)

Management's Response from the Current Principal: *I agree with the conclusions of the auditor, this transaction preceded my tenure. I will abide by auditor's recommendations. (Please see page 10.)*

4. 2013 Count Day Enrollment Appears Accurate

The current principal questioned the accuracy of the reported enrollment on the September 2013 Count Day. We examined the student entry and withdrawal activities of the school during September 2013, and found no evidence to indicate that the reported enrollment on the Count Day was inaccurate.

Conclusion

No exception was noted for the September 2013 student enrollment records at Crosspointe.

Management's Response from the Former Principal: Accepted. (Please see page 9.)

Management's Response from the Current Principal: As a new Principal I was unaware of the student count that would allow for a media clerk. (Please see page 10.)

5. Conclusions Referred to Professional Standards Department

On November 20, 2014, we forwarded our conclusions to Professional Standards Department. Subsequently, the North Area Superintendent issued a verbal reprimand to Crosspointe's former principal and stated that:

- *“All purchases for a school must be funded by that school unless approved by Accounting Services and with that approval in writing. I [North Area Superintendent] shared with you that the process conducted was not a violation of a specific policy but inappropriate.”*
- *“It is District policy that bookkeeper's not be used for Temporary Administrative Support in the afterschool program. I [North Area Superintendent] shared the District's Afterschool Programs Operational Manual and it discourages the use of bookkeepers “for Temporary Administrative Support” in the afterschool program.”*

Overall Management's Response from the Chief Operating Officer: I have reviewed your report on the Special Review of Certain Financial Issues at Crosspointe Elementary School and the responses provided by Cheryl McKeever, Prior Principal of Crosspointe Elementary School; Annmarie Dilbert, Current Principal of Crosspointe; and North Area Superintendent. As the specific audit recommendations have already been addressed, I have nothing further to add. (Please see page 11.)

– End of Report –

Management's Response
Former Principal

**SPECIAL REVIEW OF
CERTAIN FINANCIAL ISSUES AT
CROSSPOINTE ELEMENTARY SCHOOL**

RECEIVED
OCT 29 2014

INSPECTOR GENERAL

Management response 2014.10.23

	AUDIT FINDING DRAFT 2014.9.30	MANAGEMENT RESPONSE	PRINCIPAL AUTHORITY
\$1,007.36 - Questionable P-Card Purchases by Former Principal	<ul style="list-style-type: none"> It is inappropriate to use the P-Cards issued by former employer to purchase items to be used for the newly assigned positions. The two P-Card expenses for tote bags (\$802.50) and desk chair (\$99.99) should be reimbursed by Lakes because the items were purchased to benefit Lakes. According to the Director of Food Service Department, "Food Service Managers have no requirement to hold a notary public certificate and currently we do not pay for the registration for any of our managers." 	<ul style="list-style-type: none"> The former principal (McKeever) called to verify that donations and purchases for "needy schools" by other schools that are financially able to donate was permissible -- answer 'yes.' McKeever was board approved on 7/23/14; & conducted approvals up to board date (i.e. leases, payroll, requisitions, etc..). The tote bags, office chair were paid under the "needy school" provision (PBLHS internal accounts are over \$150,000 in the red). The cafeteria manager notary republic training was a service need for the Title I families. Since the afterschool program & school center require a notary for parental signatures & school documents, the cafeteria manager was the on-staff employee logistical willing and able to handle said function through renewal of her notary license. 	<ul style="list-style-type: none"> The former principal (McKeever) informed the incoming principal (Dilbert) of the "needy school" expenditures. The former principal, still acting principal had authority to approve donation. The former principal after advisement from the District's ASP Director has the authority to make decisions that will keep a school's budget within compliance. The assignment of the bookkeeper to monitor the ASP was necessary to clear up previous years audit findings and maintain financial solvency of the program.
Afterschool Program (ASP) Budget funds	It appeared that the payment of overtime by	<ul style="list-style-type: none"> The ASP coordinator did not have the expertise to 	The former principal after advisement from the District's

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Management's Response
Former Principal

<p>used for Book keeper Overtime</p>	<p>the school bookkeeper to herself did not comply with the funding justification.</p>	<p>handle program documentation and financial management.</p> <ul style="list-style-type: none"> The previous ASP audits were deficient & contained audit findings such as ASP findings on 2014 Draft audit. 	<p>ASP Director has the authority to make decisions that will keep the school budget in compliance. The assignment of the bookkeeper to monitor the ASP was necessary to clear up previous years audit findings.</p>
<p>Custodial Foreperson Added to Summer Camp Payroll</p>	<p>There does <u>not appear</u> to be noncompliance regarding the addition of the custodial foreperson to the Summer Camp payroll.</p>	<ul style="list-style-type: none"> PBSD runs a 4 day (10 hour) summer session ASP runs a 5 day summer session Custodial services were necessary to keep the school clean and eliminate parent & leasee complaints 	<p>Policy 1.014 – Responsibilities of Principals *3. The duties of all personnel at a school center shall be prescribed by the principal.*</p>
<p>Count Day 2013 Enrollment Appears Accurate</p>	<p>"..No evidence to indicate that the reported enrollment on the Count Day was inaccurate." PBSD audit DRAFT 2014.9.30</p>	<p>Response accepted</p>	<p>NA</p>

Discussion: During the former (McKeever) principal's tenure at CPES, CPES was considered a "needy school" and as such received financial donations of other schools. Moreover, in addition to leading CPES to high student achievement, Mrs. McKeever's solvent financial management created a positive internal fund balance (a.k.a the principal's courtesy account) at CPES. By contrast, the PBLHS internal account(s) were over \$150,000 in debt when Mrs. McKeever was assigned to PBLHS. Hence Mrs. McKeever extended the same donation practice to Palm Beach Lakes High School from CPES.

Upon her appointment and to date, Mrs. McKeever has NOT cited selective enforcement in the expectation that she resolve the inherited outstanding debt at PBLHS. Hence, given Mrs. McKeever's administrative authority and the budgetary solvency at CPES, the CPES expenditures to PBLHS should not stand as audit citations. It is also well noted that Mrs. McKeever is cooperating fully with the district staff in this review.

Submitted by Cheryl McKeever



10/24/14



Management's Response
Current Principal

**Management Response to Special Review of Certain Financial Issues At
Crosspointe Elementary School**

Conclusions

1. I agree with the conclusions of the auditor, this transaction preceded my tenure. I will abide by auditor's recommendations.
2. I agree with the conclusions of the auditor, this transaction preceded my tenure. I will abide by auditor's recommendations.
3. I agree with the conclusions of the auditor, this transaction preceded my tenure. I will abide by auditor's recommendations.
4. As a new Principal I was unaware of the student count that would allow for a media clerk.

Annamarie Dilbert
11-4-14

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Management's Response
Chief Operating Officer



**THE SCHOOL DISTRICT OF
PALM BEACH COUNTY, FL**

**MICHAEL J. BURKE
CHIEF OPERATING OFFICER**

**E. WAYNE GENT
SUPERINTENDENT**

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MEMORANDUM

TO: Lung Chiu
Inspector General

FROM: Michael J. Burke *MJB*
Chief Operating Officer

DATE: February 4, 2015

**SUBJECT: SPECIAL REVIEW OF CERTAIN FINANCIAL ISSUES AT CROSSPOINTE
ELEMENTARY SCHOOL**

RECEIVED
FEB - 4 2015

INSPECTOR GENERAL

I have reviewed your report on the Special Review of Certain Financial Issues at Crosspointe Elementary School and the responses provided by Cheryl McKeever, Prior Principal of Crosspointe Elementary School; Annmarie Dilbert, Current Principal of Crosspointe; and North Area Superintendent. As the specific audit recommendations have already been addressed, I have nothing further to add. An electronic version of management's response will also be emailed to your attention.

If you should have any questions or require additional information, please do not hesitate to contact me at PX48584.

MJB:ac