



Internal Accounts Follow-Up 2013-14

Prepared By:



April 7, 2014

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April 7, 2014

The Audit Committee of the
St. Johns County School Board, Florida
40 Orange Street
St. Augustine, Florida 32084

Pursuant to the request of the St Johns Count School District ("District"), we hereby submit our Internal Accounts Follow-Up report of 5 selected District schools. We will be presenting this report to the Audit Committee during the next scheduled meeting on April 17, 2014.

Our report is organized in the following sections:

Background	This provides an overview of internal accounts and Florida Statutes.
Objectives and Approach	The follow up objectives and focus are expanded upon in this section as well as a review of the various phases of our approach.
Individual School Comments	This section provides a description of the comments and recommended action by school and area along with each principal's response.

Summary of Results

All 5 schools reviewed had a decrease in the number of findings. The following is a summary of the results from our Internal Accounts Follow-Up, including results from prior fiscal years ("FY"):

Number of Findings					
	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	2013-14 Follow Up
Durbin Creek Elementary	11	16	9	11	7
Liberty Pines Academy	3	2	4	13	5
Ocean Palms Elementary	5	12	5	9	1
South Woods Elementary	6	7	8	10	3
Timberlin Creek Elementary	1	3	5	10	7

We would like to thank the individual schools and all those involved in assisting the Internal Auditors in connection with the internal accounts follow-up.

Respectfully Submitted,

INTERNAL AUDITORS

Background

Background

What are school internal account funds?

School internal account funds are defined by the Florida Department of Education Financial and Program Cost Accounting and Reporting for Florida Schools (the “Red Book”) as “all local school funds derived by any public school from all activities or sources.”

Pursuant to Chapter 8 of the Red Book requirements, there are several principles related to the treatment of school internal account funds. Note, the terms “internal funds” and “internal accounts” are used interchangeably throughout Chapter 8 of the Red Book. Those principles include:

- The school board shall be responsible for administration and control of internal funds of the District school system, and in connection therewith shall:
 - Adopt written rules governing the receipt and disbursement of all internal funds and for the accounting for property pursuant to Florida Statutes.
 - Provide for an annual audit of internal funds in accordance with Rule 6A-1.087, F.A.C.
- The financial transactions of school organizations shall be accounted for in the school internal funds. All funds handled by school board employees during normal working hours shall be included in and become part of the internal funds of the school unless accounted for in the District level accounting system. All organizations of the school, or operating in the name of the school, which obtain money from the public shall be accountable to the board for receipt and expenditure of those funds in the manner prescribed by the board. If authorized by school board rule, a school-based direct support organization as authorized by Section 1001.453, F.S., may have all financial transactions accounted for in school internal funds.
- Funds collected by and used for the benefit of faculty and staff may be exempt from the preceding requirements at the option of the school board.
- School internal account funds shall be used to benefit activities authorized by the District school board.
- Student participation in fundraising activities shall not be in conflict with the program as administered by the school board.
- The objective of fundraising activities by the school, by any group within, or in the name of the school shall not conflict with programs as administered by the school board.
- Funds collected shall be expended to benefit those students in school unless those funds are being collected for a specific documented purpose or are generated by vocational production shops. Vocational production revenue shall benefit the students or program that generated the funds or the student body. Those internal account funds designated for general purposes shall be used to benefit the student body.
- Collecting and expending of school internal account funds shall be in accordance with the Florida Constitution, Florida Statutes, State Board of Education rules, and school board rules. Sound business practices should be observed in all transactions.
- Each school organization should operate within a budget formulated by the organization members. The format of the budget shall be prescribed by the principal if not prescribed by school board rule.
- Purchases from internal accounts shall not exceed the resources of the applicable student activity/project account, except for items acquired for resale or items authorized by school board rule. Purchases to support instructional programs may be made from revenue derived from production work of vocational programs.
- An adequate system of internal controls shall be maintained in order to safeguard the assets of the school internal funds.

Background - continued

St. Johns County School Board Financial Data

The school internal accounts activities for the 2012-13 year which are included in the District's **Comprehensive Annual Financial Report** are as follows:

St Johns County School District Internal Accounts Activity June 30, 2013

	Cash Balance July 1, 2012	Receipts	Disbursements	Cash Balance June 30, 2013
Total	<u>\$ 3,492,856</u>	<u>\$ 10,282,504</u>	<u>\$ 10,222,095</u>	<u>\$ 3,553,265</u>

Summary of Certain Provisions of the Internal Accounts Handbook

Pre-numbered Documents

Proper use of pre-numbered documents is helpful in deterring theft by providing support of collections. Unaccounted for Official Receipts, Report of Monies Collected forms or admission tickets could result in unintentional errors or be an indicator of concealment of fraud. The Internal Accounts Handbook Article II Section 2.09 (b) states that pre-numbered receipts shall be used as the means of recording cash received, which provides the basis for entries to the accounting records.

Sale of Tickets

Internal Accounts Handbook Article IV Section 4.04 states pre-numbered tickets are to be used as a source of cash control in connection with athletic events and other activities. The order and control of tickets is to be performed by a school employee not associated with the selling of the tickets. All ticket sales must be reported on Report of Tickets Sold/Admissions Collected forms. Unused tickets must be carefully filed and safeguarded in the safe daily.

Fund Raising Activity

Internal Accounts Handbook Article IV Section 4.05 states that each fundraising activity shall be planned to finance a specific objective. All fund raising requests are required to be documented on a District-authorized Fund Raising Activity form accompanied by a Fund Raising Checklist. Prior approval by the principal is required for all fund raising activities conducted by the school, by any group within, connected with, or in the name of the school. Fund Raising Activity forms provide documentation for approval of legitimate fundraisers and provide additional documentation for collections and expenditures. Internal Accounts Handbook Article IX 9.03 requires that reconciliations of all monies collected and disbursed be performed for each fund raising activity, including a reconciliation of items/inventory purchased and sold.

Bank Reconciliations

Internal Accounts Handbook Article VI Section 6.01 requires that bank statements be reconciled as soon as received, preferably by a person other than the person who receives and disburses funds. In the event that the bookkeeper reconciles the bank statement, which is typically the person preparing the reconciliation, the principal is to review the bank reconciliation upon completion, and initial and date their completed review.

Background - continued

Summary of Testing of Certain Provisions of the Internal Accounts Handbook - continued

Contracts

According to the Internal Accounts Handbook Article V Section 5.01, the principal shall be fully responsible for all purchases and purchase commitments requiring the present or future disbursements of Internal Accounts monies. A signed commitment from the principal or designee must be on file before any purchases are made. No purchase shall be made unless sufficient resources are available. Neither the school nor the School Board shall be liable for any purchase made in the name of the school without written approval. Promissory notes, installment contracts or lease purchase agreements shall not be executed in the name of a school or any school organization except as authorized by the School Board.

Report of Monies Collected Forms and Deposit Records

As stated in Internal Accounts Handbook Article IV, the Report of Monies Collected form is used by a teacher/sponsor when collecting student activity funds. The Report of Monies Collected form should be completed in detail, signed and dated by the teacher/sponsor collecting funds outside and the funds and documentation must be turned in to the school office daily and signed and dated by the bookkeeper at that time. According to the Internal Accounts Handbook Article I Section 1.02 (f), all employees and volunteers having responsibility for handling and recording internal funds financial transactions shall be authorized by the principal and bonded through the District. The bookkeeper cannot be designated as the primary recipient of original receipts. All funds collected and supporting Report of Monies Collected are required to be delivered to the bookkeeper the day of the collection. Any exception must be authorized by the principal. The bookkeeper is required to reconcile the monies collected to the Report of Monies Collected, document the pre-numbered electronic receipt number, sign-off and issue a copy of the Report of Monies Collected to the individuals collecting monies. Funds collected must be deposited within five working days of receipt (defined as original date of collection).

Yearbook Sales

Typically, yearbook sales are handled by the schools themselves. Internal Accounts Handbook Article IX Section 9.04 provides requirements of yearbook orders and maintaining of required documents by the yearbook sponsor.

Support Groups/Booster Clubs

In accordance with Internal Accounts Handbook Article X, all disbursements to school support organizations (PTA, PTO & Booster Clubs) must have prior approval of the District Chief Financial Officer.

Extended Day

All fees for student participation in the Extended Day program must be paid in advance prior to the child's attendance in the related session. Failure to collect fees in advance of providing services is contrary to the Constitution of the State of Florida, Article VII, Section 10.

Objectives and Approach

Objectives and Approach

Objectives

Objectives of the internal accounts follow-up of 5 selected schools include the following:

- Gain an understanding of the District's policies and procedures related to school internal accounts.
- Determine whether an adequate system of internal controls at each school is maintained around high risk cash handling processes in order to safeguard the assets of the school internal accounts.
- Determine whether each school is in compliance with both internal accounts District policies and Red Book regulations.

Approach

Our audit approach consisted of three phases:

Understanding of the Process

In order to obtain an understanding of the District's school internal accounts policies and procedures, we held an entrance conference with District management. We discussed the scope and objectives of the audit work, obtained preliminary data, and established working arrangements. We also reviewed the applicable Red Book regulations.

Detailed Testing

The purpose of this phase was to test compliance and controls around internal accounts. These 5 schools were selected based on risk criteria including prior years internal accounts audit findings and principal/bookkeeper turnover. Our fieldwork testing was conducted at the school sites utilizing sampling and other auditing techniques to meet our audit objectives outlined above. Findings identified are included in the issues and recommendations section of this report. We performed target testing over the following areas, testing only the areas where a school received a comment in the FY13 audit report:

- Timely Deposits
- Authorization of Expenditures
- Segregation of Duties
- Cash Disbursements
- Cash Receipts
- Ticket Sales
- Fundraising Sales
- Transfers and Adjustments
- Review of the Fund Summary
- Bank Reconciliations
- Returned Checks
- Capitalized Assets
- Petty Cash & Athletic Change Fund
- Extended Day

Reporting

At the conclusion of our audit, we summarized our findings in a report as outlined in our objectives above. We reviewed the results of testing with the selected schools Principals and Bookkeepers. We have incorporated management's response into our report.

Individual School Comments

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 02/19/2014

Rating	Issues	Recommendation	Management Response
High	1	Segregation of Duties	
Recurring	<p>During our testing of segregation of duties, we noted the principal opens the mail, the bookkeeper prepares the report of monies collected (RMC) form and the principal signs the RMC.</p> <p>As the bookkeeper's duties include bank deposits, posting receipts in the accounting system and performing the bank reconciliation, there is not an appropriate level of segregation of duties if they are also the initial preparer of monies collected forms. Without the proper segregation of duties and controls surrounding cash, there is an increased likelihood of errors, misappropriation of funds or other types of irregularities to occur without being detected within an acceptable timeframe.</p>	<p>The Internal Accounts Handbook, Section 4.02(d), states that the monies collected form is to be prepared by the individual collecting the monies.</p> <p>We recommend a person other than the bookkeeper be the initial collector of all funds and the initial preparer of the monies collected forms. Once the funds are collected and documented on a monies collected form they are then submitted to the bookkeeper. The bookkeeper will verify the count, sign and date the form and return a copy to the person responsible for the collection of the funds.</p>	<p>Response: The principal will complete the monies collected form when receiving a check in the mail.</p> <p>ECD: March 2014</p> <p>Principal Responsible: Sandra McMandon</p>

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 02/19/2014

Rating	Issues	Recommendation	Management Response
High	2	Extended Day Reconciliations	
Recurring	<p>During our testing of extended day documentation, we noted the following:</p> <ul style="list-style-type: none"> We were unable to agree the extended day fees collected per the September 2013 monthly reconciliation to the Quickbooks record; and We were unable to reconcile the fees collected per the general ledger to the fees disbursed to the District for one selected month. <p>Lack of monitoring of extended day fees charged and paid can result in erroneous records or loss of revenues.</p>	<p>The Internal Accounts Handbook (Section 3.01(g)(viii)) states that the principal is required to “review the attendance schedules, extended day revenue schedules, and school accounting system revenue reports, and resolve any variances monthly. This monthly review will be documented by principal, including sign-off and date of review.”</p> <p>We recommend that the bookkeeper perform and document a monthly reconciliation of the extended day receipts between the extended day records and the SunGard records. The principal should review the reconciliation, resolve variances, and document this review by sign off.</p>	<p>Response: The bookkeeper feels the discrepancy is due to deposits/refunds in transit. The bookkeeper will continue to reconcile extended day fees collected with SunGard records.</p> <p>ECD: March 2014</p> <p>Principal Responsible: Sandra McMandon</p>

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 02/19/2014

Rating	Issues	Recommendation	Management Response
Moderate	3	Accounts Receivable and Returned Checks	
Recurring	<p>During our test of returned checks, we noted that the accounts receivable balance per the cash balance and detailed trial balance reports was \$3,395.32, which did not match the listing of checks pending reimbursement, which totaled \$3,175.32.</p> <p>The bank reconciliation procedures include a step for verification of the accuracy of the accounts receivable amount on the cash balance report. Bank reconciliations are a means to detect errors and misappropriation of funds.</p>	<p>The Internal Accounts Handbook, Section 6.05(d), states that “at each month end, a supporting schedule of outstanding NSF checks shall be prepared, listing the check number, date, name and amount for each NSF check pending reimbursement from the collection agency. This schedule should be attached with the monthly bank reconciliation. The accounts receivable ending total on the cash balance report should agree to the balance of returned checks pending reimbursement from the collection agency at the end of the month.”</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: This discrepancy is currently under investigation and the bookkeeper is working diligently to correct the issue. The bookkeeper will continue to be in contact with District staff for additional assistance.</p> <p>ECD: March 2014</p> <p>Principal Responsible: Sandra McMandon</p>

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 02/19/2014

Rating	Issues		Recommendation	Management Response
Low	4	Authorization of Transfers/Adjustments		
<p>Recurring</p>	<p>During our testing of transfers and adjustments, we noted the following:</p> <ul style="list-style-type: none"> • One transfer was not supported by the District approved transfer form or other supporting documentation of principal review and approval. • One adjustment was not supported by documentation that evidences principal review or approval. <p>The District's approved transfer and journal entry forms should be used to evidence approval and explanation for all transfer and adjustment journal entries.</p>		<p>The Internal Accounts Handbook, Section 6.03(a)(i), states that approval for transfers requires two forms: the standard transfer form, signed by the principal and both parties requesting the transfer; and a journal entry form, signed off by the principal and entry preparer. Further, the Internal Accounts Handbook, Section 6.03(c), states that "the principal must approve all adjustments by signing off on the journal entry form."</p> <p>We recommend the above policies be followed without exception.</p>	<p>Response: The bookkeeper was not aware that two forms were required. The bookkeeper will use both the District approved transfer form and the journal entry form when performing adjustments/transfers. The bookkeeper will ensure that all adjustments/transfers have principal approval documented in the future.</p> <p>ECD: March 2014</p> <p>Principal Responsible: Sandra McMandon</p>

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 02/19/2014

Rating	Issues	Recommendation	Management Response
High	5	Daily Cash Collection	
New	<p>During our testing of cash receipts, we noted the following:</p> <ul style="list-style-type: none"> • One monies collected form that did not include evidence of the date the sponsor/teacher remitted the funds to the bookkeeper. • One monies collected form for which money was collected on 9/17/2013 that was not remitted to the bookkeeper until 9/20/2013. <p>Inadequate completion of monies collected forms could be an indication that monies are not being remitted timely or intact as collected from the teachers/sponsors. Delays in the collection and recording process could result in inaccurate records and misappropriation of funds.</p>	<p>The Internal Accounts Handbook, Section 4.01(a)(iv)(b), states that the monies collected form should include the actual date the funds were collected by the teacher/sponsor.</p> <p>The Internal Accounts Handbook, Section 4.02(f) states that all funds collected and supporting report of monies collected shall be delivered to the bookkeeper on the day of collection.</p> <p>We recommend that these policies be followed without exception.</p>	<p>Response: The bookkeeper has instructed and will continue to instruct the teachers to complete the date when turning in money to the bookkeeper.</p> <p>Bookkeeper will verify the monies collected forms upon receipt of same.</p> <p>ECD: March 2014</p> <p>Principal Responsible: Sandra McMandon</p>

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 02/19/2014

Rating	Issues	Recommendation	Management Response
High	6	Authorization of Disbursements	
New	<p>During our test of cash disbursements, we noted the following:</p> <ul style="list-style-type: none"> The materials requisition form associated with check 374 did not indicate the internal account number to be applied. Check 380 paid an invoice dated 10/28/2013, but the materials requisition form was not approved by the principal until 11/12/2013. <p>Disbursements that do not have proper approval prior to the purchase could result in overspending of the budget or misappropriations of funds.</p>	<p>The Internal Accounts Handbook (Section 5.02(a)(i)) states that the Materials Requisition/Check Request form “must be authorized by the principal prior to the purchase commitment.” This section of the handbook also states that the form should identify the internal account for the disbursement request.</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: The bookkeeper neglected to indicate the account number on the materials requisition form. Bookkeeper will ensure that internal account numbers will be on all material requisition forms in the future.</p> <p>Any and all purchase commitments will have prior approval by the principal as evidenced by the dates on the requisition form and other supporting documentation.</p> <p>ECD: March 2014</p> <p>Principal Responsible: Sandra McMandon</p>

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 02/19/2014

Rating	Issues	Recommendation	Management Response
Moderate	7	Sales Tax	
New	During our testing of disbursements, we noted that check 380, which was for items for resale, did not include sales tax. Furthermore, the sales tax was not paid to the Florida Department of Revenue. The District is subject to sales tax when items purchased are for resale; therefore sales tax should have been paid.	The Internal Accounts Handbook, Section 5.04(a), states all items purchased for resale are subject to Florida Sales Tax unless specifically exempted. We recommend that this policy be followed without exception.	<p>Response: After discussing this with District personnel, the bookkeeper was educated on the purchase and order of field trip t-shirts for students and Florida Sales Tax and taxable items. The bookkeeper will pay any and all sales tax in future orders.</p> <p>ECD: March 2014</p> <p>Principal Responsible: Sandra McMandon</p>

SCHOOL: LIBERTY PINES ACADEMY

DATE OF ON-SITE VISIT AT THE SCHOOL: 02/24/2014

Rating	Issues	Recommendation	Management Response
High	1	Authorization of Disbursements	
Recurring	<p>During our test of cash disbursements, we noted that check 2572 paid invoices dated 7/11/2013 and 8/22/2013, but the materials requisition form was not approved by the principal until 8/28/2013.</p> <p>Disbursements that do not have proper approval prior to the purchase could result in overspending of the budget or misappropriations of funds.</p>	<p>The Internal Accounts Handbook, Section 5.02(a)(i), states that the Materials Requisition/Check Request form "must be authorized by the principal prior to the purchase commitment."</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: All orders will have prior approval. Requisitions will be dated when an order is placed.</p> <p>ECD: April 4, 2014</p> <p>Principal Responsible: Judith Thayer</p>

Rating	Issues	Recommendation	Management Response
High	2	Accounts Receivable and Returned Checks	
Recurring	<p>During our test of returned checks, we were unable to determine the amount of returned checks pending reimbursement at month end. No listing of these checks was on file to support the accounts receivable balance on the cash balance report. The returned check balance per the general ledger was \$1,125.</p> <p>The bank reconciliation procedures include a step for verification of the accuracy of the accounts receivable amount on the cash balance report. Bank reconciliations are a means to detect errors and misappropriation of funds.</p>	<p>The Internal Accounts Handbook, Section 6.05(d), states that "at each month end, a supporting schedule of outstanding NSF checks shall be prepared, listing the check number, date, name and amount for each NSF check pending reimbursement from the collection agency. This schedule should be attached with the monthly bank reconciliation. The accounts receivable ending total on the cash balance report should agree to the balance of returned checks pending reimbursement from the collection agency at the end of the month."</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: Subsequent to the audit, a list of returned checks was presented that did not agree to the general ledger. Future NSF listings will agree with balance on ledger.</p> <p>ECD: April 4, 2014</p> <p>Principal Responsible: Judith Thayer</p>

SCHOOL: LIBERTY PINES ACADEMY

DATE OF ON-SITE VISIT AT THE SCHOOL: 02/24/2014

Rating	Issues	Recommendation	Management Response
Moderate	3	Completion of Report of Monies Collected (RMC) Forms	
Recurring	<p>During our testing of cash receipts, we noted the following:</p> <ul style="list-style-type: none"> One monies collected form did not include the receipt number on the form. Four monies collected forms did not include the complete receipt number on the form. <p>The District's monies collected procedures call for unique numbering of monies collected forms that corresponds to the system receipt numbers. This ensures that receipts are issued in numerical order and can be uniquely identified both within the accounting system and on hard copy forms.</p>	<p>The Internal Accounts Handbook, Section 4.01(a)(v) states that the white copy of the Report of Monies Collected shall be identified by the corresponding secured electronic receipt number representing the collection and filed in numerical sequence.</p> <p>We recommend the bookkeeper review the requirements for monies collected forms and ensure compliance without exception.</p>	<p>Response: Bookkeeper will write complete receipt number on all receipts.</p> <p>ECD: April 4, 2014</p> <p>Principal Responsible: Judith Thayer</p>

Rating	Issues	Recommendation	Management Response
Moderate	4	Extended Day Collections	
Recurring	<p>During our test of extended day cash receipts, we noted a receipt for extended day services that was not collected in advance of the child's participation in the activity.</p> <p>Fees not paid in advance can result in loss of revenues due to the school and the inability to properly fund the costs of the program.</p>	<p>The Internal Accounts Handbook, Section 3.01(g)(ii), states that "all fees for student participation in the Extended Day program must be paid in advance prior to the child's attendance in the related session. Failure to collect fees in advance of providing services is contrary to the Constitution of the State of Florida, Article VII, Section 10."</p> <p>We recommend that the principal review this requirement with the extended day coordinator to ensure that all fees are paid in advance of student participation in any extended day activities.</p>	<p>Response: Payment was received prior to child's attendance in Extended Day but was not receipted into the system until later. LPA's system of processing will ensure receipts are dated on day received. Future payments and receipts will match.</p> <p>ECD: April 4, 2014</p> <p>Principal Responsible: Judith Thayer</p>

SCHOOL: LIBERTY PINES ACADEMY

DATE OF ON-SITE VISIT AT THE SCHOOL: 02/24/2014

Rating	Issues	Recommendation	Management Response
High	5	Daily Cash Collection	
New	<p>During our testing of cash receipts, we noted one monies collected form for which monies were collected by the sponsor/teacher between 8/19/2013 and 8/22/2013, but not remitted to the bookkeeper until 8/27/2013.</p> <p>Delays in the collection and recording process could result in inaccurate records and misappropriation of funds.</p>	<p>The Internal Accounts Handbook, Section 4.02(f) states that all funds collected and supporting report of monies collected shall be delivered to the bookkeeper on the day of collection. We recommend that this policy be followed without exception.</p>	<p>Response: It has been communicated to all staff that all monies must be turned in daily.</p> <p>ECD: April 4, 2014</p> <p>Principal Responsible: Judith Thayer</p>

SCHOOL: OCEAN PALMS ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 02/21/2014

Rating	Issues		Recommendation	Management Response
High	1	Expenditure Support		
New	<p>During our testing of disbursements, we noted that the supporting documentation for check 2038 did not include detail of the purchases such as an invoice or receipt.</p> <p>Disbursements without proper supporting documentation could result in misappropriation of funds.</p>		<p>The Internal Accounts Handbook, Section 5.01(5)(c), states that the "Supporting Material Requisition/Check Request form, invoice or receipt substantiating purchase, and check stub shall be maintained on file for all disbursements."</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: Will make certain that proper documentation is attached to all material forms before disbursement is made.</p> <p>ECD: March 14, 2014</p> <p>Principal Responsible: Betsy Weirda</p>

SCHOOL: SOUTH WOODS ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 02/19/2014

Rating	Issues	Recommendation	Management Response
High	1	Extended Day Reconciliations	
Recurring	<p>During our testing of extended day documentation, we noted that the following were not performed during the year:</p> <ul style="list-style-type: none"> • Monthly reconciliations of extended day fees collected, and • Principal review of monthly reconciliations. <p>Lack of monitoring of extended day fees charged and paid can result in erroneous records or loss of revenues.</p>	<p>The Internal Accounts Handbook (Section 3.01(g)(viii)) states that the principal is required to “review the attendance schedules, extended day revenue schedules, and school accounting system revenue reports, and resolve any variances monthly. This monthly review will be documented by principal, including sign-off and date of review.”</p> <p>We recommend that the bookkeeper perform and document a monthly reconciliation of the extended day receipts between the extended day records and the SunGard records. The principal should review the reconciliation, resolve variances, and document this review by sign off.</p>	<p>Response: We are hoping to have Quickbooks in place by the end of the school year, in order to accomplish this task.</p> <p>ECD: May 2014</p> <p>Principal Responsible: Cathy Hutchins</p>

SCHOOL: SOUTH WOODS ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 02/19/2014

Rating	Issues	Recommendation	Management Response
Moderate	2	Extended Day Collections	
Recurring	<p>During our test of extended day cash receipts, we noted a receipt for extended day services that was not collected in advance of the child's participation in the activity.</p> <p>Fees not paid in advance can result in loss of revenues due to the school and the inability to properly fund the costs of the program.</p>	<p>The Internal Accounts Handbook, Section 3.01(g)(ii), states that "all fees for student participation in the Extended Day program must be paid in advance prior to the child's attendance in the related session. Failure to collect fees in advance of providing services is contrary to the Constitution of the State of Florida, Article VII, Section 10."</p> <p>We recommend that the principal review this requirement with the extended day coordinator to ensure that all fees are paid in advance of student participation in any extended day activities.</p>	<p>Response: Every effort will be made to make sure payment is received in advance.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Cathy Hutchins</p>

SCHOOL: SOUTH WOODS ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 02/19/2014

Rating	Issues	Recommendation	Management Response
Low	3	Accounts Receivable and Returned Checks	
Recurring	<p>During our test of returned checks, we noted that the accounts receivable balance per the cash balance and detailed trial balance reports was \$168.50, which did not match the listing of checks pending reimbursement, which totaled \$116.</p> <p>The bank reconciliation procedures include a step for verification of the accuracy of the accounts receivable amount on the cash balance report. Bank reconciliations are a means to detect errors and misappropriation of funds.</p>	<p>The Internal Accounts Handbook, Section 6.05(d), states that “at each month end, a supporting schedule of outstanding NSF checks shall be prepared, listing the check number, date, name and amount for each NSF check pending reimbursement from the collection agency. This schedule should be attached with the monthly bank reconciliation. The accounts receivable ending total on the cash balance report should agree to the balance of returned checks pending reimbursement from the collection agency at the end of the month.”</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: We believe this is a posting error. Every effort will be made to resolve this issue as soon as possible.</p> <p>ECD: May 2014</p> <p>Principal Responsible: Cathy Hutchins</p>

SCHOOL: TIMBERLIN CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 02/24/2014

Rating	Issues		Recommendation	Management Response
High	1	Accounts Receivable and Returned Checks		
Recurring	<p>During our test of returned checks, we noted that the accounts receivable balance per the cash balance and detailed trial balance reports was \$1,259.95, which did not match the listing of checks pending reimbursement, which totaled \$4.95.</p> <p>The bank reconciliation procedures include a step for verification of the accuracy of the accounts receivable amount on the cash balance report. Bank reconciliations are a means to detect errors and misappropriation of funds.</p>		<p>The Internal Accounts Handbook, Section 6.05(d), states that “at each month end, a supporting schedule of outstanding NSF checks shall be prepared, listing the check number, date, name and amount for each NSF check pending reimbursement from the collection agency. This schedule should be attached with the monthly bank reconciliation. The accounts receivable ending total on the cash balance report should agree to the balance of returned checks pending reimbursement from the collection agency at the end of the month.”</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: We have resolved the difference and will compare the amounts on the two reports going forward to prevent this issue in the future.</p> <p>ECD: March 31, 2014</p> <p>Principal Responsible: Christine Stephan</p>

Rating	Issues		Recommendation	Management Response
Moderate	2	Fundraising Activity		
Recurring	<p>During our testing of fundraisers, we were unable to agree the sales amount recorded on the fundraiser reconciliation to the general ledger.</p> <p>Failure to completely follow District policies related to the use of fundraiser reconciliations could result in an inability to ensure the fundraising activity is fully and accurately captured in the internal accounts fund.</p>		<p>We recommend that the fund raiser activity form be completed in accordance with Internal Accounts Handbook, Section 4.05(g).</p>	<p>Response: This discrepancy was caused by a check that was missing and not deposited, so it was not reflected in the general ledger. The missing check has been located and will be deposited which will balance the account.</p> <p>ECD: April 2014</p> <p>Principal Responsible: Christine Stephan</p>

SCHOOL: TIMBERLIN CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 02/24/2014

Rating	Issues		Recommendation	Management Response
Moderate	3	Extended Day Collections		
Recurring	<p>During our test of extended day cash receipts, we noted a receipt for extended day services that was not collected in advance of the child's participation in the activity.</p> <p>Fees not paid in advance can result in loss of revenues due to the school and the inability to properly fund the costs of the program.</p>		<p>The Internal Accounts Handbook, Section 3.01(g)(ii), states that "all fees for student participation in the Extended Day program must be paid in advance prior to the child's attendance in the related session. Failure to collect fees in advance of providing services is contrary to the Constitution of the State of Florida, Article VII, Section 10."</p> <p>We recommend that the principal review this requirement with the extended day coordinator to ensure that all fees are paid in advance of student participation in any extended day activities.</p>	<p>Response: We have met with the Extended Day Coordinator to reinforce the importance of this requirement. Principal is monitoring follow-up with parents.</p> <p>ECD: February 25, 2014</p> <p>Principal Responsible: Christine Stephan</p>

Rating	Issues		Recommendation	Management Response
Moderate	4	Sales Tax		
Recurring	<p>During our testing of disbursements, we noted that check 2581 and check 2591, which paid for items for resale, did not include sales tax. Furthermore, the sales tax was not paid to the Florida Department of Revenue. The District is subject to sales tax when items purchased are for resale; therefore sales tax should have been paid.</p>		<p>The Internal Accounts Handbook, Section 5.04(a), states all items purchased for resale are subject to Florida Sales Tax unless specifically exempted. We recommend that this policy be followed without exception.</p>	<p>Response: We now understand that we should have collected sales tax on these items as they were resold to parents, although not for profit. We have contacted the vendors in question and requested new invoices with the sales tax included. Sales tax will then be remitted to the vendors in question.</p> <p>ECD: April 2014</p> <p>Principal Responsible: Christine Stephan</p>

SCHOOL: TIMBERLIN CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 02/24/2014

Rating	Issues	Recommendation	Management Response
High	5	Daily Cash Collection	
New	<p>During our test of cash receipts, we noted one monies collected form for which money was collected on 9/10/2013 and was not remitted to the bookkeeper until 9/27/2013.</p> <p>Delays in the collection and recording process could result in inaccurate records and misappropriation of funds.</p>	<p>The Internal Accounts Handbook, Section 4.02(f) states that all funds collected and supporting report of monies collected shall be delivered to the bookkeeper on the day of collection. We recommend that this policy be followed without exception.</p>	<p>Response: The check and RMC form were turned into our bookkeeper the same day they were collected, however the individual completing the RMC form used the date from the check (9/10/13) (which had been mailed from Michigan), rather than the current date of 9/27/13. Our bookkeeper noticed it at the time, but knowing what had happened, didn't have it corrected. In the future, she will send it back for correction.</p> <p>ECD: February 25, 2014</p> <p>Principal Responsible: Christine Stephan</p>

SCHOOL: TIMBERLIN CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 02/24/2014

Rating	Issues		Recommendation	Management Response
Moderate	6	Authorization of Disbursements		
New	<p>During our test of cash disbursements, we noted that the materials requisition form supporting check 2581 did not include the amount approved or specific internal accounts number to be applied.</p> <p>Disbursements that do not have proper documentation prior to the purchase could result in overspending of the budget or misappropriations of funds.</p>		<p>The Internal Accounts Handbook (Section 5.02(a)(i)) states that the Materials Requisition/Check Request form "should identify the Internal Account requesting disbursement and the estimated maximum purchase amount."</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: This requisition was done before a total estimate was determined. The internal accounts numbers to be applied were identified by listing "K-5" in the Account line. Each part of the total purchase amount is charged to a specific grade level (K-5) for which it was ordered. In the future, the specific internal accounts numbers and total estimated maximum purchase amount will be noted on the materials requisition form.</p> <p>ECD: February 25, 2014</p> <p>Principal Responsible: Christine Stephan</p>

Rating	Issues		Recommendation	Management Response
Moderate	7	Expenditure Support		
New	<p>During our test of disbursements, we noted that the supporting documentation for check 2591 was an email from the vendor. No detail of purchase such as invoice or receipt was attached.</p> <p>Disbursements without proper supporting documentation could result in misappropriation of funds.</p>		<p>The Internal Accounts Handbook, Section 5.01(5)(c), states that the "Supporting Material Requisition/Check Request form, invoice or receipt substantiating purchase, and check stub shall be maintained on file for all disbursements."</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: We will request that the company generate an invoice. It is common practice for this vendor to invoice from quotations.</p> <p>ECD: March 31, 2014</p> <p>Principal Responsible: Christine Stephan</p>

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