

**Internal Audit of
Internal Accounts
October 8, 2012**

Prepared By:
Internal Auditors



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October 8, 2012

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

Pursuant to the arrangement letter, we hereby submit our internal audit report of the Internal Accounts of the St. Johns County School Board, Florida ("District"). We will be presenting this report to the Audit Committee during the next scheduled meeting on November 14, 2012.

Our report is organized in the following sections:

Background	This provides an overview of the Internal Accounts, a summary of financial data and Florida Statutes.
Objectives and Approach	The internal audit 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.
Overall District Observations	This section provides a description of the overall District observations and recommended action.

We would like to thank the individual schools and all those involved in assisting the Internal Auditors in connection with the review of Internal Accounts.

Respectfully Submitted,



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:

1. The school board shall be responsible for administration and control of internal funds of the District school system, and in connection therewith shall:
 - o Adopt written rules governing the receipt and disbursement of all internal funds and for the accounting for property pursuant to Florida Statutes.
 - o Provide for an annual audit of internal funds in accordance with Rule 6A-1.087, FAC.
2. 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 moneys 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.
3. 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.
4. School internal account funds shall be used to benefit activities authorized by the District school board.
5. Student participation in fundraising activities shall not be in conflict with the program as administered by the school board.
6. 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.
7. 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.
8. 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.
9. 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.
10. 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.
11. 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 2011-2012 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, 2012

	Cash Balance July 1, 2011	Receipts	Disbursements	Cash Balance June 30, 2012
Total	<u>\$ 3,021,969</u>	<u>\$ 10,177,374</u>	<u>\$ 9,706,487</u>	<u>\$ 3,492,856</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 VI Section 6.09 and Article IX 9.03 require 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 transactions with 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 audit of the school internal accounts include the following:

- Perform the annual audit of the District's school internal accounts as required by the Red Book regulations. Section 4.2 of the Red Book regulations state the following:
 - The school board shall provide for an annual audit of internal funds.
 - In accordance with Rule 6A-1.087(2), FAC, the signed, written report of the audit shall include notations of any failure to comply with Florida Statutes, State Board of Education Rules and rules of the school board. The report, which must also provide commentary as to financial management and irregularities, shall be presented to the school board while in session and filed as a part of the public record.
- 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. 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 conducted on-site school visits at all 33 District schools and performed testing of the following areas:

- Timely Deposits
- Authorization of Expenditures
- Segregation of Duties
- Cash Disbursements
- Cash Receipts
- Ticket Sales
- Fundraising Sales
- Yearbook 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 pursuant to Red Book requirements as outlined in our objectives above. Our report also includes recommendations for improving noted deficiencies. We conducted an exit conference with each principal at each school and we have incorporated their responses into our report.

Individual School Comments

SCHOOL: BARTRAM TRAIL HIGH SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/23/2012

Rating	Issues	Recommendation	Management Response
High	1	Accuracy of Report of Monies Collected (RMC) Forms	
Recurring	<p>During our testing of deposits, we noted that the cash amount on the deposit slip for the deposit made on 3/26/2012 (\$4,012.50) was not consistent with cash as reported on the RMC's. In total, the deposit amount agreed to the monies collected forms.</p> <p>Inconsistencies between the RMC's and the deposit slip could be an indication that monies are not being deposited intact or as collected from the teachers/sponsors.</p>	<p>The Internal Accounts Handbook, Section 4.02 (g) states that the bookkeeper shall reconcile the monies collected to the report of monies collected, document the pre-numbered electronic receipt number, sign off, and issue a carbon copy of the report of monies collected to the individual collecting monies. We recommend the above policy be followed without exception.</p>	<p>Response: Simple Error The bookkeeper will total all of the cash and then all of the checks when reconciling the monies collected report to be sure that cash and checks are recorded properly.</p> <p>ECD: 7/23/12</p>

Rating	Issues	Recommendation	Management Response
High	2	Fundraising Activity	
New	<p>During our testing of fundraisers, we noted the following:</p> <ul style="list-style-type: none"> The revenue amount per the fundraising reconciliation did not agree to the general ledger. The required information was not maintained for sales of the fund raiser items by students. <p>Failure to completely follow District policies related to the use of fund raiser reconciliations could result in an inability to ensure the fund raising 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>We recommend all fundraising activities maintain the required documentation related to pre-sales in accordance with the Internal Accounts Handbook, (Section 9.03) <i>Fund Raising Inventory</i>.</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: We had an Internal Account's meeting and have a packet of instruction which emphasized correct procedures for fundraisers</p> <p>ECD: 8/15/12</p>

SCHOOL: CREEKSIDE HIGH SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2012

Rating	Issues	Recommendation	Management Response
High	1		
Recurring	<p>Bank Reconciliation</p> <p>A completed bank reconciliation for June 2012 was not submitted to the district finance office by July 15th. The reconciliation that was submitted to the district finance office on July 12th contained an unidentified difference of \$569.85. No updated bank reconciliation had been provided to the district finance office as of July 23rd.</p> <p>The bookkeeper investigated the difference and noted that journal entries were required to correct the GL and eliminate the difference. Since the cause for the differences was not identified until after year end close, the entries could not be posted to the correct period to correct the cash balance per the GL as of year end.</p> <p>Principal review and sign off of the bank reconciliation was not documented.</p> <p>A bank reconciliation offers checks and balances for the school's accounting and the bank's accounting. Bank reconciliations are a means to detect errors and misappropriation of funds.</p>	<p>We recommend that the following occur, without exception:</p> <ul style="list-style-type: none"> • Monthly bank reconciliations be completed and submitted to the district within fifteen days of month end and requires principal review and sign off. • All unreconciled be researched and documented within a timely basis and including the principal's review of the monthly bank reconciliation. • All efforts should be made to identify the cause for differences and post necessary journal entries prior to finalizing the bank reconciliation for review. 	<p>Response: The June bank reconciliation was in the process of completion and intended for delivery by June 15. However, the district office contacted the bookkeeper on the 11th without advance notice and requested the reconciliation immediately. The bookkeeper explained the timing and that there was a discrepancy that needed further investigation. Bookkeeper was directed to submit reconciliation and make adjustments in new fiscal year.</p> <p>Principal will now sign both the statement and the reconciliation.</p> <p>ECD: August 30, 2012</p>

SCHOOL: CREEKSIDE HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2012

Rating	Issues	Recommendation	Management Response
High	2	Completion of Report of Monies Collected (RMC) Forms	
Recurring	<p>During our testing of cash receipts, we noted that cash or check was not listed next to each amount collected on RMC 25740. We were unable to agree the cash and checks deposited.</p> <p>Without a listing of cash or check for each amount collected, it cannot be verified whether monies collected are being deposited intact.</p>	<p>The Internal Accounts Handbook, Section 4.01 (a) (iv) states that cash or check number must be listed with the student's name.</p> <p>We recommend the above policies be followed without exception.</p>	<p>Response: The volume of monies collected forms for this school is extremely high and the occasional error or oversight will occur. Bookkeeper will make every effort to ensure monies collected forms are correctly marked "cash" or "check." It is noted however, that Cashpro is a very useful tool in verifying the contents of a deposit and can provide proof of cash or check should the question arise.</p> <p>ECD: August 30, 2012</p>

SCHOOL: CREEKSID HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2012

Rating	issues	Recommendation	Management Response
High	3	Yearbook	
Recurring	<p>During our testing of the yearbook reconciliation, we noted the following:</p> <ul style="list-style-type: none"> • There were two less yearbooks on hand than shown on the reconciliation. • The yearbook invoice and contract did not contain the quantity ordered or received, so we were unable to validate the calculation of the number of yearbooks sold and remaining. • We were unable to agree the yearbook sales amounts per the yearbook reconciliation documentation to the general ledger. • There was no differentiation between yearbook and ad sales posted to the general ledger. <p>Without the proper controls surrounding yearbook sales, inventory, and cash collections could be misappropriated.</p>	<p>The Internal Accounts Handbook (Section 9.04) states that if yearbooks are sold by a school, then the yearbook class sponsor shall maintain specified required information. We recommend that this policy be followed without exception.</p>	<p>Response: The figures represented by the yearbook invoice were reviewed by the yearbook sponsor and agreed upon. We will however request a more detailed invoice in the future. Checks and balances were in place with multiple personnel to receive, verify, and distribute books. Nevertheless, the yearbook spreadsheet is quite lengthy and may contain erroneous data. The yearbook sponsor and bookkeeper will review the reconciliation and report any discrepancies, inclusive of the two books in question.</p> <p>ECD: September 30, 2012</p>

SCHOOL: CREEKSIDE HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2012

Rating	Issues	Recommendation	Management Response
High	4	Accuracy of Report of Monies Collected (RMC) Forms	
New	<p>During our testing of deposits, we noted that the cash amounts on the deposit slips for the deposits made on 10/15/2011 (\$4,069.47) and 11/15/2011 (\$10,975.08) were not consistent with cash as reported on the RMC's. In total, the deposit amounts agreed to the monies collected forms.</p> <p>Inconsistencies between the RMC's and the deposit slip could be an indication that monies are not being deposited intact or as collected from the teachers/sponsors.</p>	<p>The Internal Accounts Handbook, Section 4.02 (g) states that the bookkeeper shall reconcile the monies collected to the report of monies collected, document the pre-numbered electronic receipt number, sign off, and issue a carbon copy of the report of monies collected to the individual collecting monies. We recommend the above policy be followed without exception.</p>	<p>Response: This information is consistent with the findings and response to "Completion of Monies Collected Forms" and is reiterated as follows: The volume of monies collected forms for this school is extremely high and the occasional error or oversight will occur. Bookkeeper will make every effort to ensure monies collected forms are correctly marked "cash" or "check." It is noted however, that Cashpro is a very useful tool in verifying the contents of a deposit and can provide proof of cash or check should the question arise.</p> <p>ECD: August 30, 2012</p>

SCHOOL: CREEKSIDE HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2012

Rating	Issues	Recommendation	Management Response
High	5	Frequency of Deposits	
New	<p>During our test of cash receipts, we noted one RMC (10928) in which money was collected between 11/7/2011 and 11/9/2011 that was not remitted to the bookkeeper until 11/9/2011.</p> <p>Delays in the collection and recording process result in inaccurate records and could be the result of misappropriated 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.</p>	<p>Response: Teachers and Sponsors make every effort to deposit funds in a timely manner. Occasionally there will be a delay due to unforeseen circumstances such as an absence or a priority involving a student's needs. Sponsors were reminded at the faculty meeting (prior to the start of the school year) that funds should be deposited the same day they are collected.</p> <p>ECD: August 17, 2012</p>

Rating	Issues	Recommendation	Management Response
High	6	Accounts Receivable and Returned Checks	
New	<p>During our test of returned checks, we noted that the accounts receivable balance per the cash balance report amounted to (\$205), which did not agree to the amount per the detailed trial balance report of \$0.</p>	<p>The manual bank reconciliation procedures issued by the district includes a step for generating the detailed trial balance report and comparing cash, accounts receivable and accounts payable balances to the cash balance report as an addition review for accuracy.</p> <p>We recommend that unreconciled differences between the cash balance report and the detailed trial balance report be researched, corrected, and documented on a timely basis and included with the principal's review of the monthly bank reconciliation.</p>	<p>Response: This appears to be an error carried over from FY11. A history of returned checks has been requested from Checkredi and will be compared to bank statement information. Correcting journal entry will include copies of reports.</p> <p>ECD: September 30, 2012</p>

SCHOOL: CREEKSIDE HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2012

Rating	Issues	Recommendation	Management Response
High	7	Authorization of Disbursements	
New	<p>During our test of disbursements, we noted that for three disbursements (checks 3364, 3449, and 3665), the checks and the related material requisition/check request forms were both signed by the assistant principal, and the principal did not sign and date the material requisition/check request forms upon return to school.</p> <p>Disbursements that do not have proper approval prior to the purchase could result in overspending of the budget or misappropriation of funds.</p>	<p>The Internal Accounts Handbook states that, "If the designee signs the check and the related Material Requisition/Check Request form, then the principal shall be required to sign and date the Material Requisition/Check Request form within five calendar days of returning to the school" (Section 5.01(a)).</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: In the event of the principal's absence, the assistant principal will sign requisitions if necessary to expedite the process. However, the requisition will be returned to the principal to be signed as soon as possible.</p> <p>ECD: August 30, 2012</p>

Rating	Issues	Recommendation	Management Response
Moderate	8	Principal's Discretionary Fund	
New	<p>During testing of the principal's discretionary fund, we noted that no reconciliation of the funds transferred to unweighted FTE was submitted to the District Finance Office.</p> <p>Improper records for the principal's discretionary funds could result in incorrectly posted or misappropriated funds.</p>	<p>The Internal Accounts Handbook, Section 4.15 (b) states that the Principal's Discretionary Fund shall be funded by any of the following sources: commissions, donations, parking fines and fees, or the Internal Accounts General Fund. A school may transfer funds from the Internal Accounts General Fund into the Principal's Discretionary Fund only at the start of each fiscal year, from July 1st through September 15th in the amount of \$4.00 per student, not to exceed \$4,000 for elementary schools, \$6,000 for middle schools, and \$8,000 for high schools. Funds transferred from the Internal Accounts General Fund must be reconciled to unweighted FTE and reported in writing to the District Finance Office by November 1st. We recommend the above policy be followed without exception.</p>	<p>Response: The transfer was written, authorized, and completed by the principal and bookkeeper via the district's standard transfer from within the time specified. A dated copy of all transfers is on file with the monthly bank statements. Bookkeeper was unaware the transfer also required a written report to the district but will provide accordingly.</p> <p>ECD: September 30, 2012</p>

SCHOOL: CROOKSHANK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/2/2012

Rating	Issues	Recommendation	Management Response
High	1	Authorization of Disbursements	
Recurring	<p>During our testing of disbursements, we noted that check 247 reimbursed a purchase of items made between 10/1/2011 and 4/21/2012, but the material requisition form that was not approved by the principal until 4/15/2012.</p> <p>Disbursements that do not have approval prior to the purchase and proper approval could result in overspending of the budget or misappropriation of funds.</p>	<p>We recommend that all disbursements have materials requisition/check request forms that provide for documented approval with date of approval by the principal/designee to ensure that all purchases are approved before the expenditures are made.</p>	<p>Response: We acknowledge this finding and will work to correct this immediately.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
High	2	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 (RMC 9264) did not contain an official receipt number. • Error corrections on one RMC (3167) were not made in accordance with the Internal Funds Handbook. <p>Incomplete or inaccurate monies collected forms could result in misappropriation of funds.</p>	<p>The Internal Accounts Handbook states the requirements for Monies Collected Forms in Section 4.01(a). These include the following:</p> <ul style="list-style-type: none"> • The white copy shall be identified by the corresponding pre-numbered, secured electronic receipt number representing the collection. • Any erroneous information must be invalidated by the originator of the entry by lining through such information, entering the correct information above or below the error and initialing. <p>We recommend the bookkeeper review the requirements for Monies Collected Forms and ensure compliance without exception.</p>	<p>Response: We acknowledge these findings and will work to correct this based on listed protocols. This will be corrected by beginning of 2012 – 2013 school year.</p> <p>ECD: This will be corrected by beginning of 2012 – 2013 school year.</p>

SCHOOL: CROOKSHANK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/2/2012

Rating	Issues	Recommendation	Management Response
High	3	Extended Day Reconciliations and Audits	
New	<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"> Principal's sample audit of attendance sheets and schedule of fees charged and fees paid quarterly. Resolution of monthly variances between the SunGard accounting reports and extended day financial reports. We reperformed the January monthly reconciliation, noting a difference of \$663.50 between the SunGard accounting report and the extended day QuickBooks financial report. <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 "Fees must be reconciled with attendance records and balanced monthly. The principal must resolve any variances monthly. The principal must also sample audit attendance sheets and schedule of fees charged and fees paid quarterly."</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 his review by sign off.</p> <p>We also recommend that the principal perform quarterly sample audits of attendance and fees. The documentation of the review and audits should include the date and sign off by the principal.</p>	<p>Response: Principal will complete audit once every three months. Financial reports will be checked monthly with Extended Coordinator, Bookkeeper, Principal.</p> <p>ECD: Immediately</p>

SCHOOL: CROOKSHANK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/2/2012

Rating	Issues	Recommendation	Management Response
High	4	Extended Day Collections	
New	<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>Not obtaining receipt of extended day program fees in advance of providing services 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 acknowledge this finding and are working to correct future payment versus participation starting 8/20/12.</p> <p>ECD: Starting 8/20/12.</p>

Rating	Issues	Recommendation	Management Response
Moderate	5	Outside Organizations	
New	<p>During our testing of outside organizations, we noted one payment to the PTO was made by the school and did not have prior approval by the District Chief Financial Officer.</p>	<p>The Internal Accounts Handbook states that any and all transactions with school support organizations (PTA, PTO, & Booster Clubs) must have prior approval of the District Chief Financial Officer. (District Internal Accounts Handbook, Section 3.01vii and Article X). We recommend this policy be followed without exception.</p>	<p>Response: We acknowledge this finding and will work to correct under district financial protocol.</p> <p>ECD: Immediately</p>

SCHOOL: CUNNINGHAM CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/8/2012

Rating	Issues	Recommendation	Management Response
High	1	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>Not obtaining receipt of extended day program fees in advance of providing services 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: The Principal has reviewed this requirement with the Extended Day Coordinator, who will make every effort to collect dues and fees in advance as stated in the Constitution of the State of Florida, Article VII, Section 10.</p> <p>ECD: Immediately</p>

SCHOOL: CUNNINGHAM CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/8/2012

Rating	Issues	Recommendation	Management Response
High	2	Disbursements to District Employees	
New	<p>During our test of cash disbursements, we noted that one disbursement was made to a district employee using internal account trust funds for a wellness grant. The disbursement was made to compensate the employee for yoga instruction provided at the school.</p> <p>Disbursements to school board employees must be made through the district payroll department to be properly included in the employee's annual compensation and payroll records.</p>	<p>The Internal Accounts Handbook (Section 5.03(d), "Expenditures Disallowable from Internal Funds") states that "expenditures for the following items or purposes shall not be made from Internal Accounts, unless from a Trust Fund collected for such specified purpose... Salary supplements or a bonus to a School Board employee. If a Trust Fund is used, then monies collected shall be transferred to the District Office and disbursed from the District to the School Board employee upon authorization of the Superintendent. Amounts shall be included in the employee's annual compensation statement issued by the District Office."</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: The bookkeeper will make sure that the any future funds received from the district wellness grant for the purpose of compensating an employee will be forward to the district to be paid in the proper manner.</p> <p>ECD: Immediately</p>

SCHOOL: CUNNINGHAM CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/8/2012

Rating	Issues	Recommendation	Management Response
High	3	Extended Day Reconciliations and Audits	
New	<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"> Principal review of monthly reconciliations of extended day fees collected, and Principal's sample audit of attendance sheets and schedule of fees charged and fees paid quarterly. <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 "Fees must be reconciled with attendance records and balanced monthly. The principal must resolve any variances monthly. The principal must also sample audit attendance sheets and schedule of fees charged and fees paid quarterly."</p> <p>We recommend that the principal review the 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>We also recommend that the principal perform quarterly sample audits of attendance and fees. The documentation of the review and audits should include the date and sign off by the principal.</p>	<p>Response: The Principal will review the monthly reconciliations of the extended day fees collected. The Principal will also do a quarterly sample audit as recommended.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
High	4	Yearbook	
New	<p>During our testing of the yearbook inventory, we noted that a financial reconciliation of the monies spent and collected for yearbook was not prepared.</p> <p>Without the proper controls surrounding yearbook sales, inventory, and cash collections could be misappropriated.</p>	<p>The Internal Accounts Handbook (Section 9.04) states that if yearbooks are sold by a school, then the yearbook class sponsor shall maintain specified required information.</p> <p>We recommend that this policy be followed without exception.</p>	<p>Response: The bookkeeper has discussed with the yearbook sponsor the importance of proper recordkeeping so a financial reconciliation can be prepared.</p> <p>ECD: Immediately</p>

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/30/2012

Rating	Issues	Recommendation	Management Response
High	1	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>Non advanced receipt of extended day program fees 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: Extended Day payments will be received in advance and this procedure will be monitored by the principal.</p> <p>ECD: 8/20/2012</p>

Rating	Issues	Recommendation	Management Response
High	2	Accounts Receivable and Returned Checks	
Recurring	<p>During our test of returned checks, we noted that the accounts receivable balance per the cash balance report amounted to \$3,193, which did not agree to the amount per the detailed trial balance report of \$0 and the listing of checks pending reimbursement totaled \$271.</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 manual bank reconciliation procedures issued by the district includes a step for generating the detailed trial balance report and comparing cash, accounts receivable and accounts payable balances to the cash balance report as an addition review for accuracy.</p> <p>We recommend that unreconciled differences between the cash balance report and the detailed trial balance report be researched, corrected, and documented on a timely basis and included with the principal's review of the monthly bank reconciliation.</p>	<p>Response: The amount listed in Accounts Receivable is incorrect and this has been discussed with the district bookkeeper. Steps are being taken to get this corrected. Every effort will be made to keep this account accurate.</p> <p>ECD: September 2012</p>

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/30/2012

Rating	Issues	Recommendation	Management Response
High	3	Completion of Report of Monies Collected (RMC) Forms	
Recurring	<p>During our testing of cash receipts, we noted RMC #2163 did not contain the corresponding pre-numbered, secured electronic receipt number for the collection.</p> <p>Inadequate completion of the Report of Monies Collected Form could be an indication that monies are not being deposited as collected from the teachers/sponsors.</p>	<p>The Internal Accounts Handbook, Section 4.01 (a)(v) states that the RMC shall be identified by the pre-numbered secured electronic receipt number representing the collection.</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: The cash receipt for RCM #2163 was entered and the electronic receipt number was received; however the number was not written on the monies collected form. Every effort will be made to ensure that the receipt number is documented</p> <p>ECD: 8/20/2012</p>

Rating	Issues	Recommendation	Management Response
Moderate	4	Authorized Check Signers	
Recurring	<p>Per review of the authorized signers listing from the bank, we noted that one of the authorized check signers included a secretary that was employed by the School during FY 2012, but left the district prior to year end.</p> <p>Improper cash disbursements authorization access could lead to misappropriation of assets.</p>	<p>We recommend that the bookkeeper update the authorized signers listing with the bank to ensure compliance with the following requirements in the Internal Accounts Handbook (Section 2.04): "The principal of each school shall designate two persons in addition to him/herself who shall be authorized to sign checks and withdraw funds from checking, savings, or other investment accounts...These names shall be kept on file for audit."</p>	<p>Response: A new signature card will be obtained deleting the previous bookkeeper. All other signers remain the same.</p> <p>ECD: Immediately</p>

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/30/2012

Rating	Issues	Recommendation	Management Response
High	5	Fundraising Activity	
New	<p>During our testing of fund raising activities, we noted that there was no supporting documentation for the fundraiser selected to evidence prior approval by the principal, financial results, or final approval by the principal.</p> <p>Failure to completely follow District policies related to the use of fund raiser reconciliations could result in an inability to ensure the fund raising activity is fully and accurately captured in the internal accounts fund.</p>	<p>The Internal Accounts Handbook (Section 4.05 (a) and (g)) states the principal shall control all fundraising activities, and that all fund raising requests shall be documented on a District authorized fund raising activity form accompanied by a supporting fund raising checklist. The school should complete a Fund Raising Activity Form for each fundraiser (Exhibit 4, Internal Accounts Handbook). This form serves as documentation of pre-approval, accounting summary, and final approval of the fundraiser.</p> <p>We recommend the above policies be followed without exception.</p>	<p>Response: Fundraising forms will be completed and approved by the principal. The checklist on the fundraising form will be followed.</p> <p>ECD: 8/20/2012</p>

Rating	Issues	Recommendation	Management Response
High	6	Extended Day Disbursements	
New	<p>During our test of extended day cash disbursements, we noted that the extended day fees collected in March were not remitted to the district until May 16th.</p> <p>Inaccurate records and delayed remittances may limit the district's ability to properly monitor funds for collection and compliance with district guidelines.</p>	<p>The Internal Accounts Handbook (Section 3.01 (g) (vi)) states that all extended day fees "collected each month shall be transferred by the school to the District Finance Office by the 10th of the month following the month of collection."</p> <p>We recommend that the above policy be followed without exception.</p>	<p>Response: Extended Day payments will be made by the 10th of each month after reconciliation is complete.</p> <p>ECD: 8/20/2012</p>

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/30/2012

Rating	Issues	Recommendation	Management Response
High	7	Extended Day Reconciliations and Audits	
New	<p>During our testing of extended day documentation, we noted that the following were not performed for several months of the year:</p> <ul style="list-style-type: none"> • Monthly reconciliations of extended day fees collected, • Principal review of monthly reconciliations, and • Principal's sample audit of attendance sheets and schedule of fees charged and fees paid quarterly. <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 "Fees must be reconciled with attendance records and balanced monthly. The principal must resolve any variances monthly. The principal must also sample audit attendance sheets and schedule of fees charged and fees paid quarterly."</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>We also recommend that the principal perform quarterly sample audits of attendance and fees. The documentation of the review and audits should include the date and sign off by the principal.</p>	<p>Response: Monthly reconciliations will be maintained and viewed by the principal. In addition a sample quarterly audit will be performed by the principal.</p> <p>ECD: 8/20/2012</p>

Rating	Issues	Recommendation	Management Response
High	8	Frequency of Deposits	
New	<p>During our testing of cash receipts, we noted RMC #18573 had monies collected on 2/27/2012 but not deposited at the bank until 3/12/12.</p> <p>Deposits not made within 5 business days result in inaccurate records and could be the result of misappropriated funds.</p>	<p>The Internal Accounts Handbook states funds collected must be deposited within five working days of receipt. (District Internal Accounts Handbook, Section 4.03) We recommend the above policy be followed without exception.</p>	<p>Response: Deposits will be made within the 5 day required time period.</p> <p>ECD: 8/20/2012</p>

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/30/2012

Rating		Issues	Recommendation	Management Response
Moderate	9	Frequency of Disbursements		
New		During our testing of cash disbursements we noted that check # 151 was paid 57 days after the invoice date.	We recommend that payments be made within 45 days of the invoice date or by the due date stipulated by the vendor in order to avoid possible late penalties and/or take advantage of any possible discounts offered by the vendor.	<p>Response: Payments will be made to vendors within 45 days.</p> <p>ECD: 8/20/2012</p>

SCHOOL: FRUIT COVE MIDDLE SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/30/2012

Rating	Issues	Recommendation	Management Response
High	1	Expenditure Support	
Recurring	<p>During our testing of cash disbursements, we noted that for check #5614, the total of the supporting receipts did not agree to the amount of the check. The total of the receipts to be paid was \$1,320.16, while the check was for \$1,230.16.</p> <p>Lack of review of supporting documentation prior to disbursements could result in misappropriation of funds or inaccurate payments.</p>	<p>The Internal Accounts Handbook, Section 5.01 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. Section 5.02(iii) further states that, "The bookkeeper should review invoices prior to writing a check." We recommend that the bookkeeper review all supporting documentation in detail to ensure disbursements are supported by appropriate documentation and made for the correct amounts.</p>	<p>Response: In the future I will make sure the check amount and the invoice amount match.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
High	2	Prior Period Adjustment	
New	<p>During our review of the annual cash balance report, we identified that the School made a \$73 transfer from classes, clubs & departments to the general fund after fiscal year end June 30, 2011.</p>	<p>We recommend that no adjustments to prior year be made to after the fiscal year end, as it distorts the fund balances.</p>	<p>Response: In the future I will make sure not to do a transfer into the new fiscal year.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
High	3	Frequency of Deposits	
New	<p>During our test of ticket sales cash receipts, we noted one RMC (13585) in which money was collected on 1/12/2012 that was not remitted to the bookkeeper until 1/24/2012.</p> <p>Delays in the collection and recording process result in inaccurate records and could be the result of misappropriated 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.</p>	<p>Response: It is truly a problem with the coaches not being able to come and count the money until they are free. We will do something different this year to adhere to the problem.</p> <p>ECD: Immediately</p>

SCHOOL: FRUIT COVE MIDDLE SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/30/2012

Rating	Issues	Recommendation	Management Response
High	4	Authorization of Transfers/Adjustments	
New	<p>During our testing of adjustments, we noted one adjustment without documented approval by the principal on the journal entry documentation.</p> <p>Unauthorized adjustments could result in errors in the general ledger or be an indication of potential misappropriation of funds.</p>	<p>All journal entries should be documented on the district approved Journal Entry Form and must be authorized by the principal. The form includes space for signatures of the preparer and approver. We recommend this policy be followed without exception.</p>	<p>Response: In the future I will make sure I use the correct journal entry sheet.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
Moderate	5	Fund Raising Activity	
New	<p>During our testing of fund raising activities, we noted the Fund Raising Activity Form was not fully completed for the Chorus Poinsettia Sale. The "Accounting Summary" section was not completed.</p> <p>Failure to completely follow district policies related to the use of fund raiser reconciliations could result in an inability to ensure the fund raising activity is fully and accurately captured in the internal accounts fund.</p>	<p>The Internal Accounts Handbook (Section 4.05 (g)) states all fund raising requests shall be documented on a District authorized fund raising activity form accompanied by a supporting fund raising checklist.</p>	<p>Response: In the future I will adhere to the proper accuracy of the fund raising form.</p> <p>ECD: Immediately</p>

SCHOOL: FRUIT COVE MIDDLE SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/30/2012

Rating	Issues	Recommendation	Management Response
Moderate	6	Safe Combination	
New	<p>Per discussion with the bookkeeper, the combination to the safe is known by the principal, the assistant principal, the bookkeeper, and the executive secretary.</p> <p>The combination should be protected to ensure safeguarding of assets.</p>	<p>The Internal Accounts Handbook states that each school "shall use a safe, vault, or night depository for the protection of money received" and that "Only the principal, bookkeeper, and principal's designee shall have knowledge of the combination" (District Internal Accounts Handbook, Section 2.08(a) and (c))." Typically the designee is an assistant principal. We recommend the above policy be followed without exception.</p>	<p>Response: Since hiring a new bookkeeper, I will be the new designee instead of the assistant principal.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
Moderate	7	Contract Authorization	
New	<p>During our testing of the yearbook, we noted that the school pictures agreement was signed by the Assistant Principal and not the principal.</p> <p>The yearbook contract was not on file, so we were therefore unable to determine if the contract was properly approved by the principal.</p>	<p>The Internal Accounts Handbook (Section 4.07) states that the sponsor and principal may contract for school newspapers, yearbooks, and other publications. We recommend that this policy be followed without exception.</p>	<p>Response: In the future we will make sure that the principal signs all contracts.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
Moderate	8	Frequency of Disbursements	
New	<p>During our testing of cash Disbursements we noted check #5505 was paid 246 days after the invoice date.</p> <p>Failure to pay invoices timely can result in late payment penalties, missed discounts and inaccurate payments.</p>	<p>We recommend that payments be made within 45 days of the invoice date or by the due date stipulated by the vendor in order to avoid possible late penalties and/or take advantage of any possible discounts offered by the vendor.</p>	<p>Response: I will make sure that invoices are paid within 45 days.</p> <p>ECD: Immediately</p>

SCHOOL: GAINES ALTERNATIVE CENTER

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/1/2012

Rating	Issues	Recommendation	Management Response
High	1	Financial Reports	
New	<p>During our testing of the monthly financial reports, we noted that the June reports, bank statement, and bank reconciliation did not have evidence of principal review.</p> <p>Without proper review of the financial records on a monthly basis by someone other than the preparer, funds could be posted incorrectly or misappropriated.</p>	<p>The Internal Accounts Handbook (Section 6.01(a)) states that, "The principal shall date and initial the bank statement and bank reconciliation after the reviews are completed."</p> <p>We recommend that the above policy be followed without exception.</p>	<p>Response: All bank statements and bank reconciliations will be dated and initialed.</p> <p>ECD: 7/1/2012</p>

Rating	Issues	Recommendation	Management Response
High	2	Fundraising Activity	
New	<p>During our testing of fund raising activities, we noted that there was no supporting documentation for the fundraiser, which was held multiple times during the year per inquiry with the bookkeeper, selected to evidence prior approval by the principal, financial results, or final approval by the principal.</p> <p>Failure to completely follow District policies related to the use of fund raiser reconciliations could result in an inability to ensure the fund raising activity is fully and accurately captured in the internal accounts fund.</p>	<p>The Internal Accounts Handbook (Section 4.05 (a) and (g)) states the principal shall control all fundraising activities, and that all fund raising requests shall be documented on a District authorized fund raising activity form accompanied by a supporting fund raising checklist. The school should complete a Fund Raising Activity Form for each fundraiser (Exhibit 4, Internal Accounts Handbook). This form serves as documentation of pre-approval, accounting summary, and final approval of the fundraiser.</p> <p>We recommend the above policies be followed without exception.</p>	<p>Response: Proper fundraising documentation will be completed for each fundraising activity including the fundraising checklist approved by Principal.</p> <p>ECD: 8/20/12</p>

SCHOOL: GAINES ALTERNATIVE CENTER - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/1/2012

Rating	Issues	Recommendation	Management Response
High	3	Accuracy of Report of Monies Collected (RMC) Forms	
New	<p>During our testing of cash receipts, we noted the following for RMC 13726:</p> <ul style="list-style-type: none"> The total amount on the RMC was not mathematically accurate. The sum of the individual amounts listed on the RMC was \$100, while the total written on the RMC was \$135. The total amount from the RMC matched the deposit slip and amount deposited per the bank statement. We were unable to verify that cash and checks were deposited intact as a complete listing of the monies collected was not shown on the RMC. <p>Inaccuracy of monies collected could result in misappropriation of funds.</p>	<p>The Internal Accounts Handbook, Section 4.02 (g) states that the bookkeeper shall reconcile the monies collected to the report of monies collected, document the pre-numbered electronic receipt number, sign off, and issue a carbon copy of the RMC to the individual collecting monies. We recommend the above policy be followed without exception.</p>	<p>Response: Double check amounts for accuracy on all deposits.</p> <p>ECD: 7/1/12</p>

SCHOOL: GAINES ALTERNATIVE CENTER - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/1/2012

Rating	Issues	Recommendation	Management Response
High	4	Non School Related Accounts	
New	<p>The school transferred \$5000 from a Pepsi Commission account into a newly created Athletic Directors Discretionary Fund during the year. The disbursements from this account do not directly benefit those students in the school. The fund is to be used to cover supplies and expenses related to meetings of the district athletic directors.</p> <p>The Financial and Program Cost Accounting and Reporting for Florida Schools manual (Redbook 2011) requires internal accounts funds to be used to benefit the students in the school unless the funds are being collected for a specific documented purpose.</p>	<p>Per Chapter 8 of the Financial and Program Cost Accounting and Reporting for Florida Schools manual (Redbook 2011), "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."</p> <p>We recommend the school ensure all disbursements from internal accounts benefit the students in the school unless collected for a specific documented purpose. For clarity, we recommend the Athletic Directors Discretionary Fund be renamed or closed and transferred to the general fund.</p>	<p>Response: Bookkeeper was instructed by the Finance Department to set up account in the current format. Will contact Finance on how to update account.</p> <p>ECD: 10/1/12</p>

Rating	Issues	Recommendation	Management Response
Low	5	Authorization of Transfers/Adjustments	
New	<p>During our testing of adjustments, we noted one adjustment without documented approval by the principal on the journal entry documentation.</p> <p>Unauthorized adjustments could result in errors in the general ledger or be an indication of potential misappropriation of funds.</p>	<p>All journal entries should be documented on the district approved Journal Entry Form and must be authorized by the principal. The form includes space for signatures of the preparer and approver. We recommend this policy be followed without exception.</p>	<p>Response: All Journal Entries will be signed by Principal</p> <p>ECD: 7/1/12</p>

SCHOOL: W.D. HARTLEY ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/6/2012

Rating	Issues	Recommendation	Management Response
Moderate	1	Yearbook	
New	<p>During our testing of the yearbook reconciliation, we noted a \$516 expenditure for an end of year celebration for the school's teachers and staff.</p> <p>Funds collected for yearbook sales should be used for necessary expenses relating to the production or printing of the yearbook.</p>	<p>The Internal Accounts Handbook (Section 9.04(a)(ii) states that surplus funds in the yearbook account may be used towards the cost of the next year's yearbook in order to maintain, reduce, or minimize the sales price charged to students.</p> <p>We recommend that these policies be followed without exception.</p>	<p>Response: In the future, Hartley administration will ensure that any profits collected from yearbook sales will be used only to minimize future yearbook sales price.</p> <p>ECD: August 16, 2012-ongoing</p>

SCHOOL: HICKORY CREEK ELEMENTARY

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/23/2012

Rating	Issues	Recommendation	Management Response
High	1	Segregation of Duties	
Recurring	<p>During our testing of segregation of duties, we noted that the bookkeeper occasionally collects original receipts from students and parents.</p> <p>As the bookkeeper's duties include bank deposits, posting monies collected in the computer and bank reconciliation, there is not an appropriate level of segregation of duties if they are also the initial collector of monies and preparer of the 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>In accordance with section 4.02(c), "Monies shall be collected only by persons authorized by the principal. The bookkeeper cannot be designated as the primary recipient of original receipts. An alternative recipient should be designated by the principal. Acceptable designees include school principal, assistant principal, receptionist, teachers, coaches, or directors."</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: In order to make timely bank deposits, the bookkeeper does occasionally complete monies collected forms and have a second party sign off on the form for verification. The bookkeeper will refrain from completing forms from this day forward.</p> <p>ECD: 8/1/2012</p>

SCHOOL: HICKORY CREEK ELEMENTARY - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/23/2012

Rating	Issues	Recommendation	Management Response
High	2	Completion of Report of Monies Collected (RMC) Forms	
Recurring	During our testing of cash receipts, we noted the following: <ul style="list-style-type: none"> • Cash or check was not listed next to each amount collected on RMC 13909. Without a listing of cash or check for each amount collected, it cannot be verified whether monies collected are being deposited intact. • An error correction on RMC 15329 was not made in accordance with the Internal Funds Handbook. 	The Internal Accounts Handbook, Section 4.01 (a)(iv) states that cash or check number must be listed with the student's name. Section 4.01(a)(iii) also states that "any erroneous information must be invalidated by the originator of the entry by lining through such information, entering the correct information above or below the error and initialing." We recommend the above policies be followed without exception.	Response: The bookkeeper attempts to complete monies collected that are missing information, but occasionally an error is made. Every attempt will be made to have forms complete. Error corrections will be initialed by preparer. ECD: 8/1/2012

SCHOOL: HICKORY CREEK ELEMENTARY - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/23/2012

Rating	Issues	Recommendation	Management Response
High	3	Yearbook	
Recurring	<p>During our testing of the yearbook reconciliation, we noted the following:</p> <ul style="list-style-type: none"> The sales amount on the reconciliation was not accurate. The calculation of the number of books sold multiplied by the sales price was not mathematically accurate. The Yearbook Account Reconciliation section was not completed and did not include a calculation or reconciliation of the total profit/loss. The bookkeeper handled all duties around yearbook, including ordering, receiving, custody, collection of funds, and yearbook reconciliation. <p>Without the proper controls surrounding yearbook sales, inventory, and cash collections could be misappropriated. Also, without the proper segregation of duties and controls surrounding yearbooks, there is an increased likelihood of errors, misappropriation of cash and/or yearbooks or other types of irregularities to occur without being detected within an acceptable timeframe.</p>	<p>The Internal Accounts Handbook (Section 9.04) states that if yearbooks are sold by a school, then the yearbook class sponsor shall maintain specified required information. We recommend that this policy be followed without exception.</p> <p>We recommend the following segregation of duties:</p> <ul style="list-style-type: none"> Require that the principal or their designee outside of the yearbook function (cash collection, recording of transactions, reconciliation etc) obtain initial receipt of the incoming yearbooks. This person should be required to count and document the total number of yearbooks the school initially receives. Require that someone other than the bookkeeper collect yearbook cash receipts, as the bookkeeper's duties are inherently incompatible with cash collection. Require that someone other than the bookkeeper complete the yearbook reconciliation. The bookkeeper should review the yearbook reconciliation for accuracy and completeness. 	<p>Response: We had staggered pricing for yearbooks. I was unable to balance on the reconciliation form provided. The bookkeeper will no longer handle any yearbook duties.</p> <p>ECD: 6/30/2013</p>

SCHOOL: HICKORY CREEK ELEMENTARY - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/23/2012

Rating	Issues	Recommendation	Management Response
High	4	Extended Day Collections	
New	<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>Non advanced receipt of extended day program fees 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 know our students and their parents and do not turn a student away for late payments. Every attempt will be made to collect monies prior to participation in the Extended Day Program</p> <p>ECD: 6/30/2013</p>

Rating	Issues	Recommendation	Management Response
High	5	Fundraising Activity	
New	<p>During our testing of fund raising activities, we noted that there was no supporting documentation for the fundraiser selected to evidence prior approval by the principal, financial results, or final approval by the principal.</p> <p>Failure to completely follow District policies related to the use of fund raiser reconciliations could result in an inability to ensure the fund raising activity is fully and accurately captured in the internal accounts fund.</p>	<p>The Internal Accounts Handbook (Section 4.05 (a) and (g)) states the principal shall control all fundraising activities, and that all fund raising requests shall be documented on a District authorized fund raising activity form accompanied by a supporting fund raising checklist. The school should complete a Fund Raising Activity Form for each fundraiser (Exhibit 4, Internal Accounts Handbook). This form serves as documentation of pre-approval, accounting summary, and final approval of the fundraiser.</p> <p>We recommend the above policies be followed without exception.</p>	<p>Response: The Music Department will gain approval and provide documentation for any further fundraising efforts.</p> <p>ECD: 6/30/2013</p>

SCHOOL: R.B. HUNT ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/1/2012

Rating	Issues	Recommendation	Management Response
High	1	Frequency of Deposits	
Recurring	<p>During our test of cash receipts, we noted one RMC (24272) in which money was collected on 5/11/2012 that was not remitted to the bookkeeper until 5/15/2012.</p> <p>Delays in the collection and recording process result in inaccurate records and could be the result of misappropriated 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.</p>	<p>Response: In accordance with the Internal Accounts Handbook, section 4.02, every attempt will be done and this policy will be reiterated to the staff.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
High	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>Not obtaining receipt of extended day program fees in advance of providing services 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: The Extended Day Supervisor will make all efforts to collect dues and fees in advance according to the Constitution of the State of Florida, Article VII, Section 10."</p> <p>ECD: Immediately</p>

SCHOOL: R.B. HUNT ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/1/2012

Rating	Issues	Recommendation	Management Response
High	3	Completion of Report of Monies Collected (RMC) Forms	
New	During our testing of cash receipts, we noted that cash or check was not listed next to each amount collected on RMC 24272. Without a listing of cash or check for each amount collected, it cannot be verified whether monies collected are being deposited intact.	The Internal Accounts Handbook, Section 4.01 (a)(iv) states that cash or check number must be listed with the student's name. We recommend the above policy be followed without exception.	Response: In accordance with the Internal Accounts Handbook, section 4.01, every attempt will be made to have accurate records of cash and check numbers. This will be reiterated to the staff. ECD: Immediately

Rating	Issues	Recommendation	Management Response
Moderate	4	Extended Day Disbursements	
New	During our test of extended day cash disbursements, we noted that the extended day fees collected in February were not remitted to the district until April 10th. In addition, The extended day fees account included \$7,804 at 6/30/2012, which should have been remitted to the district prior to year end. Inaccurate records and delayed remittances may limit the district's ability to properly monitor funds for collection and compliance with district guidelines.	The Internal Accounts Handbook (Section 3.01 (g) (vi)) states that all extended day fees "collected each month shall be transferred by the school to the District Finance Office by the 10th of the month following the month of collection." We recommend that the above policy be followed without exception.	Response: Extended Day fees collected each month shall be transferred by the school to the District Finance Office by the 10th of the month following the month of collection. ECD: Immediately

Rating	Issues	Recommendation	Management Response
Moderate	5	Sales Tax	
New	During our testing of disbursements, we noted that check # 94 inappropriately included sales tax. The School Board is not subject to sales tax; therefore sales tax should not be paid or reimbursed unless purchasing items for resale.	The Internal Accounts Handbook (Section 5.01(j) states that, "Purchases are specifically exempted from sales and use tax, except for purchases for resale." We recommend that this policy be followed without exception.	Response: All attempts will be made to assure tax will not be paid on non-resale items. ECD: Immediately

SCHOOL: JULINGTON CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2012

Rating	Issues	Recommendation	Management Response
High	1	Prior Period Adjustment	
Recurring	During our review of the annual cash balance report, we identified that the School made a \$60 transfer from the general fund to classes, clubs & departments fund after fiscal year end June 30, 2011.	We recommend that no adjustments to prior year be made to after the fiscal year end, as it distorts the fund balances.	<p>Response: No transfers will be made to prior year after the fiscal year end.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
High	2	Frequency of Deposits	
New	<p>During our test of extended day cash receipts, we noted that monies were collected between 8/1/2011 and 8/22/2011 but not remitted to the bookkeeper until 8/31/2011.</p> <p>In addition, there was no documentation of the actual date received from parents, as the extended day coordinator does not record the initial collection date in the financial records. Funds are held for deposit over a period of several days in the extended day safe and entered into the QuickBooks system on the date the deposit is prepared for the bookkeeper.</p> <p>Delays in the collection and recording process result in inaccurate records and could be the result of misappropriated 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. The funds should be remitted to the bookkeeper on the day of collection without exception.</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 extended day coordinator documented receipt all monies collected on the day of initial collection from parents.</p>	<p>Response: When school starts, the first week is very busy. Planning, organizing, enrolling, getting things up and rolling. Because of this, deposit was done a week after. Checks are stored in safe.</p> <p>ECD: Immediately</p>

SCHOOL: JULINGTON CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2012

Rating	Issues	Recommendation	Management Response
High	3	Authorization of Disbursements	
New	<p>During our test of cash disbursements, we noted that check # 187 was not substantiated by the required material requisition/check request form.</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 5.01) 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. We recommend all disbursements have proper documentation to support the expenditure made.</p> <p>We recommend the above policies be followed without exception.</p>	<p>Response: A materials requisition/check request will be provided with each check issued including checks written to the District.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
High	4	Extended Day Collections	
New	<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>Not obtaining receipt of extended day program fees in advance of providing services 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 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: They enrolled and started before I could make deposit. Deposits reflect date they were completed, not the date on the check. In the future, deposits will reflect the date check was submitted.</p> <p>ECD: 2012-2013 School year</p>

SCHOOL: JULINGTON CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2012

Rating	Issues	Recommendation	Management Response
Moderate	5	Extended Day Disbursements	
New	<p>During our test of extended day cash disbursements, we noted that some extended day fees collected in November were not remitted to the district until January 9th.</p> <p>Inaccurate records and delayed remittances may limit the district's ability to properly monitor funds for collection and compliance with district guidelines.</p>	<p>The Internal Accounts Handbook (Section 3.01 (g) (vi)) states that all extended day fees "collected each month shall be transferred by the school to the District Finance Office by the 10th of the month following the month of collection."</p> <p>We recommend that the above policy be followed without exception.</p>	<p>Response: Monies become delayed when holidays come into play. A check submitted after Thanksgiving does not get deposited until December. It then goes to office safe and then to bank. (Only 2 weeks in December)</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
High	6	Extended Day Reconciliations and Audits	
New	<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, • Principal review of monthly reconciliations, and • Principal's sample audit of attendance sheets and schedule of fees charged and fees paid quarterly. <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 "Fees must be reconciled with attendance records and balanced monthly. The principal must resolve any variances monthly. The principal must also sample audit attendance sheets and schedule of fees charged and fees paid quarterly."</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. This should review the reconciliation, resolve variances, and document his review by sign off.</p> <p>We also recommend that the principal perform quarterly sample audits of attendance and fees. The documentation of the review and audits should include the date and sign off by the principal.</p>	<p>Response: Discussed and noted with bookkeeper and principal.</p> <p>ECD: Immediately</p>

SCHOOL: JULINGTON CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2012

Rating	Issues	Recommendation	Management Response
Moderate	7	Principal's Discretionary Fund	
New	<p>During testing of the principal's discretionary fund, we noted the following:</p> <ul style="list-style-type: none"> The reconciliation of the funds transferred to unweighted FTE was not prepared or submitted to the District Finance Office. The detail of the calculation of the transfer amount was not maintained on file. <p>Improper records for the principal's discretionary funds could result in incorrectly posted or misappropriated funds.</p>	<p>The Internal Accounts Handbook, Section 4.15 (b) states that the Principal's Discretionary Fund shall be funded by any of the following sources: commissions, donations, parking fines and fees, or the Internal Accounts General Fund. A school may transfer funds from the Internal Accounts General Fund into the Principal's Discretionary Fund only at the start of each fiscal year, from July 1st through September 15th in the amount of \$4.00 per student, not to exceed \$4,000 for elementary schools, \$6,000 for middle schools, and \$8,000 for high schools. Funds transferred from the Internal Accounts General Fund must be reconciled to unweighted FTE and reported in writing to the District Finance Office by November 1st. We recommend the above policy be followed without exception.</p>	<p>Response: Funds transferred from the General Fund into the Principal's Discretionary Fund will be reconciled to the unweighted FTE and reported to the District Finance Office and corresponding paperwork will be maintained.</p> <p>ECD: School Year 2012-2013</p>

SCHOOL: KETTERLINUS ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 08/02/2012

Rating	Issues	Recommendation	Management Response
Moderate	1	Sales Tax	
New	During our testing of disbursements, we noted that check #193 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 5.05) 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: In the future, Ketterlinus Elementary School will be diligent in paying sales tax for items purchased for resale unless specifically exempted. Also, Ketterlinus Elementary School will pay collected sales tax from resale items to the Florida Department of Revenue as stated in the Internal Accounts Handbook (Section 5.05).</p> <p>ECD: Immediately</p>

SCHOOL: LANDRUM MIDDLE SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/31/2012

Rating	Issues	Recommendation	Management Response
High	1	Authorization of Expenditures	
Recurring	<p>During our test of disbursements, we noted that the principal's approval of the material requisition/check request form for check 251 was not dated so we could not verify that the purchase was pre-approved.</p> <p>Disbursements that do not have proper approval prior to the purchase could result in overspending of the budget or misappropriation of funds.</p>	<p>We recommend that all disbursements have materials requisition/check request forms that provide for documented approval with date of approval by the principal/designee to ensure that all purchases are approved before the expenditures are made.</p> <p>The Internal Accounts Handbook, Section 5.01 states the general provisions of expenditures. We recommend the above policies be followed without exception.</p>	<p>Response: Beginning immediately the material requisition form will be dated when the Principal signs.</p> <p>ECD: 8-1-2012</p>

Rating	Issues	Recommendation	Management Response
High	2	Yearbook	
Recurring	<p>During our testing of the yearbook reconciliation, we noted the following:</p> <ul style="list-style-type: none"> We were unable to agree the yearbook sales amounts per the yearbook reconciliation documentation to the general ledger. A transfer of \$1000 was made out of the yearbook account to fund the school newspaper account. <p>Without proper controls surrounding yearbook sales, inventory and cash collections could be misappropriated. Funds collected for yearbook sales should be used for necessary expenses relating to the production or printing of the yearbook.</p>	<p>The Internal Accounts Handbook (Section 9.04) states that if yearbooks are sold by a school, then the yearbook class sponsor shall maintain specified required information.</p> <p>The Internal Accounts Handbook (Section 9.04(a)(ii)) also states that surplus funds in the yearbook account may be used towards the cost of the next year's yearbook in order to maintain, reduce, or minimize the sales price charged to students.</p> <p>We recommend that these policies be followed without exception.</p>	<p>Response: Beginning with Yearbook sales for 2012-2013 careful records will be kept for book sales and ad sales as well as funds spent from the yearbook account. The school newspaper is a function of the students who also work on the yearbook and the newspaper benefits the entire student body.</p> <p>ECD: 8-1-2012</p>

SCHOOL: LANDRUM MIDDLE SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/31/2012

Rating	Issues	Recommendation	Management Response
Moderate	3	Fundraising Activity	
Recurring	<p>During our testing of fund raising activities, we noted that names of individuals purchasing items, items and number of units purchased, and records indicating items were received by the purchaser was not maintained for sales by students of the fund raiser items.</p> <p>Failure to completely follow District policies related to the use of fund raiser reconciliations could result in an inability to ensure the fund raising activity is fully and accurately captured in the internal accounts fund.</p>	<p>The Internal Accounts Handbook, (Section 9.03) <i>Fund Raising Inventory</i>, should be reviewed by the principal and bookkeeper. We recommend this policy be followed without exception.</p>	<p>Response: Beginning immediately teachers will be cautioned about student fundraising efforts and careful records will be kept.</p> <p>ECD: 8-1-2012</p>

Rating	Issues	Recommendation	Management Response
Moderate	4	Frequency of Disbursements	
New	<p>During our testing of cash disbursements we noted that the supporting documentation for check # 165 included two invoices dated 11/14/2011 and 11/17/2011, but not paid until 1/18/2012.</p> <p>Failure to pay invoices timely can result in late payment penalties, missed discounts and inaccurate payments.</p>	<p>We recommend that payments be made within 45 days of the invoice date or by the due date stipulated by the vendor in order to avoid possible late penalties and/or take advantage of any possible discounts offered by the vendor.</p>	<p>Response: This was a case of the vendor delaying the invoicing for orders placed. I did not hold the invoice. Beginning immediately I will match the dates on orders and invoices to make on-time payments.</p> <p>ECD: 8-1-2012</p>

SCHOOL: LANDRUM MIDDLE SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/31/2012

Rating	Issues	Recommendation	Management Response
Moderate	5	Authorized Check Signers	
New	<p>Per review of the authorized signers listing from the bank, we noted that one of the authorized check signers included an assistant principal that was employed by the School during FY 2012, but left the school on July 1, 2012.</p> <p>Improper cash disbursements authorization access could lead to misappropriation of assets.</p>	<p>We recommend that the bookkeeper update the authorized signers listing with the bank to ensure compliance with the following requirements in the Internal Accounts Handbook (Section 2.04): "The principal of each school shall designate two persons in addition to him/herself who shall be authorized to sign checks and withdraw funds from checking, savings, or other investment accounts...These names shall be kept on file for audit."</p>	<p>Response: The new Assistant Principal was not available to sign the paperwork before July 9, 2012 when the new authorization was submitted.</p> <p>ECD: July 9, 2012</p>

Rating	Issues	Recommendation	Management Response
Moderate	6	Principal's Discretionary Fund	
New	<p>During testing of the principal's discretionary fund, we noted that one transfer from the general fund occurred on 11/1/2011, after the window allowed by the District. The transfer was reported to the District on 11/2/2011.</p> <p>Improper records for the principal's discretionary funds could result in incorrectly posted or misappropriated funds.</p>	<p>The Internal Accounts Handbook, Section 4.15 (b) states that the Principal's Discretionary Fund shall be funded by any of the following sources: commissions, donations, parking fines and fees, or the Internal Accounts General Fund. A school may transfer funds from the Internal Accounts General Fund into the Principal's Discretionary Fund only at the start of each fiscal year, from July 1st through September 15th in the amount of \$4.00 per student, not to exceed \$4,000 for elementary schools, \$6,000 for middle schools, and \$8,000 for high schools. Funds transferred from the Internal Accounts General Fund must be reconciled to unweighted FTE and reported in writing to the District Finance Office by November 1st. We recommend the above policy be followed without exception.</p>	<p>Response: New directives have been issued concerning the dates for transfer of funds to the Principal's discretionary account. These new directives will be followed.</p> <p>ECD: Transfer for 2012-2013 occurred August 28, 2012 according to the new directive.</p>

SCHOOL: LANDRUM MIDDLE SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/31/2012

Rating	Issues	Recommendation	Management Response
Moderate	7	Safe Combination	
New	<p>Per discussion with the bookkeeper, the combination to the safe is known by the principal, the bookkeeper, and the maintenance coordinator.</p> <p>The combination should be protected to ensure safeguarding of assets.</p>	<p>The Internal Accounts Handbook states that each school "shall use a safe, vault, or night depository for the protection of money received" and that "Only the principal, bookkeeper, and principal's designee shall have knowledge of the combination" (District Internal Accounts Handbook, Section 2.08(a) and (c))." Typically the designee is an assistant principal. We recommend the above policy be followed without exception.</p>	<p>Response: Mr. Brett Butler was chosen as the principal's designee as he is always available on campus and he has no problem working the combination when other designees could not open the safe.</p> <p>ECD: We would prefer to keep Mr. Butler as the Principal's Designee as he is the administrator of the building and can access the building during off hours.</p>

SCHOOL: LIBERTY PINES ACADEMY

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/9/2012

Rating	Issues	Recommendation	Management Response
Moderate	1	Sales Tax	
Recurring	During our testing of disbursements, we noted that the check with document ID #1001963 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 5.05) 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: We did not realize that a required field trip shirt paid for by the parent, then purchased by the school was considered to be resale of merchandise.</p> <p>ECD: August 1, 2012</p>

Rating	Issues	Recommendation	Management Response
High	2	Extended Day Collections	
New	<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>Not obtaining receipt of extended day program fees in advance of providing services 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: This was an oversight. The procedures for fees collection has been reviewed with the coordinator and the staff of extended day.</p> <p>ECD: August 1, 2012</p>

SCHOOL: LIBERTY PINES ACADEMY - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/9/2012

Rating	Issues	Recommendation	Management Response
High	3	Extended Day Reconciliations and Audits	
New	<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"> Principal review of monthly reconciliations of extended day fees collected, and Principal's sample audit of attendance sheets and schedule of fees charged and fees paid quarterly. <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 "Fees must be reconciled with attendance records and balanced monthly. The principal must resolve any variances monthly. The principal must also sample audit attendance sheets and schedule of fees charged and fees paid quarterly."</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>We also recommend that the principal perform quarterly sample audits of attendance and fees. The documentation of the review and audits should include the date and sign off by the principal.</p>	<p>Response: Procedures for the principal to conduct sample audits of attendance records and funds reconciliation have been implemented.</p> <p>ECD: August 1, 2012</p>

SCHOOL: LIBERTY PINES ACADEMY - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/9/2012

Rating	Issues	Recommendation	Management Response
Moderate	4	Property Purchase Reporting	
New	<p>During our cash disbursements testing, we noted one purchase for a safe, for which the purchase amount exceeded the District's \$1,000 capitalization threshold (document ID #1003051).</p> <p>The District was not notified of the purchase for property control reporting purposes nor did they receive the supporting documentation. The property was not recorded into the School's property inventory and was not tagged with an identification tag from the District.</p> <p>Property purchases must be in accordance with District guidelines to minimize risk of misappropriation and to ensure the assets are added to the District-wide inventory records accurately.</p>	<p>Per the Internal Accounts Handbook (Section 8.01(b)), "For property purchases or donations exceeding the District's capitalization threshold, notification to the District office is required and is the responsibility of the school principal or property custodian. A full description of any equipment or property must be given, including make, model, serial number, acquisition date, and total cost or fair market value of donated property. A supporting purchase order and invoice must also be provided for property purchases."</p> <p>Additionally, Section 8.01(e) states that, "The school principal or property custodian is responsible for ensuring that District issued identification tags are properly affixed to all acquired property."</p> <p>We recommend that the above policies be followed without exception.</p>	<p>Response: This was an oversight and has been addressed.</p> <p>ECD: August 1, 2012</p>

SCHOOL: OTIS A. MASON ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/6/2012

Rating	Issues	Recommendation	Management Response
High	1	Extended Day Collections	
New	<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>Not obtaining receipt of extended day program fees in advance of providing services 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: Fees will continue to be required to be paid in advance. Late fees will be charged and parents will be encouraged to pay on time with notices posted as reminders of payment policies.</p> <p>ECD: 8/20/2012</p>

Rating	Issues	Recommendation	Management Response
High	2	Completion of Report of Monies Collected (RMC) Forms	
New	<p>During our testing of cash receipts, we noted that cash or check was not listed next to each amount collected on RMC 10434. Without a listing of cash or check for each amount collected, it cannot be verified whether monies collected are being deposited intact.</p>	<p>The Internal Accounts Handbook, Section 4.01 (a)(iv) states that cash or check number must be listed with the student's name.</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: Formal training on collection forms will be conducted for teachers/staff.</p> <p>ECD: 8/29/2012</p>

SCHOOL: OTIS A. MASON ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/6/2012

Rating	Issues	Recommendation	Management Response
High	3	Extended Day Reconciliations and Audits	
New	<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, • Principal review of monthly reconciliations, and • Principal's sample audit of attendance sheets and schedule of fees charged and fees paid quarterly. <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 "Fees must be reconciled with attendance records and balanced monthly. The principal must resolve any variances monthly. The principal must also sample audit attendance sheets and schedule of fees charged and fees paid quarterly."</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>We also recommend that the principal perform quarterly sample audits of attendance and fees. The documentation of the review and audits should include the date and sign off by the principal.</p>	<p>Response: Monthly meetings will be conducted to include the principal, bookkeeper, and extended day coordinator. Agendas and sign in sheets will be completed as documentation at each meeting.</p> <p>ECD: 9/10/2012</p>

Rating	Issues	Recommendation	Management Response
High	4	Authorized Check Signers	
New	<p>Per review of the authorized signers listing from the bank, we noted that one of the authorized check signers included an assistant principal that was employed by the School during FY 2012, but left as of 6/30/2012.</p> <p>Improper cash disbursements authorization access could lead to misappropriation of assets.</p>	<p>We recommend that the bookkeeper update the authorized signers listing with the bank to ensure compliance with the following requirements in the Internal Accounts Handbook (Section 2.04): "The principal of each school shall designate two persons in addition to him/herself who shall be authorized to sign checks and withdraw funds from checking, savings, or other investment accounts. These names shall be kept on file for audit."</p>	<p>Response: All authorized signers will be properly documented and updated. The former assistant principal has been removed as an authorized check signer and the new assistant principal added.</p> <p>ECD: 8/20/2012</p>

SCHOOL: OTIS A. MASON ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/6/2012

Rating	Issues	Recommendation	Management Response
Moderate	5	Extended Day Disbursements	
New	<p>During our test of extended day cash disbursements, we noted that the extended day fees collected in November were not remitted to the district until January 11th.</p> <p>Inaccurate records and delayed remittances may limit the district's ability to properly monitor funds for collection and compliance with district guidelines.</p>	<p>The Internal Accounts Handbook (Section 3.01 (g)(vi)) states that all extended day fees "collected each month shall be transferred by the school to the District Finance Office by the 10th of the month following the month of collection."</p> <p>We recommend that the above policy be followed without exception.</p>	<p>Response: A program error that needed correction by the corporate system administration caused a delay in the transfer of funds to the district. All funds in the future will be transferred by the 10 of the following month.</p> <p>ECD: N/A</p>

Rating	Issues	Recommendation	Management Response
Moderate	6	Outside Organizations	
New	<p>During our testing of outside organizations, we noted one payment to the PTO was made by the school and did not have prior approval by the District Chief Financial Officer.</p>	<p>The Internal Accounts Handbook states that any and all transactions with school support organizations (PTA, PTO, & Booster Clubs) must have prior approval of the District Chief Financial Officer (District Internal Accounts Handbook, Section 3.01vii and Article X). We recommend this policy be followed without exception.</p>	<p>Response: Future transactions will be approved by the District Chief Financial Officer prior to payment.</p> <p>ECD: Immediately</p>

SCHOOL: OTIS A. MASON ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/6/2012

Rating	Issue	Recommendation	Management Response
Moderate	7	Safe Combination	
New	<p>Per discussion with the bookkeeper, the combination to the safe is known by the principal, the bookkeeper, and the computer operator.</p> <p>The combination should be protected to ensure safeguarding of assets.</p>	<p>The Internal Accounts Handbook states that each school "shall use a safe, vault, or night depository for the protection of money received" and that "Only the principal, bookkeeper, and principal's designee shall have knowledge of the combination" (District Internal Accounts Handbook, Section 2.08(a) and (c))." Typically the designee is an assistant principal. We recommend the above policy be followed without exception.</p>	<p>Response: The computer operator will be removed as a combination holder and only the principal, bookkeeper, and assistant principal will be made aware of the combination.</p> <p>ECD: 9/4/2012 (Due to the retirement of the current bookkeeper, this change will occur to coincide with the combination update at the time of the new bookkeeper's arrival.)</p>

Rating	Issues	Recommendation	Management Response
Moderate	8	Unclaimed Property	
New	<p>During our testing of outstanding checks, we noted there were no unclaimed property letters on file to document due diligence performed on checks that had been outstanding for more than one year.</p> <p>Florida statutes over unclaimed property require holders of unclaimed property such as outstanding checks to perform due diligence to locate the owners of the inactive accounts.</p>	<p>The Internal Accounts Handbook, Section 6.06(b) states that bookkeepers shall perform due diligence on outstanding checks by preparing an Unclaimed Property Form Letter on school letterhead. The Unclaimed Property Form Letter allowable by the District is Appendix II Exhibit 8 in the Internal Accounts Handbook.</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: Unclaimed Property Form Letters will be sent to attempt to locate the owners of the inactive accounts.</p> <p>ECD: 8/20/2012</p>

SCHOOL: PEDRO MENENDEZ HIGH SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/6/2012

Rating	Issues	Recommendation	Management Response
High	1	Yearbook	
New	<p>During our testing of the yearbook reconciliation, we noted the following:</p> <ul style="list-style-type: none"> • Amounts were expended that did not relate to the purchase of yearbooks, i.e. field trips and fundraisers. • We were unable to agree the yearbook sales amounts per the yearbook reconciliation documentation to the general ledger. <p>Without proper controls surrounding yearbook sales, inventory and cash collections could be misappropriated. Funds collected for yearbook sales should be used for necessary expenses relating to the production or printing of the yearbook.</p>	<p>The Internal Accounts Handbook (Section 9.04(a)(ii) states that surplus funds in the yearbook account may be used towards the cost of the next year's yearbook in order to maintain, reduce, or minimize the sales price charged to students.</p> <p>We recommend that these policies be followed without exception.</p>	<p>Response: We are going to make every effort to correctly reconcile our yearbook account in the 2012/13 school year. Funding will only be used for necessary expenses related to yearbook.</p> <p>ECD: Immediately</p>

SCHOOL: MILL CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/25/2012

Rating	1	Issues	Recommendation	Management Response
High		Expenditure Support		
Recurring		<p>During our test of disbursements, we noted that the supporting documentation for check 120 was an order form completed by the sponsor and periodic statement from the vendor. No detail of purchase such as invoice or receipt is attached.</p> <p>Disbursements without proper supporting documentation could result in misappropriation of funds.</p>	<p>The Internal Accounts Handbook (Section 5.01(b)) 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: An additional Bill of sale was received and it was mistakenly discarded it.</p> <p>ECD: Immediately</p>

Rating	2	Issues	Recommendation	Management Response
High		Returned Checks		
Recurring		<p>During our test of returned checks, we were unable to determine the amount of returned checks pending reimbursement at year 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 (\$818.80).</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 manual bank reconciliation instructions provided to all bookkeepers in November 2011 state that the bookkeeper should verify the accuracy of the Accounts Receivable amount on the Cash Balance Report by matching it to the total of uncollected returned checks. As documentation of this process, a listing of returned checks pending reimbursement as of year end should be attached to the Cash Balance Report.</p>	<p>Response: These are checks that checkredi has turned over to their attorney and have been on our books for years. Bookkeeper will work more diligently with checkredi in regards to receiving payment or write off permission for these items.</p> <p>ECD: 12/01/2012</p>

SCHOOL: MILL CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/25/2012

Rating	Issues	Recommendation	Management Response
High	3	Extended Day Audits	
New	<p>During our testing of extended day documentation, we noted there was no documentation of the principal's sample audit of attendance sheets and schedule of fees charged and fees paid quarterly.</p> <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 "Fees must be reconciled with attendance records and balanced monthly. The principal must resolve any variances monthly. The principal must also sample audit attendance sheets and schedule of fees charged and fees paid quarterly."</p> <p>We recommend that the principal perform quarterly sample audits of attendance and fees. The documentation of the review and audits should include the date and sign off by the principal.</p>	<p>Response: Although the principal viewed the extended day records she did not sign them.</p> <p>The extended day coordinator has been instructed in the proper sample audit that should occur between she and the principal.</p> <p>ECD: 10/10/2012</p>

Rating	Issues	Recommendation	Management Response
High	4	Extended Day Collections	
New	<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>Not obtaining receipt of extended day program fees in advance of providing services 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: The September fees for the program 11/12 cover all of September and the several days of August that the children attend. Unfortunately the paperwork did not reflect this. This has been brought to the attention of the extended day coordinator and she has made the adjustment.</p> <p>ECD: 08/20/2012</p>

SCHOOL: MILL CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/25/2012

Rating	Issues	Recommendation	Management Response
Moderate	5	Financial Reports	
New	<p>During our testing of the monthly bank reconciliation, we noted that the June 2012 bank reconciliation and bank reconciliation were reviewed by the assistant principal, not the principal.</p> <p>The principal has ultimate responsibility for internal funds. Without review of the financial records on a monthly basis, funds could be posted incorrectly or misappropriated.</p>	<p>The Internal Accounts Handbook (Section 6.01(a)) states that, "The principal shall date and initial the bank statement and bank reconciliation after the reviews are completed."</p> <p>We recommend that when the principal is not present when the bank reconciliation is completed, the review should be done and documented by the principal's designee. The principal should review and sign off on the bank reconciliation and bank statement upon their return.</p>	<p>Response: At the time we were in the middle of a principal change and our new principal was not available to sign the bank req. It is understood that the requirement is always the principals reviewing the statement. In this instance she was not available.</p> <p>ECD: Immediately.</p>

SCHOOL: R.J. MURRAY MIDDLE SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/2/2012

Rating	Issues	Recommendation	Management Response
High	1	Yearbook	
New	<p>During our testing of the yearbook inventory, we noted that there were nine less yearbooks on hand than shown on the reconciliation.</p> <p>Without the proper controls surrounding yearbook sales, inventory, and cash collections could be misappropriated.</p>	<p>The Internal Accounts Handbook (Section 9.04) states that if yearbooks are sold by a school, then the yearbook class sponsor shall maintain specified required information. We recommend that this policy be followed without exception.</p>	<p>Response: Every attempt is made to follow procedure and secure the yearbook inventory. We have discussed how to improve our yearbook distribution system for the coming school year. The policy set forth in the Internal Accounts Handbook will be followed without exception.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
Moderate	2	Principal's Discretionary Fund	
New	<p>During our test of the principal's discretionary fund, we noted that the school made a \$2,780 transfer on 8/5/2011 and another transfer of \$101 on 12/5/2011 of general funds into the principal's discretionary fund and did not notify the district until June 2012.</p> <p>Also, the school exceeded their transfer allotment by \$101.</p> <p>Without the proper controls surrounding the principal's discretionary fund, cash collections and disbursements could be misappropriated.</p>	<p>The Internal Accounts Handbook, Section 4.15 (b) states that a school may transfer funds from the Internal Accounts General Fund into the Principal's Discretionary Fund only at the start of each fiscal year, from July 1st through September 15th in the amount of \$4.00 per student, not to exceed \$4,000 for elementary schools, \$6,000 for middle schools, and \$8,000 for high schools. Funds transferred from the Internal Accounts General Fund must be reconciled to unweighted FTE and reported in writing to the District Finance Office by November 1st. We recommend the above policy be followed without exception.</p> <p>We recommend that above policies be followed without exception.</p>	<p>Response: Every attempt is made to follow the Internal Accounts Handbook policy regarding the Principal's Discretionary Fund. In the future the documentation will be turned into the District during the appropriate time frame and the allotment based on student enrollment will not be exceeded.</p> <p>ECD: Immediately</p>

SCHOOL: ALLEN D. NEASE HIGH SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/25/2012

Rating	Issues	Recommendation	Management Response
High	1	Bank Reconciliation	
Recurring	<p>During our review of the June 2012 bank reconciliation, we noted that the cash balance per the cash balance report amounted to \$157,010, which did not agree to the amount per the detailed trial balance report of \$156,633, a difference of \$377.</p> <p>During our test of returned checks, we noted that the accounts receivable balance per the cash balance report amounted to \$469, which did not agree to the amount per the detailed trial balance report of \$377.</p> <p>The manual bank reconciliation procedures issued by the district include a step for generating the detailed trial balance report and comparing it to the cash balance report as a double check of accuracy of posting.</p> <p>A bank reconciliation offers checks and balances for the school's accounting and the bank's accounting. Bank reconciliations are a means to detect errors and misappropriation of funds.</p>	<p>The manual bank reconciliation procedures issued by the district includes a step for generating the detailed trial balance report and comparing cash, accounts receivable and accounts payable balances to the cash balance report as an addition review for accuracy.</p> <p>We recommend that unreconciled differences between the cash balance report and the detailed trial balance report be researched, corrected, and documented on a timely basis and included with the principal's review of the monthly bank reconciliation.</p>	<p>Response: \$469.50 was the correct accounts receivable at year end 6/30/12. \$376.79 was the ending accounts receivable at year end 6/30/11. The district extracted this amount from general to an accounts receivable account in Sept., 2011. A journal entry had already been entered in August to correct it, therefore duplicating entries occurred.</p> <p>A journal entry has now been entered (per district) to correct this error.</p> <p>Cash balance & detailed trial balance reports are now in balance.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
High	2	Yearbook	
Recurring	<p>During our testing of the yearbook inventory, we noted that there were six less yearbooks on hand than shown on the reconciliation.</p> <p>Without the proper controls surrounding yearbook sales, inventory, and cash collections could be misappropriated.</p>	<p>The Internal Accounts Handbook (Section 9.04) states that if yearbooks are sold by a school, then the yearbook class sponsor shall maintain specified required information. We recommend that this policy be followed without exception.</p>	<p>Response: Proper controls have been set up to eliminate errors with yearbook distribution.</p> <p>ECD: Immediately</p>

SCHOOL: ALLEN D. NEASE HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/25/2012

Rating	Issues	Recommendation	Management Response
Moderate	3	Property Purchase Reporting	
New	<p>During our cash disbursements testing, we noted one purchase for video equipment, for which the purchase amount exceeded the District's \$1,000 capitalization threshold (check #18672).</p> <p>The District was not notified of the purchase nor did they receive the supporting documentation. The property was not recorded into the School's property inventory and was not tagged with an identification tag from the District.</p> <p>Property purchases must be in accordance with District guidelines to minimize risk of misappropriation and to ensure the assets are added to the District-wide inventory records accurately.</p>	<p>Per the Internal Accounts Handbook (Section 8.01(b)), "For property purchases or donations exceeding the District's capitalization threshold, notification to the District office is required and is the responsibility of the school principal or property custodian. A full description of any equipment or property must be given, including make, model, serial number, acquisition date, and total cost or fair market value of donated property. A supporting purchase order and invoice must also be provided for property purchases."</p> <p>Additionally, Section 8.01(e) states that, "The school principal or property custodian is responsible for ensuring that District issued identification tags are properly affixed to all acquired property."</p> <p>We recommend that the above policies be followed without exception.</p>	<p>Response: The "Notification of Acquired Property" form has been completed and sent to the district to be added to inventory.</p> <p>ECD: Immediately</p>

SCHOOL: ALLEN D. NEASE HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/25/2012

Rating	Issues	Recommendation	Management Response
Low	4	Principal's Discretionary Fund	
New	<p>During testing of the principal's discretionary fund, we noted that one transfer from the general fund occurred on 9/22/2011, after the window allowed by the District.</p> <p>Without the proper controls surrounding the Principal's Discretionary Fund, cash collections and disbursements could be misappropriated.</p>	<p>The Internal Accounts Handbook, Section 4.15 (b) states that the Principal's Discretionary Fund shall be funded by any of the following sources: commissions, donations, parking fines and fees, or the Internal Accounts General Fund. A school may transfer funds from the Internal Accounts General Fund into the Principal's Discretionary Fund only at the start of each fiscal year, from July 1st through September 15th in the amount of \$4.00 per student, not to exceed \$4,000 for elementary schools, \$6,000 for middle schools, and \$8,000 for high schools. Funds transferred from the Internal Accounts General Fund must be reconciled to unweighted FTE and reported in writing to the District Finance Office by November 1st. We recommend the above policy be followed without exception.</p>	<p>Response: Transfers may now be made between August 1, 2012 through December 1, 2012 (per district) giving us an adequate period of time to calculate FTE data and enter transfers.</p> <p>ECD: Immediately</p>

SCHOOL: OCEAN PALMS ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/8/2012

Rating	Issues	Recommendation	Management Response
High	1	Frequency of Deposits	
Recurring	<p>During our test of cash receipts, we noted one monies collected form in which money was collected on 3/22/2012 but not deposited at the bank until 4/11/2012 (deposit containing monies collected form # 20120402).</p> <p>Deposits not made within 5 business days result in inaccurate records and could be the result of misappropriated funds.</p>	<p>The Internal Accounts Handbook states funds collected must be deposited within five working days of receipt. (District Internal Accounts Handbook, Section 4.03)</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: Unexpectedly, my daughter, Lily was hospitalized from 3/20 through 3/30. We do not have another bookkeeper assigned at OPE, and therefore, we did not create a batch deposit that week. We submitted the deposit that week when I came back to work. We have also spoken to all staff regarding not holding monies in their classroom overnight. All money must be turned into the safe the day they are collected. Please see attached Power Point presentation with all new cash receipt procedures.</p> <p>ECD: Implemented 8/13/2012</p>

SCHOOL: OCEAN PALMS ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/8/2012

Rating	Issues	Recommendation	Management Response
High	2	Completion of Report of Monies Collected (RMC) Forms	
Recurring	<p>During our testing of cash receipts, we noted RMC 2012040208 did not contain the corresponding pre-numbered, secured electronic receipt number for the collection.</p> <p>Inadequate completion of the monies collected forms could be an indication that monies are not being deposited as collected from the teachers/sponsors.</p>	<p>The Internal Accounts Handbook, Section 4.01 (a)(v) states that the RMC shall be identified by the pre-numbered secured electronic receipt number representing the collection.</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: Our batches are numbered in the following manner: YYYYMMDD##. The date is based on the courier pick up date. The number (##) is sequential for the RMC forms within the batch. The "control number" for the batch was written on the first RMC for the stapled batch, but only the ## was written on the following RMC.</p> <p>ECD: We have purchased a stamp that will stamp the first section of the control number on the RMC to make it easier on large batches. This was implemented on 8/13/2012.</p>

Rating	Issues	Recommendation	Management Response
High	3	Daily Cash Collection	
New	<p>During our test of cash receipts, we noted one monies collected form for which money was collected between 5/16/2012 and 5/18/2012 that was not remitted to the bookkeeper until 5/18/2012.</p> <p>Delays in the collection and recording process result in inaccurate records and could be the result of misappropriated 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: We have spoken to all staff regarding not holding monies in their classroom overnight. All money must be turned into the safe the day they are collected. Therefore, there will be no RMC forms that have a range of dates. Please see attached Power Point presentation will all new cash receipt procedures.</p> <p>ECD: Implemented 8/13.</p>

SCHOOL: OCEAN PALMS ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/8/2012

Rating	Issues	Recommendation	Management Response
Moderate	4	Loans Between Accounts	
New	<p>During our testing of transfers, we noted one transfer between the general fund and four class and club accounts was done to cover negative balances in the class and club accounts, and not repaid at year end. The total transfer amount was \$4,221.47.</p> <p>Failure to comply with internal fund guidelines over transfers and overdrawn accounts could result in improper use of general fund monies, or failure to detect misappropriation of funds.</p>	<p>The Internal Accounts Handbook Section 3.01(b)(v) states that no classes and club accounts may be overdrawn at the end of the school year. The Handbook (Section 6.03(b)(iv)) allows for internal transfers to be used as loans between accounts, but states that "all loans must be repaid by June 30th of each year."</p> <p>We recommend that the bookkeeper document the plans for repaying the loans between the classes and club accounts and the general fund. Proper monitoring of the activity during the year should be done to ensure the amounts are paid back on a timely basis.</p>	<p>Response: We received money from our class pictures, and used the grade level portions of the check to cover the negative balances in the accounts.</p> <p>ECD: Check deposited week of 8/20. All negative balances have been repaid.</p>

Rating	Issues	Recommendation	Management Response
Moderate	5	Safe Combination	
New	<p>Per discussion with the bookkeeper, the combination to the safe is known by the principal, the bookkeeper, and the maintenance coordinator.</p> <p>The combination should be protected to ensure safeguarding of assets.</p>	<p>The Internal Accounts Handbook states that each school "shall use a safe, vault, or night depository for the protection of money received" and that "Only the principal, bookkeeper, and principal's designee shall have knowledge of the combination" (District Internal Accounts Handbook, Section 2.08(a) and (c))." Typically the designee is an assistant principal. We recommend the above policy be followed without exception.</p>	<p>Response: Combination will be changed by principal, and new combination will be shared with only the Assistant Principal and the bookkeeper</p> <p>ECD: Our maintenance coordinator is out on FMLA at the moment. So, currently on staff we are compliant with this finding. The combination will be changed 8/27/12.</p>

SCHOOL: OSCEOLA ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/7/2012

Rating	Issues	Recommendation	Management Response
Moderate	1	Night Depository	
Recurring	<p>We observed that the safe does not have a built-in slot for night deposits.</p> <p>Funds are required to be held in the safe each night. A night deposit slot facilitates safeguarding of funds that are collected when the bookkeeper and principal are not present.</p>	<p>Per the Internal Accounts Handbook (Section 2.08(e)), "The safe must have a built-in slot for night depository." We recommend the District evaluate the need for a built-in night depository slot and document an exception to policy for this school if deemed appropriate.</p>	<p>Response: The district indicated in 2010 that they would be working on a plan to help provide the built-in slots for the schools. We will also address this concern with Mr. Degutis for District guidance.</p> <p>ECD: Before the end of this fiscal year.</p>

Rating	Issues	Recommendation	Management Response
Moderate	2	Financial Reports	
Recurring	<p>During our testing of the monthly bank reconciliation, we noted that the June 2012 bank reconciliation and bank reconciliation were reviewed by the assistant principal, not the principal.</p> <p>The principal has ultimate responsibility for internal funds. Without review of the financial records on a monthly basis, funds could be posted incorrectly or misappropriated.</p>	<p>The Internal Accounts Handbook (Section 6.01(a)) states that, "The principal shall date and initial the bank statement and bank reconciliation after the reviews are completed."</p> <p>We recommend that when the principal is not present when the bank reconciliation is completed, the review should be done and documented by the principal's designee. The principal should review and sign off on the bank reconciliation and bank statement upon their return.</p>	<p>Response: As explained during our audit, I, (Principal Waldrop) was on vacation during the time of this bank reconciliation. In my absence, Mrs. Burney had our assistant principal, Mr. Klein, sign the statement. We were unaware that I also needed to sign the reports upon my return.</p> <p>ECD: This has been addressed and will be done correctly from this point on.</p>

SCHOOL: OSCEOLA ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/7/2012

Rating	Issues	Recommendation	Management Response
High	3	Extended Day Reconciliations and Audits	
New	<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"> Principal review of monthly reconciliations of extended day fees collected. <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 "Fees must be reconciled with attendance records and balanced monthly. The principal must resolve any variances monthly. The principal must also sample audit attendance sheets and schedule of fees charged and fees paid quarterly."</p> <p>We recommend that the principal review the 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: Per instruction following Osceola's 2010-11 audit, Mrs. Burney, bookkeeper, and Ms. Masse, extended day coordinator, have been completing comparison reports monthly. They did, however, fail to have the reports signed by the principal.</p> <p>ECD: Mrs. Burney, bookkeeper, and Ms. Masse, extended day coordinator, will begin this process as of this month. They will continue to have these reports signed off by me on a monthly basis.</p>

SCHOOL: PACETTI BAY MIDDLE SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/25/2012

Rating	Issues	Recommendation	Management Response
Moderate	1	Accounts Receivable and Returned Checks	
New	During our test of returned checks, we noted that the accounts receivable balance per the cash balance report amounted to \$630, which did not agree to the amount per the detailed trial balance report of \$0.	<p>The manual bank reconciliation procedures issued by the district includes a step for generating the detailed trial balance report and comparing cash, accounts receivable and accounts payable balances to the cash balance report as an addition review for accuracy.</p> <p>We recommend that unreconciled differences between the cash balance report and the detailed trial balance report be researched, corrected, and documented on a timely basis and included with the principal's review of the monthly bank reconciliation.</p>	<p>Response: Will have Ms. Durham contact Cathy Skarr to resolve the issue of accounts receivable and the detailed trial balance not being in agreement.</p> <p>ECD: Immediately</p>

SCHOOL: PONTE VEDRA HIGH SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/1/2012

Rating	Issues	Recommendation	Management Response
High	1	Fundraising Activities	
New	<p>During our testing of fundraising activities we noted the required information was not maintained for items sold by students in a no pre-sale fundraiser. We were unable to perform a reconciliation of the number of items issued to students, monies collected, and amount of unsold items.</p> <p>Failure to completely follow district policies related to the use of fund raiser reconciliations could result in an inability to ensure the fund raising activity is fully and accurately captured in the internal accounts fund.</p>	<p>The Internal Accounts Handbook, (Section 9.03) <i>Fund Raising Inventory</i>, states that the following information should be documented for all no pre-sale fund raising activities:</p> <ol style="list-style-type: none"> 1) Name of student receiving items to be sold. 2) Number of individual items given to student for sale. 3) Date items were given to student for sale. 4) Signature of student signifying the student did receive the items as well as the date the student received such items. 5) Date student returned money and/or unsold items to the sponsor. 6) Amount of money returned. 7) Number of unsold items returned. 8) Reconciliation records for differences (if any) between the number of items issued to students and the amount of money collected and/or amount of unsold items returned to the sponsor. <p>We recommend the above policy be followed without exception.</p>	<p>Response: We will follow the procedures for documenting fundraisers.</p> <p>ECD: Immediate</p>

SCHOOL: PVPV RAWLINGS ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/31/2012

Rating	Issues	Recommendation	Management Response
High	1	Completion of Report of Monies Collected (RMC) Forms	
Recurring	During our testing of cash receipts, we noted that cash or check was not listed next to each amount collected on RMC 19234. Without a listing of cash or check for each amount collected, it cannot be verified whether monies collected are being deposited intact.	<p>The Internal Accounts Handbook, Section 4.01 (a)(iv) states that cash or check number must be listed with the student's name.</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: We have reviewed the correct procedures with staff in regard to the Monies Collected Forms. It will be monitored by our bookkeeper.</p> <p>ECD: An email was sent with a sample of the correct way to fill out the form on 8/24/12 to all staff.</p>

Rating	Issues	Recommendation	Management Response
High	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>Non advanced receipt of extended day program fees 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 will continue to be diligent to collect the money before the child attends our extended day program. Our extended day coordinator has been reminded of these procedures – no exceptions.</p> <p>ECD: Communication with extended day coordinator – Kim LaMondie.</p>

SCHOOL: PVPV RAWLINGS ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/31/2012

Rating	Issues	Recommendation	Management Response
High	3	Extended Day Reconciliations and Audits	
New	<p>During our testing of extended day documentation, we noted that no sample audit of attendance sheets and schedule of fees charged and fees paid quarterly were performed by the principal.</p> <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 "Fees must be reconciled with attendance records and balanced monthly. The principal must resolve any variances monthly. The principal must also sample audit attendance sheets and schedule of fees charged and fees paid quarterly."</p> <p>We recommend that the principal perform quarterly sample audits of attendance and fees. The documentation of the review and audits should include the date and sign off by the principal.</p>	<p>Response: End of the month reports will be submitted by the extended day coordinator, reviewed by the bookkeeper for accuracy and quarterly sample audits will be performed by the principal.</p> <p>ECD: August 31, 2012</p>

Rating	Issues	Recommendation	Management Response
High	4	Authorization of Disbursements	
New	<p>During our test of disbursements, we noted the following:</p> <ul style="list-style-type: none"> Check 329 was paid for items invoiced on 2/13/2012, 4/25/2012, and 4/26/2012, but the materials request was not approved by the principal until 5/25/2012. <p>Disbursements that do not have proper approval prior to the purchase could result in overspending of the budget or misappropriation of funds.</p>	<p>We recommend that all disbursements have materials requisition/check request forms that provide for documented approval with date of approval by the principal/designee to ensure that all purchases are approved before the expenditures are made.</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: All staff has been reminded that written approval for all disbursements is required.</p> <p>ECD: August 24, 2012</p>

SCHOOL: PVPV RAWLINGS ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/31/2012

Rating	Issues	Recommendation	Management Response
Moderate	5	Night Depository	
New	<p>We observed that the safe does not have a built-in slot for night deposits.</p> <p>Funds are required to be held in the safe each night. A night deposit slot facilitates safeguarding of funds that are collected when the bookkeeper and principal are not present.</p>	<p>Per the Internal Accounts Handbook (Section 2.08(e)), "The safe must have a built-in slot for night depository." We recommend the District evaluate the need for a built-in night depository slot and document an exception to policy for this school if deemed appropriate.</p>	<p>Response: We are in contact with our director of purchasing, Frank Clark for advisement. We are exploring the options and cost of having a safe with a slot for night deposits installed.</p> <p>ECD: December 31, 2012</p>

Rating	Issues	Recommendation	Management Response
Moderate	6	Safe Combination	
New	<p>Per discussion with the bookkeeper, the combination to the safe is known by the principal, the assistant principal, the bookkeeper, and the extended day coordinator.</p> <p>The combination should be protected to ensure safeguarding of assets.</p>	<p>The Internal Accounts Handbook states that each school "shall use a safe, vault, or night depository for the protection of money received" and that "Only the principal, bookkeeper, and principal's designee shall have knowledge of the combination" (District Internal Accounts Handbook, Section 2.08(a) and (c))." Typically the designee is an assistant principal. We recommend the above policy be followed without exception.</p>	<p>Response: The second safe will be used to hold the extended day money overnight until it can be turned in to the bookkeeper. The combinations will be changed.</p> <p>ECD: September 30, 2012</p>

Rating	Issues	Recommendation	Management Response
Moderate	7	Yearbook	
New	<p>During our testing of the yearbook reconciliation, we noted that a transfer of \$1400 was made out of the yearbook account to the general fund to be used for activities to benefit the student body.</p> <p>Funds collected for yearbook sales should be used for necessary expenses relating to the production or printing of the yearbook.</p>	<p>The Internal Accounts Handbook (Section 9.04(a)(ii)) states that surplus funds in the yearbook account may be used towards the cost of the next year's yearbook in order to maintain, reduce, or minimize the sales price charged to students.</p> <p>We recommend that this policy be followed without exception.</p>	<p>Response: Yearbook money will only be used for yearbook expenses.</p> <p>ECD: August 31, 2012</p>

SCHOOL: GAMBLE ROGERS MIDDLE SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 08/02/2012

Rating	Issues	Recommendation	Management Response
High	1	Expenditure Support	
New	<p>During our testing of cash disbursements we were unable to verify the accuracy of the payment for check #6978 as not all receipts were attached to the material requisition/check request form.</p> <p>Disbursements without proper supporting documentation could result in misappropriation of funds.</p>	<p>The Internal Accounts Handbook, Section 5.01 (b) states that supporting invoice or receipt substantiating purchase shall be maintained on file for all disbursements.</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: There was a calculator tape attached that matched the amount of the check. We will make sure that the supporting receipts are attached securely.</p> <p>ECD: 8/16/12</p>

SCHOOL: SEBASTIAN MIDDLE SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 08/7/2012

Rating	Issues	Recommendation	Management Response
	No comments for this school.		

SCHOOL: SOUTH WOODS ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/7/2012

Rating	Issues	Recommendation	Management Response
Moderate	1	Night Depository	
Recurring	<p>We observed that the safe does not have a built-in slot for night deposits.</p> <p>Funds are required to be held in the safe each night. A night deposit slot facilitates safeguarding of funds that are collected when the bookkeeper and principal are not present.</p>	<p>Per the Internal Accounts Handbook (Section 2.08(e)), "The safe must have a built-in slot for night depository." We recommend the District evaluate the need for a built-in night depository slot and document an exception to policy for this school if deemed appropriate.</p>	<p>Response: As of July 1, 2012, a new principal and new bookkeeper are now in place. Issues occurred prior to our arrival. Thank you for making us aware of these issues. We are trying to find the funds to purchase a new safe.</p> <p>ECD: December 2012</p>

Rating	Issues	Recommendation	Management Response
High	2	Prior Period Adjustment	
New	<p>During our review of the annual cash balance report, we identified that the School made a \$270 transfer from the general fund to classes, clubs & departments after fiscal year end June 30, 2011.</p>	<p>We recommend that no adjustments to prior year be made to after the fiscal year end, as it distorts the fund balances.</p>	<p>Response: As of July 1, 2012, a new principal and new bookkeeper are now in place. Issues occurred prior to our arrival. Thank you for making us aware of these issues. Every effort will be made so it will not happen again.</p> <p>ECD: Immediately</p>

SCHOOL: SOUTH WOODS ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/7/2012

Rating	Issues	Recommendation	Management Response
High	3	Accounts Receivable and Returned Checks	
New	<p>During our test of returned checks, we noted that the accounts receivable balance per the cash balance and trial balance report amounted to \$0, which did not match the listing of checks pending reimbursement, which totaled \$60.</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 manual bank reconciliation procedures issued by the district includes a step for generating the detailed trial balance report and comparing cash, accounts receivable and accounts payable balances to the cash balance report as an addition review for accuracy.</p> <p>We recommend that unreconciled differences between the cash balance report and the detailed trial balance report be researched, corrected, and documented on a timely basis and included with the principal's review of the monthly bank reconciliation.</p>	<p>Response: As of July 1, 2012, a new principal and new bookkeeper are now in place. Issues occurred prior to our arrival. Thank you for making us aware of these issues. Every effort will be made so it will not happen again.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
High	4	Financial Reports	
New	<p>During our testing of the monthly financial reports, we noted the reports for June 2012 did not have evidence of principal review.</p> <p>Without proper review of the financial records on a monthly basis by someone other than the preparer, funds could be posted incorrectly or misappropriated.</p>	<p>The Internal Accounts Handbook (Section 6.01(a)) states that, "The principal shall date and initial the bank statement and bank reconciliation after the reviews are completed."</p> <p>We recommend that the above policy be followed without exception.</p>	<p>Response: The principal for the 2011-12 was not available to sign the reports. As of July 1, 2012, a new principal and new bookkeeper are now in place. Issues occurred prior to our arrival. Thank you for making us aware of these issues. Principal will review and sign reports on a monthly basis.</p> <p>ECD: Immediately</p>

SCHOOL: SOUTH WOODS ELEMENTARY SCHOOL - CONTINUED

Rating	Issues	Recommendation	Management Response
High	5	Yearbook	
New	<p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> An inventory/reconciliation was not prepared for the yearbook account. We reperformed a reconciliation of the yearbook quantity, noting that our calculations indicated that 86 yearbooks should be on hand, but we observed only 77 books. Cash receipts not related to yearbook were improperly posted to the yearbook account. <p>Without the proper controls surrounding yearbook sales, inventory, and cash collections could be misappropriated.</p>	<p>The Internal Accounts Handbook (Section 9.04) states that if yearbooks are sold by a school, then the yearbook class sponsor shall maintain specified required information. Only yearbook related cash receipts should be posted to the yearbook account.</p> <p>We recommend that these policies be followed without exception.</p>	<p>Response: As of July 1, 2012, a new principal and new bookkeeper are now in place. Issues occurred prior to our arrival. Thank you for making us aware of these issues. Every effort will be made so this does not happen again.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
High	6	Outstanding Checks	
New	<p>During our review of the June 2012 bank reconciliation and monthly checkbook register reports, we noted one check shown as outstanding on the bank reconciliation (check 171 for \$640) was not truly outstanding at year end. We observed the check on hand, noting it was voided manually, but was not properly voided on the system. The cash balance per the GL as of year end was therefore understated by the amount of this check.</p> <p>Checks that are not properly voided in SunGard on a timely basis cause the cash balance to be misstated.</p>	<p>We recommend that all of the outstanding checks on the bank reconciliation be researched to verify that they were outstanding at year end. If checks have been voided manually, they should be voided within the system.</p>	<p>Response: As of July 1, 2012, a new principal and new bookkeeper are now in place. Issues occurred prior to our arrival. Thank you for making us aware of these issues. Every effort will be made so it will not happen again.</p> <p>ECD: Check will be voided by 9/10/2012.</p>

SCHOOL: SOUTH WOODS ELEMENTARY SCHOOL - CONTINUED

Rating	Issues	Recommendation	Management Response
Moderate	7	Unclaimed Property	
New	<p>During our testing of outstanding checks, we noted there were no unclaimed property letters on file to document due diligence performed on checks that had been outstanding for more than one year.</p> <p>Florida statutes over unclaimed property require holders of unclaimed property such as outstanding checks to perform due diligence to locate the owners of the inactive accounts.</p>	<p>The Internal Accounts Handbook, Section 6.06(b) states that bookkeepers shall perform due diligence on outstanding checks by preparing an Unclaimed Property Form Letter on school letterhead. The Unclaimed Property Form Letter allowable by the District is Appendix II Exhibit 8 in the Internal Accounts Handbook.</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: As of July 1, 2012, a new principal and new bookkeeper are now in place. Issues occurred prior to our arrival. Thank you for making us aware of these issues. Every effort will be made to locate the owners of the outstanding checks.</p> <p>ECD: December 2012</p>

Rating	Issues	Recommendation	Management Response
Low	8	Contract Authorization	
New	<p>During our testing of the yearbook, we noted that the yearbook and school pictures agreements were signed by the sponsor and not the principal.</p>	<p>The Internal Accounts Handbook (Section 4.07) states that the sponsor and principal may contract for school newspapers, yearbooks, and other publications. We recommend that this policy be followed without exception.</p>	<p>Response: As of July 1, 2012 a new principal and new bookkeeper are now in place. Issues occurred prior to our arrival. Thank you for making us aware of these issues. The agreements for the 2012-13 school pictures and yearbooks have already been signed by the principal.</p> <p>ECD: August 2012</p>

SCHOOL: ST. AUGUSTINE HIGH SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/2/2012

Rating	Issues	Recommendation	Management Response
High	1	Completion of Report of Monies Collected (RMC) Forms	
Recurring	During our testing of cash receipts, we noted that cash or check was not listed next to each amount collected on RMC 24444 and 24680. Without a listing of cash or check for each amount collected, it cannot be verified whether monies collected are being deposited intact.	The Internal Accounts Handbook, Section 4.01 (a)(iv) states that cash or check number must be listed with the student's name. We recommend the above policy be followed without exception.	Response: The Principal has directed the Bookkeeper to follow the handbook policy without exception. ECD: Immediately

Rating	Issues	Recommendation	Management Response
High	2	Prior Period Adjustment	
Recurring	During our review of the annual cash balance report, we identified that the School made a \$213 transfer from classes, clubs & departments, a \$200 transfer from the athletics fund and a \$15 transfer from the trust to the general fund after fiscal year end June 30, 2011.	We recommend that no adjustments to prior year be made to after the fiscal year end, as it distorts the fund balances.	Response: These transfers were made to close inactive accounts. In the future, these adjustments will be made prior to year end. ECD: Immediately

Rating	Issues	Recommendation	Management Response
High	3	Fundraising Activity	
New	During our testing of fund raising activities, we noted that there was no supporting documentation for the fundraiser selected to evidence prior approval by the principal, financial results, or final approval by the principal. Failure to completely follow District policies related to the use of fund raiser reconciliations could result in an inability to ensure the fund raising activity is fully and accurately captured in the internal accounts fund.	The Internal Accounts Handbook (Section 4.05 (a) and (g)) states the principal shall control all fundraising activities, and that all fund raising requests shall be documented on a District authorized fund raising activity form accompanied by a supporting fund raising checklist. The school should complete a Fund Raising Activity Form for each fundraiser (Exhibit 4, Internal Accounts Handbook). This form serves as documentation of pre-approval, accounting summary, and final approval of the fundraiser. We recommend the above policies be followed without exception.	Response: All Club Sponsors have been and directed to follow the policy as per the handbook. Training occurred 8/10/12 at the Dept. Chair meeting and with coaches on 8/16/12. ECD: Immediately

SCHOOL: ST. AUGUSTINE HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/2/2012

Rating	Issues	Recommendation	Management Response
Moderate	4	Unclaimed Property	
New	<p>During our testing of outstanding checks, we noted there were no unclaimed property letters on file to document due diligence performed on checks that had been outstanding for more than one year.</p> <p>Florida statutes over unclaimed property require holders of unclaimed property such as outstanding checks to perform due diligence to locate the owners of the inactive accounts.</p>	<p>The Internal Accounts Handbook, Section 6.06(b) states that bookkeepers shall perform due diligence on outstanding checks by preparing an Unclaimed Property Form Letter on school letterhead. The Unclaimed Property Form Letter allowable by the District is Appendix II Exhibit 8 in the Internal Accounts Handbook.</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: The Principal has directed the Bookkeeper to follow the handbook policy without exception.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
Moderate	5	Accounts Receivable and Returned Checks	
New	<p>During our test of returned checks, we noted that the accounts receivable balance per the cash balance report amounted to \$656, which did not agree to the amount per the detailed trial balance report of \$796 and the listing of checks pending reimbursement totaled \$656.</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 manual bank reconciliation procedures issued by the district includes a step for generating the detailed trial balance report and comparing cash, accounts receivable and accounts payable balances to the cash balance report as an addition review for accuracy.</p> <p>We recommend that unreconciled differences between the cash balance report and the detailed trial balance report be researched, corrected, and documented on a timely basis and included with the principal's review of the monthly bank reconciliation.</p>	<p>Response: The reports did not agree due to a miscoded cash receipt. The error was corrected after the year end.</p> <p>ECD: Immediately</p>

SCHOOL: ST. JOHN'S TECHNICAL HIGH SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/6/2012

Rating	Issues	Recommendation	Management Response
High	1	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"> Cash or check was not listed next to each amount collected on RMC 12484. Multiple RMCs were numbered the same (RMC 8418). The monies collected were from various sources and the forms were completed by varying teachers. <p>Without a listing of cash or check for each amount collected, it cannot be verified whether monies collected are being deposited intact. Monies collected forms should be numbered separately for proper recordkeeping and reconciliation to receipt records.</p>	<p>The Internal Accounts Handbook states the requirements for Monies Collected Forms in Section 4.01(a). These include the following:</p> <ul style="list-style-type: none"> Cash or check number must be listed with the student's name. The white copy shall be identified by the corresponding pre-numbered, secured electronic receipt number representing the collection. <p>We recommend the bookkeeper review the requirements for Monies Collected Forms and ensure compliance without exception.</p> <p>We also recommend that each monies collected forms be numbered separately for each collector to enhance reconciling and receipting by the bookkeeper is by each collector.</p>	<p>Response: We have review with all staff members who submit monies collect forms to ensure that the correct information (cash or check numbers) are written on each form.</p> <p>The bookkeeper will make sure that each monies collected form has a separate receipt number.</p> <p>ECD: August 23, 2012</p>

Rating	Issues	Recommendation	Management Response
Moderate	2	Sales Tax	
Recurring	<p>During our testing of cash disbursements, we noted that tax was not paid on the purchase of items for resale (Check # 137). Furthermore, the sales tax was not paid to the Florida Department of Revenue.</p> <p>The School Board is not subject to sales tax unless purchasing items for resale.</p>	<p>The Internal Accounts Handbook (Section 5.05) states all items purchased for resale are subject to Florida Sales Tax unless specifically exempted.</p> <p>We recommend that these policies be followed without exception.</p>	<p>Response: We will make sure that this policy will be followed in the future</p> <p>ECD: August 23, 2012</p>

SCHOOL: ST. JOHN'S TECHNICAL HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/6/2012

Rating	Issues	Recommendation	Management Response
High	3	Fundraising Activity	
New	<p>During our testing of fundraisers, we noted the following:</p> <ul style="list-style-type: none"> The selected fundraiser did not have prior approval by the principal as the date of principal approval documented on the fund raising form was the last day of the fundraiser. The following information was not maintained for student sales of the fund raiser items: date items were given to students for sale, signature of student signifying receipt of items for sale, date student received items, and number of unsold items returned. <p>Failure to completely follow District policies related to the use of fund raiser reconciliations could result in an inability to ensure the fund raising 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). The principal should approval all fundraisers prior to the start of the fundraiser activity or any related purchases of fundraiser items.</p> <p>We recommend all fundraising activities maintain the required documentation related to pre-sales in accordance with the Internal Accounts Handbook, (Section 9.03) <i>Fund Raising Inventory</i>.</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: We have reviewed the policy with all staff members involved with fundraiser to ensure proper documentation</p> <p>ECD: August 23, 2012</p>

Rating	Issues	Recommendation	Management Response
Moderate	4	Night Depository	
New	<p>We observed that the safe does not have a built-in slot for night deposits.</p> <p>Funds are required to be held in the safe each night. A night deposit slot facilitates safeguarding of funds that are collected when the bookkeeper and principal are not present.</p>	<p>Per the Internal Accounts Handbook (Section 2.08(e)), "The safe must have a built-in slot for night depository." We recommend the District evaluate the need for a built-in night depository slot and document an exception to policy for this school if deemed appropriate.</p>	<p>Response: We will have our Maintenance Coordinator purchase a new safe with a night deposit slot.</p> <p>ECD: September 2012</p>

SCHOOL: ST. JOHN'S TECHNICAL HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/6/2012

Rating	Issues		Recommendation	Management Response
Low	5	Yearbook		
New	<p>During our testing of the yearbook inventory, we noted that there was one more yearbook on hand than shown on the reconciliation.</p> <p>Without the proper controls surrounding yearbook sales, inventory, and cash collections could be misappropriated.</p>		<p>The Internal Accounts Handbook (Section 9.04) states that if yearbooks are sold by a school, then the yearbook class sponsor shall maintain specified required information. We recommend that this policy be followed without exception.</p>	<p>Response: We will ask Yearbook Vendor to only send the amount of books ordered.</p> <p>ECD: September 2012</p>

SCHOOL: SWITZERLAND POINT MIDDLE SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 08/8/2012

Rating	Issues	Recommendation	Management Response
Moderate	1	Fundraising Activity	
Recurring	<p>During our testing of fundraisers, we noted that the principal did not date the pre-approval or final approval on the fund raising form. As such, we were unable to determine if the fundraiser was properly pre-approved.</p> <p>Failure to completely follow District policies related to the use of fund raiser reconciliations could result in an inability to ensure the fund raising 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). The principal should approval all fundraisers.</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: Principal signature was documented on all fund raising forms. In the future, I will make sure all signed forms are properly dated as well.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
Low	2	Principal's Discretionary Fund	
New	<p>During testing of the principal's discretionary fund, we noted that the annual FTE transfer of \$3,852 from the general fund occurred on 10/25/2011, after the window allowed by the District.</p> <p>Without the proper controls surrounding the Principal's Discretionary Fund, cash collections and disbursements could be misappropriated.</p>	<p>The Internal Accounts Handbook, (Section 4.15 (b) states that "A school may transfer funds from the Internal Accounts General Fund into the Principal's Discretionary Fund only at the start of each fiscal year, from July 1st through September 15th."</p> <p>We recommend that this policy be followed without exception.</p>	<p>Response: Verbal permission was received from CFO Michael Degutis. In the future will make sure to have permission documented in written form for support.</p> <p>ECD: Immediately</p>

SCHOOL: TIMBERLIN CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/24/2012

Rating	Issues	Recommendation	Management Response
High	1	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>Not obtaining receipt of extended day program fees in advance of providing services 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 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 spoken to our Extended Day Coordinator about this matter and procedures are in place to prevent same from happening again.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
High	2	Outside Organizations	
Recurring	<p>During our testing of outside organizations, we noted one payment to the PTO was made by the school and did not have prior approval by the District Chief Financial Officer.</p>	<p>The Internal Accounts Handbook states that any and all transactions with school support organizations (PTA, PTO, & Booster Clubs) must have prior approval of the District Chief Financial Officer. (District Internal Accounts Handbook, Section 3.01vii and Article X). We recommend this policy be followed without exception.</p>	<p>Response: As both our Principal and our Bookkeeper are new, we cannot speak to this matter, however we will endeavor to follow all policies in the Internal Accounts Handbook.</p> <p>ECD: Immediately</p>

SCHOOL: TIMBERLIN CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/24/2012

Rating	Issues	Recommendation	Management Response
High	3	Completion of Report of Monies Collected (RMC) Forms	
New	During our testing of cash receipts, we noted that cash or check was not listed next to each amount collected on RMC 19234. Without a listing of cash or check for each amount collected, it cannot be verified whether monies collected are being deposited intact.	<p>The Internal Accounts Handbook, Section 4.01 (a)(iv) states that cash or check number must be listed with the student's name.</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: As both our Principal and our Bookkeeper are new, we cannot speak to this matter, however we will endeavor to follow all policies in the Internal Accounts Handbook.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
High	4	Bank Reconciliation	
New	<p>During our review of the June 2012 bank reconciliation, we noted that the cash balance on the detailed trial balance report and bank reconciliation did not agree to the amount on the cash balance report by \$10.</p> <p>A bank reconciliation offers checks and balances for the school's accounting and the bank's accounting. Bank reconciliations are a means to detect errors and misappropriation of funds.</p>	<p>The manual bank reconciliation procedures issued by the district include a step for generating the detailed trial balance report and comparing cash, accounts receivable and accounts payable balances to the cash balance report as an addition review for accuracy.</p> <p>We recommend that unreconciled differences between the Cash Balance Report and Detailed Trial Balance Report be researched and documented on a timely basis and included with the principal's review of the monthly bank reconciliation.</p>	<p>Response: As both our Principal and our Bookkeeper are new, we cannot speak to the origin of this error, however the appropriate corrections were made in the July 2012 entries.</p> <p>ECD: Immediately</p>

SCHOOL: TIMBERLIN CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/24/2012

Rating	Issues	Recommendation	Management Response
Moderate	5	Accounts Receivable and Returned Checks	
New	<p>During our test of returned checks, we noted that the accounts receivable balance per the cash balance report amounted to \$845, which did not agree to the amount per the detailed trial balance report of \$0.</p>	<p>The manual bank reconciliation procedures issued by the district includes a step for generating the detailed trial balance report and comparing cash, accounts receivable and accounts payable balances to the cash balance report as an addition review for accuracy.</p> <p>We recommend that unreconciled differences between the cash balance report and the detailed trial balance report be researched, corrected, and documented on a timely basis and included with the principal's review of the monthly bank reconciliation.</p>	<p>Response: As both our Principal and our Bookkeeper are new, we cannot speak to the origin of this error, however the appropriate corrections were made in the July 2012 bank reconciliation.</p> <p>ECD: Immediately</p>

SCHOOL: WARDS CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/25/2012

Rating	Issues	Recommendation	Management Response
High	1	Completion of Report of Monies Collected (RMC) Forms	
New	<p>During our testing of cash receipts, we noted RMC 23436 did not contain the corresponding pre-numbered, secured electronic receipt number for the collection.</p> <p>Inadequate completion of the monies collected forms could be an indication that monies are not being deposited as collected from the teachers/sponsors.</p>	<p>The Internal Accounts Handbook, Section 4.01 (a)(v) states that the RMC shall be identified by the pre-numbered secured electronic receipt number representing the collection.</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: RMC23436 was a receipt that included multiple sheets. To correct this action multiple sheet receipts will no longer be accepted.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
High	2	Financial Reports	
New	<p>During our testing of the monthly financial reports, we noted the reports for June 2012 did not have evidence of principal review.</p> <p>Without proper review of the financial records on a monthly basis by someone other than the preparer, funds could be posted incorrectly or misappropriated.</p>	<p>The Internal Accounts Handbook (Section 6.01(a)) states that, "The principal shall date and initial the bank statement and bank reconciliation after the reviews are completed."</p> <p>We recommend that the above policy be followed without exception.</p>	<p>Response: The principal will review the monthly reports and indicate having done so by signature and date.</p> <p>ECD: Immediately</p>

SCHOOL: WARDS CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/25/2012

Rating	Issues	Recommendation	Management Response
High	3	Extended Day Collections	
New	<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>Not obtaining receipt of extended day program fees in advance of providing services 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: Students who have not been prepaid for in this program will not be allowed to use the program.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
High	4	Extended Day Audits	
New	<p>During our testing of extended day documentation, we noted there was no documentation of the principal's sample audit of attendance sheets and schedule of fees charged and fees paid quarterly.</p> <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 "Fees must be reconciled with attendance records and balanced monthly. The principal must resolve any variances monthly. The principal must also sample audit attendance sheets and schedule of fees charged and fees paid quarterly."</p> <p>We recommend that the principal perform quarterly sample audits of attendance and fees. The documentation of the audits should include the date and sign off by the principal.</p>	<p>Response: The Principal will implement a quarterly audit for Ext. Day and is working toward hiring a Program coordinator.</p> <p>ECD: Immediately</p>

SCHOOL: WARDS CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/25/2012

Rating	Issues	Recommendation	Management Response
Moderate	5	Accounts Receivable and Returned Checks	
New	During our test of returned checks, we noted that the accounts receivable balance per the cash balance report amounted to \$270, which did not agree to the amount per the detailed trial balance report of \$0.	<p>The manual bank reconciliation procedures issued by the district includes a step for generating the detailed trial balance report and comparing cash, accounts receivable and accounts payable balances to the cash balance report as an addition review for accuracy.</p> <p>We recommend that unreconciled differences between the cash balance report and the detailed trial balance report be researched, corrected, and documented on a timely basis and included with the principal's review of the monthly bank reconciliation.</p>	<p>Response: Our returned checks will be entered into the internal accounts as soon as they are cleared by our collection agency.</p> <p>ECD: Immediately</p>

SCHOOL: THE WEBSTER SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/1/2012

Rating	Issues	Recommendation	Management Response
High	1	Expenditure Support	
Recurring	<p>During our testing of disbursements we noted the supporting documentation for checks #7 and #125 were not an actual vendor receipt or invoice. As such, we were unable to determine prompt payment and whether sales tax was appropriately paid/not paid.</p> <p>Disbursements without proper supporting documentation could result in misappropriation of funds.</p>	<p>The Internal Accounts Handbook, Section 5.01 (b) states that supporting invoice or receipt substantiating purchase shall be maintained on file for all disbursements.</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: Ms Witt will assure that the actual vendor receipt is present at all times.</p> <p>ECD: 8/3/12</p>

Rating	Issues	Recommendation	Management Response
High	2	Accuracy of Monies Collected (RMC) Forms	
New	<p>During our testing of the match accuracy of the deposits, we noted the following for RMC 24964:</p> <ul style="list-style-type: none"> • Money totaled on the monies collected form supporting detail was \$348.66 higher than the deposit amount. • One individual amount on the monies collected form stated "see attachment" and was listed with a total of \$1035.93 on the RMC. Per review of the attached teacher/sponsor prepared listing of amounts collected from students, total monies collected were \$1384.59. The amount recorded on the MCF and submitted for deposit was \$348.66 less than the amounts listed on the supporting listing of amounts collected. <p>Inaccuracy of monies collected could result in misappropriation of funds.</p>	<p>The Internal Accounts Handbook, Section 4.02 (g) states that the bookkeeper shall reconcile the monies collected to the report of monies collected, document the pre-numbered electronic receipt number, sign off, and issue a carbon copy of the RMC to the individual collecting monies. We recommend the above policy be followed without exception.</p> <p>The manual also lists the following steps in the section <i>Procedures for Deposits Prepared by Bookkeeper</i>:</p> <p>(i) Total the amount of receipts entered into the accounting software bundled for the specific deposit.</p> <p>(ii) Total the actual amount of cash and checks on hand. Steps (i) & (ii) must agree.</p> <p>We recommend that the above policies be followed without exception.</p>	<p>Response: In the future, book fair cash monies collected will be reported separately from checks collected. Ms. Witt will meet with Media personnel to explain new procedure.</p> <p>ECD: 8/3/12</p>

SCHOOL: THE WEBSTER SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/1/2012

Rating	Issues	Recommendation	Management Response
High	3	Completion of Report of Monies Collected (RMC) Forms	
New	During our testing of cash receipts, we noted that cash or check was not listed next to each amount collected on RMC 24964. Without a listing of cash or check for each amount collected, it cannot be verified whether monies collected are being deposited intact.	The Internal Accounts Handbook, Section 4.01 (a)(iv) states that cash or check number must be listed with the student's name. We recommend the above policy be followed without exception.	Response: Ms. Witt will assure that teacher mark the appropriate box on the monies collected form. ECD: 8/3/12

Rating	Issues	Recommendation	Management Response
High	4	Authorization of Transfers/Adjustments	
New	During our testing of transfers, we were unable to test Transfer JE00106 as the supporting approval documentation could not be located. Unauthorized adjustments could result in errors in the general ledger or be an indication of potential misappropriation of funds.	The Internal Accounts Handbook states that all transfers must be authorized by the principal and both parties requesting transfer (if other than the principal or bookkeeper) in writing prior to transfer of funds. (District Internal Accounts Handbook, Section 6.03 (a)). We recommend this policy be followed without exception. We also recommend that the School provide due care in the retention of internal accounts documentation.	Response: Ms. Witt will assure that the journal entries are pre-approved by the principal. ECD: 8/3/12

District Level Observations

District Level Observations

Based on the results of our audits at the individual schools, we have developed the following observations or recommended “best practices” as they relate to the overall District.

Annual Training

Observation

Annual and New Bookkeeper Training

Although the schools showed improvement with a decrease in findings, from 143 as of June 30, 2012 as compared to 181 as of June 30, 2011, there are continued areas that should be included in the annual training. They included, but are not limited to, the following:

- *Accuracy and/or Completion of Monies Collected Forms* - 48% (16 of 33) of schools had monies collected forms where either cash or check was not indicated for each amount collected on the form, the monies collected forms were missing official receipt numbers, sign off by the bookkeeper and/or the cash or check amount was incorrect on the deposit. Although, the total was in agreement to the deposit, we were unable to agree the total cash and total checks deposited.
- *Authorization of Expenditures* – 21% (7 of 33) of schools had disbursements where documented prior approval was either not obtained or we were unable to determine as the disbursement form was not dated.
- *Extended Day* - 100% (13 of 13) elementary schools with extended day care programs had findings related to timely receipt of payment for services and recordkeeping/documentation of payments/disbursements.
- *Fundraisers* – 42% (10 of 24) of schools that handled fundraisers through internal accounts, had fundraising compliance findings related to fundraising activities.
- *Yearbook* – 37% (11 of 30) of schools that handled yearbook sales through internal accounts, had yearbook compliance findings related to yearbook activities.
- *Purchase Order Process* – 64% (21 of 33) of schools received verbal comments related to the purchase order process implemented during FY 2012.

A training program for new and existing bookkeepers that focuses on areas cited during the annual audit process, as well as areas considered by the District to be of high risk, could decrease the number of errors and increase consistency in accounting for internal accounts, thus reducing the risk to the District.

Recommended Action

We recommend the District expand the areas of focus within the existing training agenda to specific target areas based on the findings of the most recent Internal Accounts Internal Audit. Internal Accounts training programs should utilize the results of this audit to ensure the focus of the training is on the high risk, high volume areas.

Internal Accounts Follow-Up

Observation

Although the number of site-based findings decreased 21% from to 143 findings during FY 2012 as compared to 181 during FY 2011, all but 1 school received site-based comments during FYs 2011 and 2010.

Recommended Action

We recommend that the District select a sample of schools based on relative risk, and perform interim follow-up procedures on their compliance with applicable internal accounts policies and procedures.

District Level Observations - continued

Yearbook Fund

Observation

Red Book defines Classes, Club and Departments accounts as those that support a group of students within a community of interest with a roster of members, officers and a sponsor. A trust account is defined as funds collected for a specific, restricted purpose for which collected.

We noted instances of schools awarding scholarships from the yearbook account, making non yearbook disbursements from the yearbook account, and making loans from the yearbook account to accounts with deficit balances.

Recommended Action

To ensure that yearbook is receiving its full benefit, we recommend that the District either identify parameters for non yearbook specific (for example scholarships, disbursements, loans between accounts, etc) disbursements or make the yearbook fund a trust account. Any excess fund balance created by yearbook transactions shall remain in the yearbook account and be available for future yearbook transactions. Schools should be prohibited from transferring any portion of this balance to other accounts, unless otherwise allowed by the District parameters. If warranted, the future sales price of yearbooks may be set at a reduced price in those instances where large fund balances have been accumulated.