

**Internal Audit of Internal Accounts
As of June 30, 2013**

**Prepared By:
Internal Auditors
October 15, 2013**



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McGladrey LLP

7351 Office Park Place
Melbourne, Florida 32940-8229
O 321-751-6200 F 321-751-1385
www.mcgladrey.com

October 15, 2013

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 19, 2013.

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 internal audit of Internal Accounts.

Respectfully Submitted,

Internal Auditors

Executive Summary

Executive Summary

The following is a summary of the results from the Internal Audit of Internal Accounts dated October 15, 2013. We have attached an overview graph.

There were 178 site based comments for the year ending June 30, 2013. This compares to 143 site based comments as of June 30, 2012, 181 site based comments as of June 30, 2011, and 187 site based comments as of June 30, 2010. This represents a 24% increase in the number of comments over the results for the year ended June 30, 2012. Our procedures resulted in 4 of 34 schools receiving no comments this year, as compared to 1 of 33 schools as of June 30, 2012. Four of 34 schools received 10 or more comments, the highest being 13 comments. Our findings and conclusions are based on our analysis of the processes, documents, records and information provided to us by the District and Schools.

If our scope were to have been expanded, including performance of additional procedures and/or sample sizes in the time period under review, it may have resulted in findings of questionable or inappropriate transactions. We offer no assurances that schemes or fraudulent activities have not or are currently not being perpetrated by any person within the District and Schools.

We would like to note that all of the School Principals and Bookkeepers were cooperative and open to the issues and recommendations provided. The areas highlighted below represent the most common findings. These areas may indicate that additional training is needed.

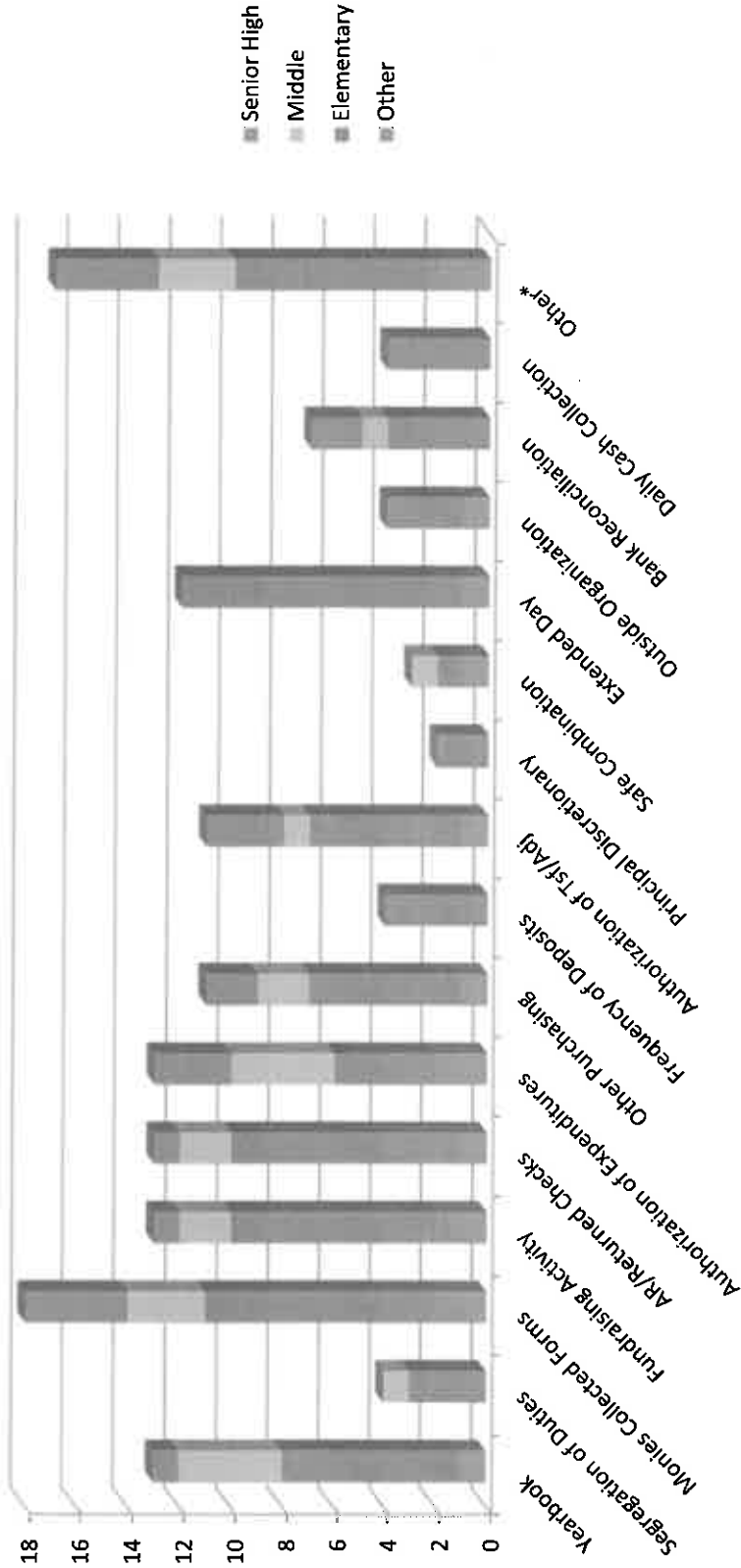
Issue	Risk Rating
Testing of a sample of receipts showed that 53% (18 of 34) of the schools had 1 or more of the following issues: monies collected forms for which cash or check was not indicated for each amount collected on the form, monies collected forms missing official receipt numbers or sign off by the bookkeeper, or the cash or check amount was incorrect on the deposit. This is an increase from FY 2012 where 48% (16 of 33) of the schools had issues in these areas.	High
Testing of a sample of disbursements showed that 38% (13 of 34) of the schools had disbursements where documented prior approval was either not obtained or we were unable to determine timeliness as the disbursement form was not dated. This is an increase from FY 2012 where 21% (7 of 33) of the schools had issues in these areas.	High
We noted that 21% (7 of 34) of the schools received a finding regarding the monthly bank reconciliation. This is an increase from FY 2012 where 9% (3 of 33) of schools had bank reconciliation issues.	High
For 12% (4 of 34) of the schools, we noted one or more instances where cash collected was not remitted to the bookkeeper on the day of collection as required. Improvement has been made from FY 2012 where 15% (5 of 33) of schools were identified with issues in this area.	High
We noted that 92% (12 of 13) of the elementary schools with extended day care programs processed through internal accounts had findings related to either timely receipt of payment for services, recordkeeping/documentation of payments/disbursements, timely monthly remittance to the District and/or performance of required reconciliations/audits. Improvement has been made from FY 2012 where 100% of the schools were identified with issues in these areas.	High

Executive Summary - continued

Issue	Risk Rating
We noted 46% (13 of 28) of the schools had compliance findings regarding fundraising activities. This is an increase from FY 2012 where 42% (10 of 24) of schools were identified with such issues.	Moderate
We noted that 45% (14 of 31) of the schools that handled yearbook sales through internal accounts had yearbook compliance findings. This is an increase from FY 2012 where 37% (11 of 30) of schools had issues in this area.	Moderate
We noted that 38% (13 of 34) of the schools had findings related to proper classification of insufficient funds (NSF) checks and/or accounts receivable at year end. This is an increase from FY 2012 where 24% (8 of 33) of schools were identified with issues.	Moderate

Executive Summary - continued

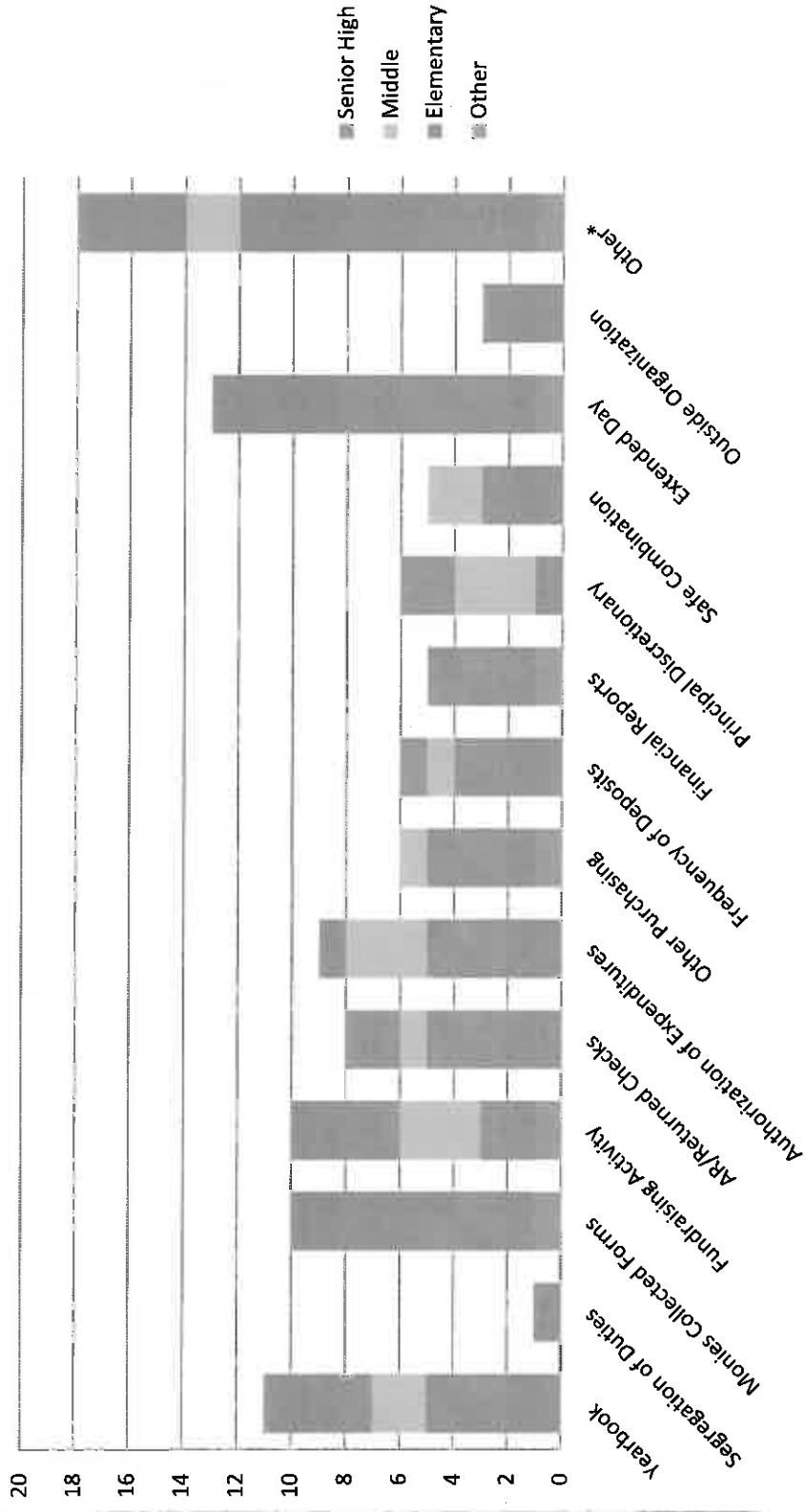
Comments as of June 30, 2013



*This includes Purchases Requiring Purchase Orders, Prior Period Posting to correct General Ledger Account, Transfer/Adjustment Authorizations, Safe Combination, Night Deposit, Property Records, Proper Disbursement and Accounts Payable

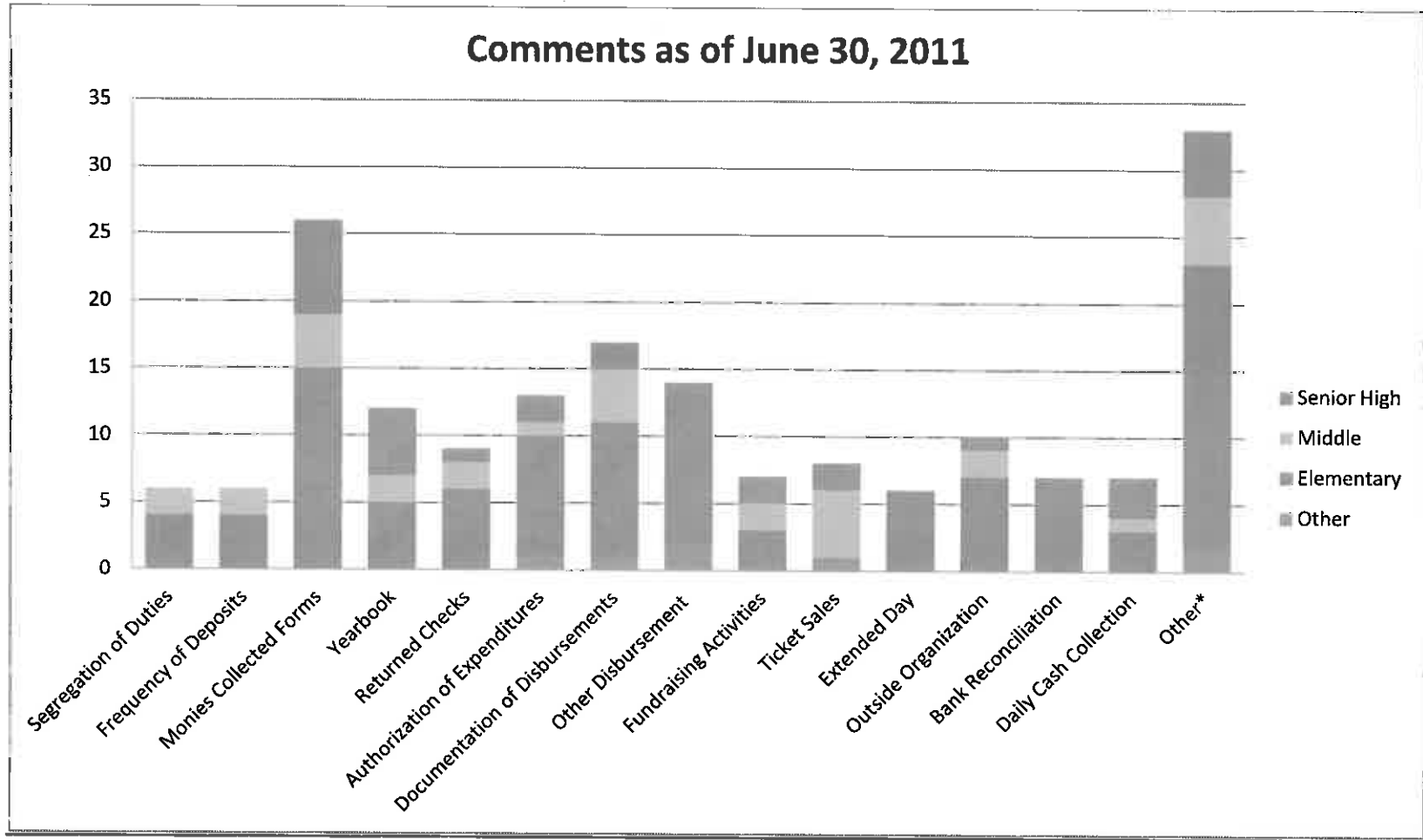
Executive Summary - continued

Comments as of June 30, 2012



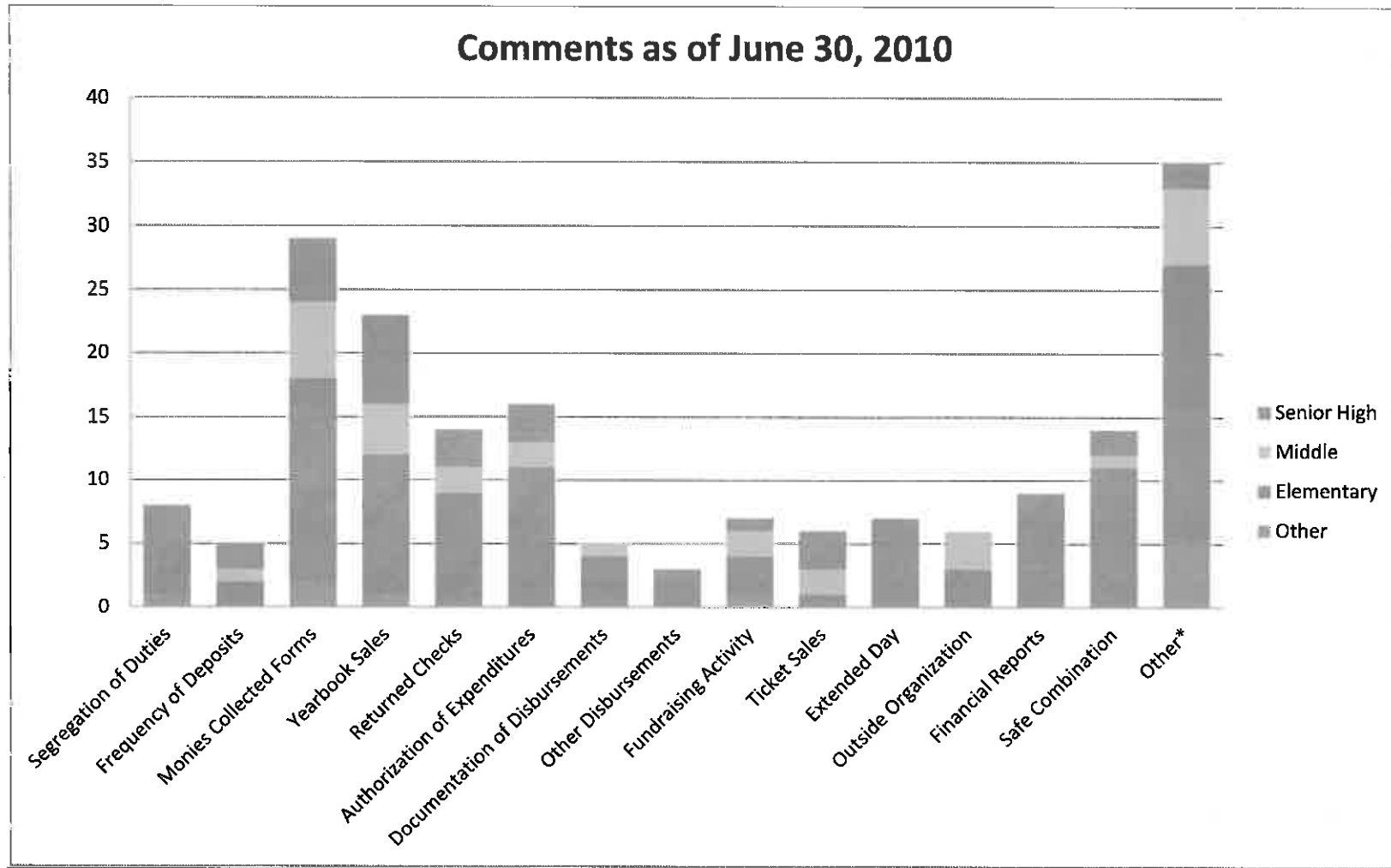
*This includes Sales Tax, Non School Related Accounts, Loans Between Accounts, Prior Period Posting to correct General Ledger Account, Transfer/Adjustment Authorizations, Safe Combination, Property Records, Proper Disbursement and Outstanding Checks Greater than 1 Year.

Executive Summary - continued



*This includes Sales Tax, Accounts with Deficit Balance, Athletic Fund, Chart of Accounts, Prior Period Posting to correct General Ledger Account, School Store Inventory, Safe Combination, Safeguarding of Forms, Property Records, Transfer Authorization, and Review of Financial Reports.

Executive Summary - continued



*This includes Sales Tax, Accounts with Deficit Balance, Athletic Fund, Chart of Accounts, Posting to correct General Ledger Account, School Store Inventory, Non-Qualified Depository, Bank Reconciliation Review, retainage/review of financial reports and Transfer/Adjustment Authorization.

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. 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.
3. School internal account funds shall be used to benefit activities authorized by the District school board.
4. Student participation in fundraising activities shall not be in conflict with the program as administered by the school board.
5. 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.
6. 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.
7. 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.
8. 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.
9. 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.
10. An adequate system of internal controls shall be maintained in order to safeguard the assets of the school internal funds.

Background - continued

St. Johns County School Board Financial Data

The school internal accounts activities for the 2012-2013 year which are included in the District's **Comprehensive Annual Financial Report** are as follows:

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

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

Summary of Certain Provisions of the Internal Accounts Handbook

Pre-numbered Documents

Proper use of pre-numbered documents helps deter theft by providing support for 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. Typically, the bookkeeper prepares the bank reconciliation. In such instances, 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, and signed and dated by the teacher/sponsor collecting funds. 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 lists documents required to be maintained on file by the yearbook sponsor.

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 reviewed the bank reconciliation of the District's designated internal account and conducted on-site school visits at all 34 District schools, performing 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

Rating	Issues	Recommendation	Management Response
High	1	Prior Period Transactions/Adjustments/Postings	
New	<p>During our review of the annual cash balance report, we noted that the July 1, 2012 beginning cash balance was \$11,240 lower than the June 30, 2012 ending cash balance. We noted the following differences from June 30, 2012 to July 1, 2012:</p> <ul style="list-style-type: none"> • The Athletic Fund ending balance as of June 30, 2012 was \$124,178 and the beginning balance as of July 1, 2012 was \$112,821. An \$11,307 difference. • The Classes, Clubs & Departments fund ending balance as of June 30, 2012 was \$65,407 and the beginning balance as of July 1, 2012 was \$64,870. A \$177 difference. • The Grants fund ending balance as of June 30, 2012 was \$69,581 and the beginning balance as of July 1, 2012 was \$69,992. A \$411 difference. • The General Fund ending balance as of June 30, 2012 was \$42,383 and the beginning balance as of July 1, 2012 was \$42,266. A \$117 difference. 	<p>We recommend that no transactions/adjustments/postings prior year be made to after the fiscal year end, as this distorts the fund balances.</p>	<p>Response: We understand that we cut checks prior to our system's rollover to the new year and we will avoid this in the future.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Dawn Sapp</p>

SCHOOL: BARTRAM TRAIL HIGH SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/30/2013

Rating	Issues	Recommendation	Management Response
Low	2	Authorization of Transfers/Adjustments	
New	<p>During our testing of adjustments, we noted two adjustments that were not supported by journal entry forms.</p> <p>The District's approved transfer and journal entry forms should be used to evidence approval and explanation for all transfer and adjustment journal entries.</p>	<p>All journal entries should be documented on the District approved transfer form or journal entry form and must be authorized by the principal. The form includes space for signature of the preparer and approver. We recommend this policy be followed without exception.</p>	<p>Response: We will use the District approved transfer form or journal entry form and it will be signed by both our bookkeeper and the principal.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Dawn Sapp</p>

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 total monies collected figure written on RMC 31678 was not mathematically accurate. The total written on the form was \$10 more than the total of the individual amounts listed. The correct amount, equal to the total written on the RMC, was posted to the system and reflected as deposited on the bank statement.</p> <p>Footing errors on the RMC's 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: The deposit in question is for PE uniforms ranging from \$10 to \$25 and totaled \$4,160. At the time of the deposit the sponsor was unable to account for an extra \$10 fee collected but noted the overage and the amount was verified by the bookkeeper. The recommended procedure was followed by the bookkeeper, this was a simple recording error (overage) by the sponsor and was noted accordingly.</p> <p>ECD: Immediate: Recommended procedure is consistently followed.</p> <p>Principal Responsible: Randy Johnson</p>

Rating	Issues	Recommendation	Management Response
High	2	Authorization of Disbursements	
Recurring	<p>During our test of cash disbursements, we noted that one contract was entered for an amount that exceeded the principal's pre-approval on the materials requisition form by \$8,098. The principal later approved the full amount of the purchase on 5/15/2013, but this was after the date the teacher/sponsor signed the agreement with the vendor on 5/7/2013 for the higher amount.</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>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 policies be followed without exception.</p>	<p>Response: The senior class sponsor received a verbal approval to increase the amount of prom expenses to include a full dinner in lieu of hors d'oeuvres. The sponsor signed the agreement but the payment was not made until the principal signed both the contract and the materials requisition/check request form.</p> <p>ECD: Immediate: The principal reviews and signs all contracts prior to any financial commitment.</p> <p>Principal Responsible: Randy Johnson</p>

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 the following:</p> <ul style="list-style-type: none"> RMC 35669 did not include the date of initial collection or remittance to the bookkeeper. RMC 28839 did not include a listing of individuals that paid in cash. <p>Inadequate completion of 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)(ii) states that money collected from more than one source submitted on the same monies collected form shall be properly identified as to source for each receipt listed on the form.</p> <p>The form includes a line item for the date of receipt.</p> <p>We recommend the bookkeeper review the requirements for monies collected forms and ensure compliance without exception.</p>	<p>Response: The missing date from RMC 35669 was an oversight by the bookkeeper. The cash listed on RMC 28839 was for 837 Scorecard sales (@\$10 ea) to the general public as part of a football fund raiser. Those cash sales were not typically listed individually in the past but, with the new receipt policy, will be detailed on all future funds collected.</p> <p>ECD: September 1, 2013</p> <p>Principal Responsible: Randy Johnson</p>

Rating	Issues	Recommendation	Management Response
High	4	Frequency of Deposits	
Recurring	<p>During our testing of cash receipts, we noted RMC 31678 had monies collected on 8/23/2012 but not picked up by the courier until 8/31/2012.</p> <p>Deposits not made within five (5) business days could result in inaccurate records and misappropriated funds.</p>	<p>The Internal Accounts Handbook (Section 4.03) states funds collected must be deposited within five working days of receipt. We recommend the above policy be followed without exception.</p>	<p>Response: The deposit was picked up by the courier 6 days after it was dated. We will make every effort to comply with the recommended 5 day time frame.</p> <p>ECD: Immediate</p> <p>Principal Responsible: Randy Johnson</p>

Rating	Issues	Recommendation	Management Response
Moderate	5	Expenditures Requiring Purchase Orders	
New	<p>During our test of cash disbursements, we noted that no purchase order was created for three applicable purchases.</p> <p>Expenditures that do not go through the proper purchasing process could result in overspending of the budget or misappropriation of funds.</p>	<p>All internal accounts purchases require a purchase order, except for the transaction types listed in the December 2011 Memo ("Internal Accounts Transactions that do not need a Purchase Order", 12/2/2011). We recommend the above policy be followed without exception.</p>	<p>Response: Depending on the timing of a materials requisition and subsequent invoicing, a purchase order may or may not be produced. In these cases, a straight pay was processed as the most efficient procedure, as there was no encumbrance period. None of them were processed without a signed requisition. Purchase orders are consistently issued for valid orders.</p> <p>ECD: Immediate</p> <p>Principal Responsible: Randy Johnson</p>

Rating	Issues	Recommendation	Management Response
Moderate	6	Property Purchase Reporting	
New	<p>During our cash disbursements testing, we noted two purchases for which the purchase amount exceeded the District's \$1,000 capitalization threshold. The purchases were for a golf cart (check 3979), and a camera (check 4261).</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 is indeed a valid concern and steps will be taken to ensure any items that exceed the capitalization threshold will be reported to appropriate district personnel for inclusion in our school's inventory.</p> <p>ECD: Immediate</p> <p>Principal Responsible: Randy Johnson</p>

Rating	Issues	Recommendation	Management Response
High	1	Prohibited Expenditures	
New	<p>During our testing of disbursements, we noted that check 332 included a purchase of gift cards.</p> <p>To reduce the risk related to the use of internal accounts funds, the District does not allow purchases of gift cards.</p>	<p>The District's internal accounts rules prohibit the purchase of gift cards from internal accounts funds for any reason.</p> <p>We recommend that this policy be followed without exception.</p>	<p>Response: Purchase listed as gift card was a credit issued to purchase books for student use on nooks purchased on this receipt.</p> <p>No gift card was issued, Barnes & Noble held the credit for book purchases.</p> <p>In the future we will not receive credit for book purchases.</p> <p>ECD:</p> <p>Principal Responsible: Jay Willets</p>

Rating	Issues	Recommendation	Management Response
Moderate	2	Sales Tax	
New	<p>During our testing of disbursements, we noted that checks 359 and 491 inappropriately included sales tax.</p> <p>The School Board is not subject to sales tax; therefore sales tax should not be paid or reimbursed unless purchasing items for resale.</p>	<p>The Internal Accounts Handbook (Section 5.01(j)) states that, "Purchases are specifically exempted from sales and use tax, except for purchases for resale."</p> <p>We recommend that this policy be followed without exception.</p>	<p>Response: Sales tax monies paid reimbursed to Internal Accounts.</p> <p>We acknowledge this finding and will work to correct this.</p> <p>ECD:</p> <p>Principal Responsible: Jay Willets</p>

Rating	Issues	Recommendation	Management Response
Moderate	3	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. Funds transferred from the Internal Accounts General Fund must be reconciled to unweighted FTE and reported in writing to the District Finance Office by December 5th. We recommend the above policy be followed without exception.</p>	<p>Response: Requested permission from Mr. Degutis to transfer funds. October FTE of 690 students used to reconcile the transfer of \$2400.00 to Principals Discretionary Fund.</p> <p>We acknowledge this finding and will work to correct this.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Jay Willets</p>

Rating	Issues	Recommendation	Management Response
Moderate	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>Fees not paid in advance can result in loss of revenues due to the school and the inability to properly fund the costs of the program.</p>	<p>The Internal Accounts Handbook (Section 3.01 (g) (ii)) states that "All fees for student participation in the Extended Day program must be paid in advance prior to the child's attendance in the related session. Failure to collect fees in advance of providing services is contrary to the Constitution of the State of Florida, Article VII, Section 10."</p> <p>We recommend that the principal review this requirement with the extended day coordinator to ensure that all fees are paid in advance of student participation in any extended day activities.</p>	<p>Response: I will review the requirement that "all fees for student participation in the Extended Day program must be paid in advance prior to student attendance" with the extended day coordinator.</p> <p>ECD: September 9, 2013</p> <p>Principal Responsible: Randall Strickland</p>

Rating	Issues	Recommendation	Management Response
Low	2	Use of Transfers/Adjustments	
New	<p>During our testing of transfers, we noted that journal entry 4528 was made using the incorrect object codes to correct a cash receipt posting error. The entry was made using the transfer object codes, which should only be used to reflect transfers of funds from one account to another.</p> <p>Proper use of the transfer object codes ensures the school's financial records accurately present transfer and adjustment activity.</p>	<p>The Internal Accounts Handbook, Section 6.03 (a) states that an internal transfer is a transfer of funds from one account to another. The transfer object codes should not be used to adjust accounts or correct cash postings.</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: Principal and bookkeeper will review Section 6.03(a) from The Internal Accounts Handbook to ensure that transfer object codes are not used to adjust accounts or correct cash postings.</p> <p>ECD: September 9, 2013</p> <p>Principal Responsible: Randall Strickland</p>

Rating	Issues	Recommendation	Management Response
High	1	Accounts Receivable and Returned Checks	
Recurring	<p>During our test of returned checks, we were unable to determine the amount of returned checks pending reimbursement at 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 (\$5,301.04).</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: The discrepancy in the accounts receivable and returned checks occurred during the employ of the previous bookkeeper. The current bookkeeper will investigate and reconcile the accounts receivable balance in accordance with the manual bank reconciliation instructions.</p> <p>ECD: August, 2013</p> <p>Principal Responsible: Sandra McMandon</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 that RMC 35618 did not contain an official receipt number. Additionally, RMC 35618 involved four separate RMCs. The monies collected were collected on different dates.</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. Additionally, monies collected forms should be numbered separately for proper recordkeeping and reconciliation to receipt records.</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 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: In accordance with Internal Accounts Handbook, Section 4.01(a), all monies collected forms will be marked with the electronic receipt number, check number or a mark for cash if cash was submitted.</p> <p>This procedure will be followed without exception.</p> <p>ECD: August, 2013</p> <p>Principal Responsible: Sandra McMandon</p>

Rating	Issues	Recommendation	Management Response
High	3	Frequency of Deposits	
Recurring	<p>During our testing of cash receipts, we noted the following items that were not deposited timely:</p> <ul style="list-style-type: none"> • RMC 27931 had monies collected on 8/7/2012; receipt of pick-up on the Courier Log was dated 8/21/2012. • RMC 35618 had monies collected on 8/18/2012; receipt of pick-up on the Courier Log was dated 9/7/2012. • RMC 40615 had monies collected on 8/31/2012; receipt of pick-up on the Courier Log was dated 11/20/2012. <p>Deposits not made within five (5) business days could result in inaccurate records and misappropriation of 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: The items tested by the auditors occurred during the employ of the previous bookkeeper. The current bookkeeper will deposit funds within five working days of receipt pursuant to the Internal Accounts Handbook.</p> <p>This procedure will be followed without exception.</p> <p>ECD: August, 2013</p> <p>Principal Responsible: Sandra McMandon</p>

Rating	Issues	Recommendation	Management Response
High	4	Extended Day Reconciliations and Audits	
<p>Recurring</p>	<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: Durbin Creek suffered a loss in the bookkeeper position for approximately 2 months during which time the monthly reconciliations of extended day were handled by the extended day coordinator. The current bookkeeper will meet monthly with the extended day coordinator and the principal regarding the monthly reconciliation of extended receipts.</p> <p>This procedure will be followed without exception.</p> <p>ECD: August, 2013</p> <p>Principal Responsible: Sandra McMandon</p>

Rating	Issues	Recommendation	Management Response
High	5	Fundraising Activity	
<p>Recurring</p>	<p>During our testing of fund raising activities, we noted Section B (Accounting Summary of Fund Raiser) and Section C (Final Approval of Reconciliation) of the fundraising activity form 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 (a) and (g)) states the Principal shall control all fundraising activities, and that all fund raising requests shall be documented on a District authorized fundraising activity form accompanied by a supporting fund raising checklist. The school should complete a fundraising 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: In accordance with Internal Accounts Handbook, Section 4.05 (a) and (g) all fundraising requests shall be documented on a District authorized fundraising activity form with supporting documentation and approved by the principal.</p> <p>This procedure will be followed without exception.</p> <p>ECD: August, 2013</p> <p>Principal Responsible: Sandra McMandon</p>

Rating	Issues	Recommendation	Management Response
Moderate	6	Extended Day Disbursements	
Recurring	<p>During our test of extended day cash disbursements, we noted that the extended day fees collected in September were not remitted to the District until October 23rd.</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: In accordance with Internal Accounts Handbook, Section 3.01 (g) (vi), all fees collected from extended day will be submitted to the District Finance Office by the 10th of the following month.</p> <p>This procedure will be followed without exception.</p> <p>ECD: August, 2013</p> <p>Principal Responsible: Sandra McMandon</p>

Rating	Issues	Recommendation	Management Response
Low	7	Frequency of Disbursements	
Recurring	<p>During our testing of cash disbursements we noted that check 223 was paid 53 days after the invoice date.</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: The previous bookkeeper allowed disbursements past the recommended 45 day period. The current bookkeeper will make payments of invoices within the 45 days of the invoice date to avoid any late penalties.</p> <p>ECD: August, 2013</p> <p>Principal Responsible: Sandra McMandon</p>

Rating	Issues	Recommendation	Management Response
High	8	Yearbook	
New	<p>During our testing of the yearbook reconciliation, we noted the following:</p> <ul style="list-style-type: none"> The yearbook reconciliation was out of balance by \$9,339. We were unable to agree the yearbook sales amounts per the yearbook reconciliation to the general ledger. Six expenditures were not used for yearbook purposes. Funds collected for yearbook sales should be used for necessary expenses relating to the production or printing of the yearbook. A teacher handled the majority of 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(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>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. <p>We recommend that these policies be followed without exception.</p>	<p>Response: During the audit process it was noted that the previous bookkeeper made expenditures out of the yearbook account that were not for yearbook purposes. The current bookkeeper will use the yearbook account in accordance with the Internal Accounts Handbook (Section 9.04).</p> <p>These procedures will be followed without exception.</p> <p>ECD: August, 2013</p> <p>Principal Responsible: Sandra McMandon</p>

Rating	Issues	Recommendation	Management Response
High	9	Segregation of Duties	
New	<p>During our testing of segregation of duties, we noted the bookkeeper occasionally opens the mail, prepares the report of monies collected form and deposits the money. The monies collected forms are reviewed and signed by the principal.</p> <p>As the bookkeeper's duties include bank deposits, posting receipts in the accounting system and performing the bank reconciliation, there is not an appropriate level of segregation of duties if they are also the initial collector of monies. 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 accordance with section 4.02 (c) of the Internal Accounts Handbook, the school principal has been designated to open all mail received by the bookkeeper, date stamp and sign and complete the necessary Monies Collected Forms.</p> <p>These steps will be followed with exception.</p> <p>ECD: August, 2013</p> <p>Principal Responsible: Sandra McMandon</p>

Rating	Issues	Recommendation	Management Response
High	10	Expenditure Support	
New	<p>During our testing of disbursements we noted the following:</p> <ul style="list-style-type: none"> Supporting documentation for check 208 was a quote and not an actual vendor receipt or invoice. No purchase order was created for three applicable purchases. <p>Expenditures that do not go through the proper purchasing process could result in overspending of the budget or 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." Additionally, all internal accounts purchases require a purchase order, except for the transaction types listed in the December 2011 Memo ("Internal Accounts Transactions that do not need a Purchase Order", 12/2/2011).</p> <p>We recommend the above policies be followed without exception.</p>	<p>Response: The previous bookkeeper made disbursements without the proper documentation. In accordance with the Internal Accounts Handbook (Section 5.01(b)), the current bookkeeper will require all supporting documentation and obtaining the purchase order prior to making any disbursements. These steps will be followed without exception.</p> <p>ECD: August, 2013</p> <p>Principal Responsible: Sandra McMandon</p>

Rating	Issues	Recommendation	Management Response
Moderate	11	Authorization of Transfers/Adjustments	
New	<p>During our testing of transfers and adjustments, we noted the following:</p> <ul style="list-style-type: none"> • Two adjustments were not supported by journal entry forms or other supporting documentation that evidences principal review or approval. • Two transfers were not supported by the District approved transfer form. <p>The District's approved transfer and journal entry forms should be used to evidence approval and explanation for all transfer and adjustment journal entries.</p>	<p>All journal entries should be documented on the District approved transfer form or journal entry form and must be authorized by the principal. The form includes space for signature of the preparer and approver.</p> <p>Additionally, the Internal Accounts Handbook, Section 6.03, states that transfers from one account to another should be transferred using a standard transfer form (Exhibit 3) and must be authorized by the principal and both parties requesting the transfer.</p> <p>We recommend these policies be followed without exception.</p>	<p>Response: In accordance with the Internal Accounts Handbook, the current bookkeeper will obtain principal approval prior to the transfer of funds or the entry of Journal Entries for adjustments.</p> <p>These steps will be followed without exception.</p> <p>ECD: August, 2013</p> <p>Principal Responsible: Sandra McMandon</p>

Rating	Issues	Recommendation	Management Response
Moderate	1	Fundraising Activity	
Recurring	<p>During our testing of fundraising activities, we noted that the supporting fundraising activity form was not fully completed and did not include financial results or final approval by the principal.</p> <p>Failure to completely follow District policies related to the use of fundraiser 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 fundraiser activity form be completed in accordance with the Internal Accounts Handbook, Section 4.05(g).</p>	<p>Response: The bookkeeper was new at the beginning of the school year and was under a learning curve regarding all procedures. In the future, this procedure will be followed.</p> <p>ECD: August 19, 2013</p> <p>Principal Responsible: Steve McCormick</p>

Rating	Issues	Recommendation	Management Response
Moderate	2	Contract Authorization	
Recurring	<p>During our testing of the yearbook, we noted that the yearbook and school pictures contracts were signed by the assistant principal 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: Will ensure all contracts are signed by the principal.</p> <p>ECD: August 19, 2013</p> <p>Principal Responsible: Steve McCormick</p>

Rating	Issues	Recommendation	Management Response
High	3	Completion of Report of Monies Collected (RMC) Forms	
New	<p>During our testing of cash receipts, we noted that RMC 27196 did not include a listing of individuals that paid in cash.</p> <p>Inadequate completion of 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)(ii) states that money collected from more than one source submitted on the same monies collected form shall be properly identified as to source for each receipt listed on the form.</p> <p>We recommend the bookkeeper review the requirements for monies collected forms and ensure compliance without exception.</p>	<p>Response: This procedure will be followed and the source of cash received will be identified.</p> <p>ECD: August 19, 2013</p> <p>Principal Responsible: Steve McCormick</p>

Rating	Issues	Recommendation	Management Response
High	4	Authorization of Disbursements	
New	<p>During our test of cash disbursements, we noted the following:</p> <ul style="list-style-type: none"> • Check 5797 paid an invoice dated 8/13/2012, but the materials requisition form was not approved by the principal until 8/14/2012. • Check 6005 paid an invoice dated 3/19/2013, but the materials requisition form was not approved by the principal until 3/20/2013. <p>Disbursements that do not have proper approval prior to the purchase could result in overspending of the budget or misappropriations of funds.</p>	<p>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: Will ensure this procedure is followed and all information is complete and maintained properly.</p> <p>ECD: August 19, 2013</p> <p>Principal Responsible: Steve McCormick</p>

Rating	Issues	Recommendation	Management Response
High	5	Yearbook	
New	<p>During our testing of the yearbook reconciliation, we noted that the yearbook reconciliation was out of balance by \$9,151.35.</p> <p>Without 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: Will ensure this procedure is followed and all information is complete and maintained properly.</p> <p>ECD: August 19, 2013</p> <p>Principal Responsible: Steve McCormick</p>

Rating	Issues	Recommendation	Management Response
Moderate	6	Property Purchase Reporting	
New	<p>During our cash disbursements testing, we noted two purchases for which the purchase amount exceeded the District's \$1,000 capitalization threshold. The purchases were for a music storage cabinet valued at \$3,720 (check 5797), and a baritone saxophone valued at \$2,857 (check 5948).</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: The bookkeeper was new at the beginning of the school year and was unaware of this procedure, but will ensure correct procedures are followed going forward.</p> <p>ECD: August 19, 2013</p> <p>Principal Responsible: Steve McCormick</p>

Rating	Issues	Recommendation	Management Response
Moderate	1	Fundraising Activity	
Recurring	<p>During our testing of fundraising activities, we noted that the revenue and cost of goods sold figures did not agree to the general ledger.</p> <p>Failure to completely follow District policies related to the use of fundraiser reconciliations could result in an inability to ensure the fundraising activity is fully and accurately captured in the internal accounts fund.</p>	<p>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 fundraising activity form.</p> <p>We recommend the bookkeeper review the fundraising forms when received, and verify that they are accurate per the supporting documentation and cash receipt/disbursement activity.</p>	<p>Response: Fundraising policy will be reviewed and completed by Bookkeeper and Principal.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Patricia McMahon</p>

Rating	Issues	Recommendation	Management Response
Moderate	2	Authorization of Transfers/Adjustments	
Recurring	<p>During our testing of transfers and adjustments, we noted one transfer that was not supported by a transfer form or other supporting documentation that evidences principal review or approval.</p> <p>The District's approved transfer and journal entry forms should be used to evidence approval and explanation for all transfer and adjustment journal entries.</p>	<p>All journal entries should be documented on the District approved transfer form or journal entry form and must be authorized by the principal. The form includes space for signature of the preparer and approver. We recommend this policy be followed without exception.</p>	<p>Response: All transfers will have support documentation attached.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Patricia McMahon</p>

Rating	Issues	Recommendation	Management Response
High	3	Prohibited Expenditures	
New	<p>During our testing of disbursements, we noted that check 94 included a purchase of gift cards.</p> <p>To reduce the risk related to the use of internal accounts funds, the District does not allow purchases of gift cards.</p>	<p>The District's internal accounts rules prohibit the purchase of gift cards from internal accounts funds for any reason.</p> <p>We recommend that this policy be followed without exception.</p>	<p>Response: Gift card purchases will not be made.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Patricia McMahon</p>

Rating	Issues	Recommendation	Management Response
High	4	Completion of Report of Monies Collected (RMC) Forms	
New	<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 any amounts collected on our selected RMC's (45850, 51487, 41376, 46494, and 29337). RMC 41376 did not include the source of collection. RMC 51487 did not include the receipt number on the form. <p>Inadequate completion of 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)(ii) states that money collected from more than one source submitted on the same monies collected form shall be properly identified as to source for each receipt listed on the form. Section 4.01 (a) (iv) states that cash or check number must be listed with the student's name.</p> <p>We recommend the bookkeeper review the requirements for monies collected forms and ensure compliance without exception.</p>	<p>Response: RMC forms were outdated. New forms being used.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Patricia McMahon</p>

Rating	Issues	Recommendation	Management Response
High	5	Authorization of Disbursements	
New	<p>During our test of cash disbursements, we noted the following:</p> <ul style="list-style-type: none"> • Check 112 reimbursed items purchased on 2/4/2013 and 2/9/2013, but the materials requisition form was not approved by the principal until 4/1/2013. • Check 99 had only one signature. <p>Disbursements that do not have proper approval could result in overspending of the budget or misappropriations 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(a), states that, "All checks written must be signed with two signatures."</p> <p>We recommend the above policies be followed without exception.</p>	<p>Response: All Purchase orders will be verified that date is correct.</p> <p>All checks will have two signatures.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Patricia McMahan</p>

Rating	Issues	Recommendation	Management Response
Moderate	6	Filing Procedures	
New	<p>During our testing of cash receipts, we were unable to verify the amount of cash and check for one deposit (IC006223), as the deposit slip was not maintained on file.</p>	<p>The Internal Accounts Handbook (Section 2.09(d)) states that deposit slips should be kept on file. We recommend that the bookkeeper maintain required documents, including duplicate deposit slips, on file in accordance with this policy.</p>	<p>Response: All deposit slips will be maintained on file.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Patricia McMahan</p>

Rating	Issues	Recommendation:	Management Response
High	1	Segregation of Duties	
New	<p>During our testing of segregation of duties, we noted that occasionally the bookkeeper prepares the Report of Monies Collected (RMC) forms for mail receipts and gives the RMC to the principal to sign.</p> <p>As the bookkeeper's duties include bank deposits, posting receipts in the accounting system and performing the bank reconciliation, there is not an appropriate level of segregation of duties if they also prepare 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 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: Either our front desk clerk or our computer operator handles the monies collected which comes in the mail. The bookkeeper has made out the monies collected form for the principal (for items such as rent paid to the principal by check), then the principal would sign it.</p> <p>The bookkeeper will no longer write out any monies collected forms for any reason.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Joy Taylor</p>

Rating	Issues	Recommendation	Management Response
High	2	Authorization of Disbursements	
New	<p>During our test of cash disbursements, we noted the following:</p> <ul style="list-style-type: none"> • Check 1945 paid an invoice dated 8/29/2012, but the materials requisition form was not approved by the principal. • Check 1982 paid an invoice dated 9/13/2012, but the materials requisition form was not approved by the principal until 1/11/2013. • The materials requisition form supporting check 2055 did not include the amount approved or date of principal approval. <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>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 policies be followed without exception.</p>	<p>Response: Ck # 1945 was for payment of our yearbooks. The PO was entered and check disbursed on the same day once for payment of the invoice. Even though the requisition was not signed, we did have a signed contract with Leonard's for the purchase which was provided during the audit.</p> <p>The other two checks were not dated/signed as they should have been.</p> <p>We will make every effort this year to make sure all purchases are signed and dated in advance to the purchase.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Joy Taylor</p>

Rating	Issues	Recommendation	Management Response
Moderate	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 detailed trial balance reports was \$99.25, which did not match the listing of checks pending reimbursement, which totaled \$183.</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 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: In looking over the records, it appears some of the NSF re-imbursement checks were posted to the wrong acct. number. A self-audit is being done by the bookkeeper to verify all NSF checks.</p> <p>ECD: September 1, 2013</p> <p>Principal Responsible: Joy Taylor</p>

Rating	Issues	Recommendation	Management Response
Moderate	4	Expenditures Requiring Purchase Orders	
New	<p>During our test of cash disbursements, we noted that no purchase order was created for one applicable purchase.</p> <p>Expenditures that do not go through the proper purchasing process could result in overspending of the budget or misappropriation of funds.</p>	<p>All internal accounts purchases require a purchase order, except for the transaction types listed in the December 2011 Memo ("Internal Accounts Transactions that do not need a Purchase Order", 12/2/2011). We recommend the above policy be followed without exception.</p>	<p>Response: The check requisitions listed were done incorrectly. We will make every effort to correct this in the future.</p> <p>ECD:</p> <p>Principal Responsible: Joy Taylor</p>

Rating	Issues		Recommendation	Management Response
Moderate	5	Frequency of Disbursements		
New	<p>During our testing of cash disbursements, we noted that check 1945 was paid 120 days after the invoice date.</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 disbursement was for the payment of our yearbooks. The invoice for them is delivered with the books, but payment is not made until after the sales of the books. In the future, we will make sure this falls within the 45 day timeframe.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Joy Taylor</p>

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 that cash or check was not listed next to each amount collected on RMC 36177 and 36184.</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: HCE's bookkeeper makes every attempt to complete Monies Collected forms that are missing information, but occasionally an error is made. She will try to follow the Internal Accounts Handbook recommendation without exception in the future. Teachers participated in August, 2013 training to ensure this outcome.</p> <p>ECD: August 14, 2013</p> <p>Principal Responsible: Dr. Paul Goricki</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"> • Amounts were expended that did not relate to the purchase of yearbooks, i.e. headphones, staff lunch, and audit fees. • We were unable to agree the yearbook sales amounts per the yearbook reconciliation documentation to the general ledger. • The yearbook reconciliation was out of balance by \$350. <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: Yearbook teacher sponsor turned in reconciliation and was subsequently non-reappointed to her position at school. Bookkeeper was unable to balance reconciliation. She will attempt to monitor yearbook more closely to ensure balanced reconciliation.</p> <p>ECD: August 14, 2013</p> <p>Principal Responsible: Dr. Paul Goricki</p>

Rating	Issues	Recommendation	Management Response
Moderate	3	Extended Day Collections	
Recurring	<p>During our test of extended day cash receipts, we noted a receipt for extended day services that was not collected in advance of the child's participation in the activity.</p> <p>Fees not paid in advance can result in loss of revenues due to the school and the inability to properly fund the costs of the program.</p>	<p>The Internal Accounts Handbook (Section 3.01 (g) (ii)) states that "All fees for student participation in the Extended Day program must be paid in advance prior to the child's attendance in the related session. Failure to collect fees in advance of providing services is contrary to the Constitution of the State of Florida, Article VII, Section 10."</p> <p>We recommend that the principal review this requirement with the extended day coordinator to ensure that all fees are paid in advance of student participation in any extended day activities.</p>	<p>Response: A change has been effected and Extended Day Coordinator now collects monies prior to participation in the Extended Day program.</p> <p>ECD: August 14, 2013</p> <p>Principal Responsible: Dr. Paul Goricki</p>

Rating	Issues	Recommendation	Management Response
Low	4	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 fundraising 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 fundraiser reconciliations could result in an inability to ensure the fundraising activity is fully and accurately captured in the internal accounts fund.</p>	<p>We recommend that the fundraiser activity form be completed in accordance with Internal Accounts Handbook, Section 4.05(g).</p>	<p>Response: Sponsor and bookkeeper neglected to have principal sign off on fundraisings forms, although fundraising was verbally approved. Every attempt will be made to have documents signed in a timely manner.</p> <p>ECD: August 14, 2013</p> <p>Principal Responsible: Dr. Paul Goricki</p>

Rating	Issues	Recommendation	Management Response
High	5	Daily Cash Collection	
New	<p>During our test of cash receipts, we noted one monies collected form for which money was collected between 10/10/2012 and 10/15/2012 that was not remitted to the bookkeeper until 10/15/2012.</p> <p>Delays in the collection and recording process could result in inaccurate records and misappropriation of funds.</p>	<p>The Internal Accounts Handbook, Section 4.02 (f) states that all funds collected and supporting report of monies collected shall be delivered to the bookkeeper on the day of collection. We recommend that this policy be followed without exception.</p>	<p>Response: Teachers and staff members participated in August, 2013 training when they were reminded of the requirement to turn in funds on a daily basis. Bookkeeper will continue to remind staff not to hold funds.</p> <p>ECD: August 14, 2013</p> <p>Principal Responsible: Dr. Paul Goricki</p>

Rating	Issues	Recommendation	Management Response
Moderate	6	Expenditures Requiring Purchase Orders	
New	<p>During our test of cash disbursements, we noted that no purchase order was created for one applicable purchase.</p> <p>Expenditures that do not go through the proper purchasing process could result in overspending of the budget or misappropriation of funds.</p>	<p>All internal accounts purchases require a purchase order, except for the transaction types listed in the December 2011 Memo ("Internal Accounts Transactions that do not need a Purchase Order", 12/2/2011). We recommend the above policy be followed without exception.</p>	<p>Response: During September, 2013 meeting, district bookkeepers were advised of requirement to complete a purchase order for each check cut. The cash disbursement tested was from August, 2013. Purchase orders are being completed for all checks with the exception of those to the district.</p> <p>ECD: August 14, 2013</p> <p>Principal Responsible: Dr. Paul Goricki</p>

Rating	Issues	Recommendation	Management Response
Moderate	7	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 reports was \$553.50, which did not match the listing of checks pending reimbursement, which totaled \$232.50.</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 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: Bookkeeper is currently researching to find error in accounts receivable. Correction will be made and the account will be monitored more closely to avoid out-of-balance status.</p> <p>ECD: August 14, 2013</p> <p>Principal Responsible: Dr. Paul Goricki</p>

Rating	Issues	Recommendation	Management Response
Low	8	Authorization of Transfers/Adjustments	
New	<p>During our testing of transfers and adjustments, we noted two adjustments and two transfers that were not supported by journal entry or transfer forms.</p> <p>The district's approved transfer and journal entry forms should be used to evidence approval and explanation for all transfer and adjustment journal entries.</p>	<p>All journal entries should be documented on the district approved transfer form or journal entry form and must be authorized by the principal. The form includes space for signature of the preparer and approver. We recommend this policy be followed without exception.</p>	<p>Response: Bookkeeper was not aware of Journal Entry transfer form. She has located the form and is currently using correct documentation for each journal entry.</p> <p>ECD: August 14, 2013</p> <p>Principal Responsible: Dr. Paul Goricki</p>

Rating	Issues	Recommendation	Management Response
Moderate	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>Fees not paid in advance can result in loss of revenues due to the school and the inability to properly fund the costs of the program.</p>	<p>The Internal Accounts Handbook (Section 3.01 (g) (ii)) states that "All fees for student participation in the Extended Day program must be paid in advance prior to the child's attendance in the related session. Failure to collect fees in advance of providing services is contrary to the Constitution of the State of Florida, Article VII, Section 10."</p> <p>We recommend that the principal review this requirement with the extended day coordinator to ensure that all fees are paid in advance of student participation in any extended day activities.</p>	<p>Response: The Extended Day Supervisor will collect dues and fees in advance of providing services according to the Constitution of the State of Florida, Article VII, Section 10.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Don Steele</p>

Rating	Issues	Recommendation	Management Response
High	2	Prior Period Transactions/Adjustments/Postings	
New	<p>During our review of the annual cash balance report, we identified the following differences from June 30, 2012 to July 1, 2012:</p> <ul style="list-style-type: none"> The School's Extended Day ending balance as of June 30, 2012 was \$7,804 and the beginning balance as of July 1, 2012 was \$0. The General Fund ending balance as of June 30, 2012 was \$37,176 and the beginning balance as of July 1, 2012 was \$36,813. A \$363 difference; \$29 relates to prior year accounts receivable. 	<p>We recommend that no transactions/adjustments/postings prior year be made to after the fiscal year end, as this distorts the fund balances.</p>	<p>Response: The Bookkeeper will process all adjustments and payments prior to the fiscal year end.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Don Steele</p>

Rating	Issues	Recommendation	Management Response
Moderate	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>Fees not paid in advance can result in loss of revenues due to the school and the inability to properly fund the costs of the program.</p>	<p>The Internal Accounts Handbook (Section 3.01 (g)(ii)) states that "all fees for student participation in the Extended Day program must be paid in advance prior to the child's attendance in the related session. Failure to collect fees in advance of providing services is contrary to the Constitution of the State of Florida, Article VII, Section 10."</p> <p>We recommend that the principal review this requirement with the extended day coordinator to ensure that all fees are paid in advance of student participation in any extended day activities.</p>	<p>Response: Extended Day fees will continue to be paid in advance prior to a student's participation.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Michael Story</p>

Rating	Issues	Recommendation	Management Response
Moderate	2	Extended Day Reconciliations	
Recurring	<p>During our testing of extended day documentation, we noted the following:</p> <ul style="list-style-type: none"> Monthly reconciliations of extended day fees collected were reviewed by the principal, but this review was not documented. The reconciliation documentation did not include a copy of the monthly Quickbooks report, so we are unable to reperform the reconciliation. <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>Response: The monthly Extended Day reconciliation will include a copy of the monthly Quickbooks report and will be signed and dated by the Principal.</p> <p>ECD: August 31, 2013</p> <p>Principal Responsible: Michael Story</p>

Rating	Issues	Recommendation	Management Response
High	3	Yearbook	
New	<p>During our testing of the yearbook reconciliation, we noted the following:</p> <ul style="list-style-type: none"> Several expenditures were made from the yearbook account for non-yearbook related items, such as math software. The yearbook reconciliation was not fully completed. The sales, vendor payments, profit/loss, and overall reconciliation sections were not completed. Also, the summary of yearbook quantity was not mathematically accurate. <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>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 these policies be followed without exception.</p>	<p>Response: I would like to respectfully take exception to this issue as corrected. Upon further review of the IA Handbook (Section 9.04 (a) (ii)) states yearbook funds "may" be used toward cost of next year's books.</p> <p>JCE will lower the cost of next year's Yearbooks. I plan to use the existing surplus funds to purchase instruction material to be used by all students.</p> <p>ECD: August 29, 2013</p> <p>Principal Responsible: Michael Story</p>

Rating	Issues	Recommendation	Management Response
Moderate	4	Expenditure Support	
New	<p>During our test of disbursements, we noted that the supporting documentation for check 341 was an order form completed by the principal. No detail of purchase such as invoice or receipt was attached.</p> <p>Disbursements without proper supporting documentation could result in misappropriation of funds.</p>	<p>The Internal Accounts Handbook (Section 5.01(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: The order form was completed by the vendor and signed by the Principal. All disbursements will have attached supporting documentation.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Michael Story</p>

Rating	Issues	Recommendation	Management Response
Moderate	5	Fundraising Activity	
New	<p>During our testing of fundraising activities, we noted that the supporting fundraising activity form was not fully completed and did not include cost of goods sold and a net profit calculation.</p> <p>Failure to completely follow District policies related to the use of fundraiser reconciliations could result in an inability to ensure the fundraising activity is fully and accurately captured in the internal accounts fund.</p>	<p>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. 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: Our book fair sponsor will follow District policies when completing the fund raising activity form.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Michael Story</p>

Rating	Issues	Recommendation	Management Response
Low	6	Authorization of Transfers/Adjustments	
New	<p>During our testing of transfers and adjustments, we noted two adjustments and two transfers that were not supported by journal entry or transfer forms.</p> <p>The District's approved transfer and journal entry forms should be used to evidence approval and explanation for all transfer and adjustment journal entries.</p>	<p>All journal entries should be documented on the district approved transfer form or journal entry form and must be authorized by the principal. The form includes space for signature of the preparer and approver. We recommend this policy be followed without exception.</p>	<p>Response: The bookkeeper will use the proper transfer forms and journal entry forms.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Michael Story</p>

SCHOOL: KETTERLINUS ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/31/2013

Rating	Issues	Recommendation	Management Response
	No comments for this school.		Response: N/A ECD: N/A

Rating	Issues	Recommendation	Management Response
High	1	Authorization of Disbursements	
<p>Recurring</p>	<p>During our test of cash disbursements, we noted the following:</p> <ul style="list-style-type: none"> • Check 414 paid an invoice dated 10/31/2012, but the materials requisition form was not dated to indicate when principal approval occurred. • Check 417 paid an invoice dated 12/20/2012, but the materials requisition form was not dated to indicate when principal approval occurred. <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>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: Check 414 was payment for cookie dough fundraiser. Fundraiser was approved by the Principal in August 2012 prior to beginning of fundraiser.</p> <p>Check 417 reimbursement payment for items requested by Principal which could not be purchased using the p-card.</p> <p>Bookkeeper will always require a prior approval for purchases from Internal Accounts.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Emily Harrison</p>

Rating	Issues	Recommendation	Management Response
Moderate	2	Frequency of Disbursements	
Recurring	During our testing of cash disbursements, we noted that check 414 was paid 64 days after the invoice date indicated on the vendor's statement.	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: Check 414 was payment for cookie dough fundraiser which did not culminate until well after the vendor's original statement. This payment was not late.</p> <p>Bookkeeper will pay invoices within 30 days.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Emily Harrison</p>

Rating	Issues	Recommendation	Management Response
High	3	Expenditure Support	
New	<p>During our test of disbursements, we noted that a final invoice was not available for check 414. While a statement was included in the support, it did not indicate the line item detail for items billed to the school. Additionally, we were unable to verify whether sales tax was included in the payment to the vendor.</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: Otis Spunkmeyer cookie dough fundraiser was a resale. Landrum did pay the sales tax on this order as the product was being re-sold by students.</p> <p>Beginning immediately bookkeeper will pay only form invoices.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Emily Harrison</p>

Rating	Issues	Recommendation	Management Response
High	4	Segregation of Duties – Mail Receipts	
New	<p>During our testing of segregation of duties, we noted that the bookkeeper occasionally opens the mail.</p> <p>As the bookkeeper's duties include bank deposits, posting receipts in the accounting system and performing the bank reconciliation, there is not an appropriate level of segregation of duties if they also prepare 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 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: Beginning immediately the bookkeeper will not complete the money collected forms for receipt of funds.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Emily Harrison</p>

Rating	Issues	Recommendation	Management Response
Moderate	5	Contract Authorization	
New	<p>During our testing of the yearbook, we noted that the yearbook and portraits contracts were signed by the assistant principal 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: Contracts will be signed by the Principal.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Emily Harrison</p>

Rating	Issues	Recommendation	Management Response
Low	6	Authorization of Transfers/Adjustments	
New	<p>During our testing of adjustments, we noted two adjustments that were not supported by journal entry forms.</p> <p>The District's approved transfer and journal entry forms should be used to evidence approval and explanation for all transfer and adjustment journal entries.</p>	<p>All journal entries should be documented on the District approved transfer form or journal entry form and must be authorized by the principal. The form includes space for signature of the preparer and approver. We recommend this policy be followed without exception.</p>	<p>Response: Proper forms will be used in the future.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Emily Harrison</p>

Rating	Issues	Recommendation	Management Response
Moderate	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>Fees not paid in advance can result in loss of revenues due to the school and the inability to properly fund the costs of the program.</p>	<p>The Internal Accounts Handbook (Section 3.01 (g) (ii)) states that "All fees for student participation in the Extended Day program must be paid in advance prior to the child's attendance in the related session. Failure to collect fees in advance of providing services is contrary to the Constitution of the State of Florida, Article VII, Section 10."</p> <p>We recommend that the principal review this requirement with the extended day coordinator to ensure that all fees are paid in advance of student participation in any extended day activities.</p>	<p>Response: The principal was aware of one situation which involved a school district employee who was having difficulty making payments. This situation was resolved and payments brought current.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Judith Thayer</p>

Rating	Issues	Recommendation	Management Response
Moderate	2	Extended Day Audits	
Recurring	<p>During our testing of extended day documentation, we noted that the sample audits of attendance sheets and schedule of fees charged and fees paid quarterly were performed by the principal but not documented.</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's quarterly sample audits of attendance and fees be documented with details of audits performed, results and principal sign-off and date.</p>	<p>Response: The principal and the extended day coordinator met on a monthly basis. Principal signed attendance record and fee charts. Extended day coordinator will develop a sign off sheet for the principal and attach to reports.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Judith Thayer</p>

Rating	Issues	Recommendation	Management Response
High	3	Completion of Report of Monies Collected (RMC) Forms	
New	<p>During our testing of cash receipts, we noted the following:</p> <ul style="list-style-type: none"> • Two of the receipts included on deposit IC004316 were not recorded on monies collected forms. • The documentation for one of these amounts (RMC 32045) did not include the following: <ul style="list-style-type: none"> ○ Names or signatures of the initial collector or verifier of funds, ○ Amounts collected by source and with cash/check indicated, ○ Receipt number. <p>Inadequate completion of 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 4.02(d) states that all monies collected must be substantiated by a monies collected form prepared by the individual collecting the cash. Section 4.01(a)(ii) states that money collected from more than one source submitted on the same monies collected form shall be properly identified as to source for each receipt listed on the form.</p> <p>We recommend the bookkeeper review the requirements for monies collected forms and ensure compliance without exception.</p>	<p>Response: Bookkeeper will verify all forms have been completed and funds properly accounted for before making deposits.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Judith Thayer</p>

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 two deposits (IC006830 and IC006244) were not consistent with cash as reported on the monies collected forms. In total, the deposit amounts agreed to the monies collected forms.</p> <p>Inconsistencies between the monies collected forms 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: Bookkeeper will consistently verify the cash and monies collected reports.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Judith Thayer</p>

Rating	issues	Recommendation	Management Response
High	5	Authorization of Disbursements	
New	<p>During our test of cash disbursements, we noted the following:</p> <ul style="list-style-type: none"> • Check 2530 reimbursed items purchased on 5/7/2013, 5/12/2013 and 5/16/2013, but the materials requisition form was not approved by the principal until 5/22/2013. • Check 2270 reimbursed items purchased on 8/10/2012, but the materials requisition form was not approved by the principal until 8/16/2012. <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>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 policies be followed without exception.</p>	<p>Response: Bookkeeper and staff have been reminded in writing of the importance of having the principal give prior approval for purchases and reimbursements.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Judith Thayer</p>

Rating	Issues	Recommendation	Management Response
High	6	Yearbook	
New	<p>During our testing of the yearbook reconciliation, we noted the following:</p> <ul style="list-style-type: none"> • We were unable to agree sales per the reconciliation to the general ledger. • The yearbook reconciliation was out of balance by \$350. • The yearbook sponsor handled most duties around yearbook, including ordering, receiving, collection of funds, and yearbook reconciliation. <p>Without 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 risk 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 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.</p>	<p>Response: A staff member will continue to verify the amount of yearbooks ordered and received at the school. We will work with the vendor to provide verification for online sales which are paid directly to the company and books are delivered to the school for distribution.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Judith Thayer</p>

Rating	Issues	Recommendation	Management Response
Moderate	7	Fundraising Activity	
New	<p>During our testing of fundraising activities, we noted that there was no supporting documentation 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 fundraiser reconciliations could result in an inability to ensure the fundraising 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: All fundraising activities that provide financial enhancement to the school are completed by the LPA PTO. All other fundraising is for outside organizations (ie: Relay for Life). LPA will develop a plan and form to provide evidence of the financial results and approval by the principal.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Judith Thayer</p>

Rating	Issues	Recommendation	Management Response
Moderate	8	Accounts Receivable and Returned Checks	
New	<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 \$436.</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: The bookkeeper will contact the district office and auditor to verify the procedure for this issue.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Judith Thayer</p>

Rating	Issues	Recommendation	Management Response
Moderate	9	Filing Procedures	
New	During our testing of disbursements, we were unable to verify that four of the checks in our sample were properly authorized with dual signatures, as the cancelled check images were not maintained on file.	The Internal Accounts Handbook (Section 5.02(b)(vi)) states that "cancelled check images provided in monthly bank statements shall be maintained on file." We recommend that the bookkeeper maintain required documents, including cancelled check images, on file in accordance with this policy.	<p>Response: Dual signatures were on each check image provided on the bank statements. Unsure of why this issues was noted.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Judith Thayer</p>

Rating	Issues	Recommendation	Management Response
Moderate	10	Outside Organization Donation	
New	<p>During our testing of cash receipts, we noted that Superintendent or School Board approval was not obtained for a donation from the PTO of \$24,472.98, as required by School Board Rules.</p> <p>The District's policies require prior approval of proposed gifts to ensure all gifts are consistent with the overall mission, objectives and goals of the District.</p>	<p>School Board Rule 7.052, "Gifts, Bequests and Donations", states that all proposed gifts "having a value of at least \$10,000 shall be subject to School Board approval."</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: Bookkeeper will obtain the necessary permissions to deposit donations in an amount greater than \$10,000 per the School Board Rule 7.052.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Judith Thayer</p>

Rating	Issues	Recommendation	Management Response
Moderate	11	Authorized Check Signers	
New	<p>Per review of the authorized signers listing from the bank, we noted that one of the authorized check signers was no longer employed at the school as of the audit date.</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 update of authorized signature for checks was in process at the time of the audit and has since been completed.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Judith Thayer</p>

Rating	Issues	Recommendation	Management Response
Moderate	12	Contract Authorization	
New	<p>During our testing of contracts, we noted that the school pictures agreement was signed by someone other than the principal.</p>	<p>The Internal Accounts Handbook (Section 4.09) states that the principal shall be responsible for obtaining a student picture contract. We recommend that this policy be followed without exception.</p>	<p>Response: The contract was completed by the prior administration during the 2012-2013 school year. A copy of the contract was not made available to the bookkeeper.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Judith Thayer</p>

Rating	Issues	Recommendation	Management Response
Low	13	Safe Combination	
New	<p>Per discussion with the bookkeeper, the combination to the safe was changed in July 2012. No documentation of the change in the safe combination was on file.</p> <p>All changes to the safe combination should be documented in accordance with the Internal Accounts Handbook guidelines.</p>	<p>The Internal Accounts Handbook states that when the safe combination is changed and "a locksmith is not used to change the combination, a memo signed by the principal documenting the date of the combination change is permitted" (District Internal Accounts Handbook, Section 2.08(c) and (c))." We recommend the above policy be followed without exception.</p>	<p>Response: Documentation of the combination change has been completed and added to the file.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Judith Thayer</p>

Rating	Issues	Recommendation	Management Response
High	1	Extended Day Reconciliations	
Recurring	<p>During our testing of extended day documentation, we noted the following were not performed during the year:</p> <ul style="list-style-type: none"> • Monthly reconciliations of extended day fees collected, and • Principal review of monthly reconciliations. <p>Lack of monitoring of extended day fees charged and paid can result in erroneous records or loss of revenues.</p>	<p>The Internal Accounts Handbook (Section 3.01(g)(viii)) states that "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>Response: Meetings were held each month to review extended day activities. Although fees collected were reviewed, it was not noted in the meeting documentation. Monthly reconciliation reviews will be noted in the notes for each monthly meeting.</p> <p>ECD: August 19,2013</p> <p>Principal Responsible: Kim Dixon</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 that for each deposit, all of the monies collected forms had the same receipt number.</p> <p>The District's monies collected procedures call for unique numbering of monies collected forms that corresponds to the system receipt numbers. This ensures that receipts are issued in numerical order and can be uniquely identified both within the accounting system and on hardcopy forms.</p>	<p>The Internal Accounts Handbook, Section 4.02(d) states that all monies collected must be substantiated by a monies collected form prepared by the individual collecting the cash. Section 4.01(a)(v) states that each monies collected form shall be identified by the corresponding secured electronic receipt number representing the collection and filed in numerical sequence.</p> <p>We recommend the bookkeeper review the requirements for monies collected forms and ensure compliance without exception.</p>	<p>Response: The new bookkeeper was trained in an old system of collection by the previous bookkeeper.</p> <p>From this point on, all deposits have separate receipt numbers.</p> <p>ECD: August 19,2013</p> <p>Principal Responsible: Kim Dixon</p>

Rating	Issues	Recommendation	Management Response
Moderate	3	Extended Day Disbursements	
Recurring	<p>During our test of extended day cash disbursements, we noted that the extended day fees collected in October were not remitted to the district until November 29th.</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 check will be submitted to the district for fees collected by the 10th of each month.</p> <p>ECD: August 19,2013</p> <p>Principal Responsible: Kim Dixon</p>

Rating	Issues	Recommendation	Management Response
Moderate	4	Extended Day Collections	
Recurring	<p>During our test of extended day cash receipts, we noted a receipt for extended day services that was not collected in advance of the child's participation in the activity.</p> <p>Fees not paid in advance can result in loss of revenues due to the school and the inability to properly fund the costs of the program.</p>	<p>The Internal Accounts Handbook (Section 3.01 (g) (ii)) states that "All fees for student participation in the Extended Day program must be paid in advance prior to the child's attendance in the related session. Failure to collect fees in advance of providing services is contrary to the Constitution of the State of Florida, Article VII, Section 10."</p> <p>We recommend that the principal review this requirement with the extended day coordinator to ensure that all fees are paid in advance of student participation in any extended day activities.</p>	<p>Response: All monies for extended day services will be collected in advance.</p> <p>ECD: August 19,2013</p> <p>Principal Responsible: Kim Dixon</p>

Rating	Issues	Recommendation	Management Response
High	5	Accuracy of Report of Monies Collected (RMC) Forms	
New	<p>During our testing of deposits, we noted that the cash amount on the deposit slip for one deposit (IC004261) was not consistent with cash as reported on the monies collected forms. In total, the deposit amount agreed to the monies collected forms.</p> <p>Inconsistencies between the monies collected forms 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: A check and balance system will be created and adhered to by the Bookkeeper. When discrepancies are found, the bookkeeper will return the items to the staff for correction before finalizing the deposit.</p> <p>ECD: August 19,2013</p> <p>Principal Responsible: Kim Dixon</p>

Rating	Issues	Recommendation	Management Response
High	6	Bank Reconciliation	
New	<p>During our review of the June 2013 bank reconciliation, we noted that the cash balance on the cash balance report and bank reconciliation did not agree to the amount on the detailed trial balance report by \$60.</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 additional 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: This discrepancy was created by the previous bookkeeper. The \$60.00 discrepancy has been corrected by the current bookkeeper.</p> <p>ECD: Completed</p> <p>Principal Responsible: Kim Dixon</p>

Rating	Issues	Recommendation	Management Response
Moderate	7	Fundraising Activity	
New	<p>During our testing of fundraising activities, we noted that the supporting fundraising activity form did not contain approval of the financial results by the principal.</p> <p>Failure to completely follow District policies related to the use of fundraiser reconciliations could result in an inability to ensure the fundraising activity is fully and accurately captured in the internal accounts fund.</p>	<p>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 new Bookkeeper used an old fundraising form from a file set up by the previous bookkeeper. The correct form has been obtained and now is in use.</p> <p>ECD: August 19,2013</p> <p>Principal Responsible: Kim Dixon</p>

Rating	Issues	Recommendation	Management Response
Moderate	8	Authorization of Transfers/Adjustments	
New	<p>During our testing of transfers and adjustments, we noted the following:</p> <ul style="list-style-type: none"> • There was no supporting documentation for one adjustment. • For one adjustment and two transfers in our sample, the supporting documentation did not evidence the preparer and reviewer sign-off. The forms used by the school did not contain a place for the signature of the bookkeeper and principal as the preparer and approver of each entry or transfer. <p>The District's approved transfer and journal entry forms should be used to evidence approval and explanation for all transfer and adjustment journal entries.</p>	<p>All journal entries should be documented on the District approved transfer form or journal entry form and must be authorized by the principal. The form includes space for signature of the preparer and approver. We recommend this policy be followed without exception.</p>	<p>Response: In the first instance, the adjustment was done by Otis Mason's previous Bookkeeper. The new Bookkeeper used an old fundraising form from a file set up by the previous bookkeeper. The correct form has been obtained and now is in use.</p> <p>ECD: August 19,2013</p> <p>Principal Responsible: Kim Dixon</p>

Rating	Issues	Recommendation	Management Response
High	1	Yearbook	
Recurring	<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 trip and car rental). • 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.</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>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 policies be followed without exception.</p>	<p>Response: Car Rental was a yearbook expense, YB students transported for a training class. Sub teacher was paid for YB advisors absence.</p> <p>We will do a better job at documenting price increases for easier YB reconciliation purposes.</p> <p>ECD: As soon as possible</p> <p>Principal Responsible: Dr. Clay Carmichael</p>

Rating	Issues	Recommendation	Management Response
High	2	Authorization of Disbursements	
New	<p>During our test of cash disbursements, we noted the following:</p> <ul style="list-style-type: none"> • Check 835 paid an invoice dated 10/12/2012, but the materials requisition form was not approved by the principal until 11/1/2012. • Check 874 paid an invoice dated 10/12/2012, but the materials requisition form was not approved by the principal until 11/14/2012. <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>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 policies be followed without exception.</p>	<p>Response: We will continue to monitor the material requisition process, as well as educate users of the guidelines regarding proper approval that is mandatory prior to purchases made.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Dr. Clay Carmichael</p>

Rating	Issues	Recommendation	Management Response
Low	3	Bank Reconciliation	
New	<p>The principal review of the June 2013 bank reconciliation and bank statement did not indicate a date of review.</p> <p>Timely reviews of bank reconciliations are a means to detect errors and misappropriation of funds.</p>	<p>We recommend that the monthly bank reconciliations be completed and submitted to the District within fifteen days of month-end, with evidence of Principal review and sign-off completed.</p>	<p>Response: The bank reconciliation and statement will indicate a date of review.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Dr. Clay Carmichael</p>

Rating	Issues	Recommendation	Management Response
Moderate	1	Extended Day Audits	
Recurring	<p>During our testing of extended day documentation, we noted that the sample audits of attendance sheets and schedule of fees charged and fees paid quarterly were performed by the principal but not documented.</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's quarterly sample audits of attendance and fees be documented with details of audits performed, results and principal sign-off and date.</p>	<p>Response: While the Principal has been signing the financial portion of the Extended day reports; the monthly attendance reports had not been signed. This was an oversight on the extended day coordinators part and will be corrected.</p> <p>ECD: Immediately.</p> <p>Principal Responsible: Amanda Riedl</p>

Rating	Issues	Recommendation	Management Response
High	2	Yearbook	
New	<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. • The yearbook and ad sales were not separated for posting in the general ledger. <p>Without 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: This was the first year in many that we had offered ads in the yearbook, while the receptionist was collecting funds she did not separate the ad funds from the yearbook funds. Although I was able to go through the forms and find them easily as there were very few.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Amanda Riedl</p>

Rating	Issues	Recommendation	Management Response
Moderate	3	Outside Organization Donation	
New	<p>During our testing of cash receipts, we noted that Superintendent approval was not obtained for a donation from the PTO of \$5,200, as required by School Board Rules.</p> <p>The District's policies require prior approval of proposed gifts to ensure all gifts are consistent with the overall mission, objectives and goals of the District.</p>	<p>School Board Rule 7.052, "Gifts, Bequests and Donations", states that all proposed gifts of money, supplies, equipment or other personal property of a value between \$3,000 and \$9,999 should be submitted to the Superintendent for approval to accept the gift.</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: Not that this is an excuse and I own this completely, We don't normally received donations this large, this came right at the end of the year.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Amanda Riedl</p>

Rating	Issues	Recommendation	Management Response
Moderate	4	Fundraising Activity	
New	<p>During our testing of fundraising activities, we noted that the supporting fundraising activity form was not fully completed and did not include financial results or final approval by the principal.</p> <p>Failure to completely follow District policies related to the use of fundraiser reconciliations could result in an inability to ensure the fundraising activity is fully and accurately captured in the internal accounts fund.</p>	<p>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 fundraising activity form. 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 fund raising activity in question: Scholastic Bookfair. Scholastic holds 'points' earned until the school media specialist uses the funds for books for the library. According to the media specialist as of 8-9-13 these points have been expended.</p> <p>ECD: Immediately (we are revisiting our use of scholastic book fair)</p> <p>Principal Responsible: Amanda Riedl</p>

Rating	Issues	Recommendation	Management Response
Moderate	5	Authorization of Transfers/Adjustments	
New	<p>During our testing of transfers and adjustments, we noted two adjustments and two transfers that were not supported by journal entry or transfer forms or other supporting documentation that evidences principal review or approval.</p> <p>The District's approved transfer and journal entry forms should be used to evidence approval and explanation for all transfer and adjustment journal entries.</p>	<p>All journal entries should be documented on the District approved transfer form or journal entry form and must be authorized by the principal. The form includes space for signature of the preparer and approver. We recommend this policy be followed without exception.</p>	<p>Response: One was a J.E. requested by the district I didn't think I needed to have my principal sign; the other was and NSF JE, I couldn't find while Megan was here.-- I have now changed my personal policy and am having my principal sign each Internal accounts SunGard process while we go over the monthly accounts.</p> <p>ECD: Immediately.</p> <p>Principal Responsible: Amanda Riedl</p>

Rating	Issues	Recommendation	Management Response
Moderate	6	Expenditures Requiring Purchase Orders	
New	<p>During our test of cash disbursements, we noted that purchase orders were not created for two applicable purchases.</p> <p>Expenditures that do not go through the proper purchasing process could result in overspending of the budget or misappropriation of funds.</p>	<p>All internal accounts purchases require a purchase order, except for the transaction types listed in the December 2011 Memo ("Internal Accounts Transactions that do not need a Purchase Order", 12/2/2011). We recommend the above policy be followed without exception.</p>	<p>Response: In a memo received from the district on 12-12-2011 we were given a list of people that did not need a PO, I misunderstood that memo to read that SJCS D employee did not need a PO for reimbursement. These for both reimbursements to employees.</p> <p>ECD: Immediately.</p> <p>Principal Responsible: Amanda Riedl</p>

Rating	Issues	Recommendation	Management Response
Low	7	Completion of Report of Monies Collected (RMC) Forms	
New	<p>During our testing of cash receipts, we noted that one monies collected form was labeled with the incorrect receipt number.</p> <p>The District's monies collected procedures call for unique numbering of monies collected forms that corresponds to the system receipt numbers. This ensures that receipts are issued in numerical order and can be uniquely identified both within the accounting system and on hardcopy forms.</p>	<p>The Internal Accounts Handbook, Section 4.02(d) states that all monies collected must be substantiated by a monies collected form prepared by the individual collecting the cash. Section 4.01(a)(v) states that each monies collected form shall be identified by the corresponding secured electronic receipt number representing the collection and filed in numerical sequence.</p> <p>We recommend the bookkeeper review the requirements for monies collected forms and ensure compliance without exception.</p>	<p>Response: This is simply a hand written typo. Our receipt numbers are not sequential and I must have missed that number.</p> <p>ECD: Immediately – when in doubt I will pull a report.</p> <p>Principal Responsible: Amanda Riedl</p>

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 that cash or check was not listed next to each amount collected on RMC 36997.</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: Every attempt is made to accurately record cash and checks on the monies collected forms. In the future, all monies collected forms will be documented correctly.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Tom Schwarm</p>

Rating	Issues	Recommendation	Management Response
High	2	Fundraising Activity	
New	<p>During our testing of fundraising 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. Additionally, there was no invoice available to indicate the cost of the items purchased.</p> <p>Failure to completely follow District policies related to the use of fundraiser reconciliations could result in an inability to ensure the fundraising activity is fully and accurately captured in the internal accounts fund.</p>	<p>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 fundraising activity form. The school should complete a fundraising 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: Every attempt is made to follow the Internal Accounts Handbook policy in regard to fundraising activities, this was an oversight. This issue has been addressed and in the future all fundraising activities will have complete supporting documentation, prior principal approval and follow compliance within the Internal Accounts Handbook.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Tom Schwarm</p>

Rating	Issues	Recommendation	Management Response
High	3	Yearbook	
New	<p>During our testing of segregation of duties, we noted that the yearbook advisor has control over the receipt of the yearbooks and is the initial collector of yearbook money. There is not an appropriate level of segregation of duties.</p> <p>Without the proper segregation of duties over cash and yearbooks, 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>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. 	<p>Response: This issue has already been addressed and an appropriate level in the segregation of duties has been assigned. In the future, appropriate segregation of duties will be maintained to detour any likelihood of errors, misappropriation of funds or other types of irregularities.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Tom Schwarm</p>

Rating	Issues		Recommendation	Management Response
High	4	Filing Procedures		
New	<p>During our testing of contracts, we were unable to verify the yearbook and school pictures contracts, as these contracts were not maintained on file.</p>		<p>The Internal Accounts Handbook (Section 4.09(a)) states the principal shall be responsible for obtaining a student picture contract. Additionally, the Internal Accounts Handbook (Section 9.04(a)(i)(4)) states that the yearbook sponsor shall maintain contracts related to the yearbooks.</p> <p>We recommend that the bookkeeper maintain required documents, including yearbook and school contracts in accordance with these policies.</p>	<p>Response: Every attempt is made to follow the Internal Accounts Handbook policy in obtaining yearbook and school contracts. This contract is available and on file at school site and was an oversight in its location by new bookkeeper. In the future, all contracts will be maintained by the bookkeeper to ensure accordance with these policies.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Tom Schwarm</p>

Rating	Issues	Recommendation	Management Response
Moderate	5	Authorization of Disbursements	
New	<p>During our test of cash disbursements, we noted check 4503 paid an invoice dated 5/16/2013, but the materials requisition form was not approved by the principal until 5/22/2013.</p> <p>Disbursements that do not have proper approval prior to the purchase could result in overspending of the budget or misappropriations of funds.</p>	<p>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 policies be followed without exception.</p>	<p>Response: Every attempt is made to follow procedure and ensure all purchases receive principal approval prior to expenditures being made, this was an oversight. In the future, all materials requisition forms will receive prior principal approval before processing invoice payments to keep in compliance and to ensure there is no budget overspending or misappropriations of funds.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Tom Schwarm</p>

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 that cash or check was not listed next to each amount collected on RMCs 44581 and 50011.</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: Readdress the procedures with staff for funds collected and the importance of stating cash or check number. Bookkeeper to make sure cash or check number is stated on the funds collected report and if not complete, return to staff to correct.</p> <p>ECD: Immediate action has been taken</p> <p>Principal Responsible: Kyle Dresback</p>

Rating	Issues	Recommendation	Management Response
High	2	Authorization of Disbursements	
New	<p>During our test of cash disbursements, we noted check 19694 paid an invoice dated 10/9/2012, but the materials requisition form was not approved by the principal until 10/25/2012.</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>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 policies be followed without exception.</p>	<p>Response: Readdress the procedures with staff for materials requisitions/check requests that all purchases must be approved by principal before purchases are made. Bookkeeper will not accept check requests not properly approved.</p> <p>ECD: Immediate action has been taken</p> <p>Principal Responsible: Kyle Dresback</p>

Rating	Issues	Recommendation	Management Response
High	3	Expenditure Support	
New	<p>During our test of disbursements, we noted that the supporting documentation for check 20096 was an estimate completed by the vendor. No detail of purchase such as invoice or receipt was attached.</p> <p>Disbursements without proper supporting documentation could result in misappropriation of funds.</p>	<p>The Internal Accounts Handbook (Section 5.01(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: Readdress the procedures for check request forms with staff. Readdress that estimates will not be accepted for approval. The bookkeeper should not accept or process any check requests in which the invoice is not attached.</p> <p>ECD: Immediate action has been taken</p> <p>Principal Responsible: Kyle Dresback</p>

Rating	Issues		Recommendation	Management Response
Moderate	4	Donation Approval		
New	<p>During our testing of cash receipts, we noted that Superintendent approval was not obtained for a donation from the Golden Panther Booster Club (GPBC) of \$3,750, as required by School Board Rules.</p> <p>The District's policies require prior approval of proposed gifts to ensure all gifts are consistent with the overall mission, objectives and goals of the District.</p>		<p>School Board Rule 7.052, "Gifts, Bequests and Donations", states that all proposed gifts of money, supplies, equipment or other personal property of a value between \$3,000 and \$9,999 should be submitted to the Superintendent for approval to accept the gift.</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: Donation form has been completed and sent to the district for the approval of this donation.</p> <p>ECD: Immediate action has been taken</p> <p>Principal Responsible: Kyle Dresback</p>

Rating	Issues	Recommendation	Management Response
High	1	Segregation of Duties	
Recurring	<p>During our testing of segregation of duties, we noted that the bookkeeper's duties include receiving and opening the mail unless the envelope is identified as containing a check. As not all mail receipts are identifiable as containing checks, the current process allows the bookkeeper to be the initial collector of monies received in the mail.</p> <p>As the bookkeeper's duties include bank deposits, posting receipts in the accounting system and performing the bank reconciliation, there is not an appropriate level of segregation of duties if they are also the initial collector of monies. 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 receive and open the mail and record any mail receipts on a monies collected form. 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: Previously, any mail received from Freedom Way church (for rental funds) or Leonards Photography that looked like a check was inside, was given to the receptionist to open. I understand now that the bookkeeper cannot handle the envelope if we know it is money. To correct this, the copy clerk will open all mail for the bookkeeper or labeled Accounts Receivable and create the Monies Collected form and deposit in the safe.</p> <p>ECD: In place August 13, 2013</p> <p>Principal Responsible: Betsy Weirda</p>

Rating	Issues	Recommendation	Management Response
High	2	Authorization of Disbursements	
New	<p>During our test of cash disbursements, we noted the following:</p> <ul style="list-style-type: none"> • Check 1920 was not substantiated by the required material requisition/check request form. • Check 1903 was paid for items invoiced on 10/5/2012, but the materials request was not approved by the principal until 12/3/2012. • Check 1900 reimbursed items purchased on 11/18/2012, but the materials request was not approved by the principal until 11/30/2012. <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>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: Check 1920 was for a contract that was signed by Ms. Wierda prior to the disbursement. Copy of the contract attached to check stub. Check 1903 was for a field trip that had been approved by the principal in September or October. Field trip documentation was attached. Check 1900 was for items purchased for the staff party. Most items were purchased on 11/30, but staff member happened to have purchased a few items for personal use previously that OPE ended up needing for the party. Staff member still had receipt, so instead of going to purchase duplicate items, we used already purchased items and brought in the receipt for reimbursement.</p> <p>No checks will be issued for items purchased prior to request.</p> <p>ECD: August 13, 2013</p> <p>Principal Responsible: Betsy Weirda</p>

Rating		Issues	Recommendation	Management Response
Moderate	3	Expenditures Requiring Purchase Orders		
New	<p>During our test of cash disbursements, we noted that purchase orders were not created for 2 applicable purchases.</p> <p>Expenditures that do not go through the proper purchasing process could result in overspending of the budget or misappropriation of funds.</p>	<p>All internal accounts purchases require a purchase order, except for the transaction types listed in the December 2011 Memo ("Internal Accounts Transactions that do not need a Purchase Order", 12/2/2011). We recommend the above policy be followed without exception.</p>	<p>Response: The cash disbursements mentioned in this issue were for field trips that had prior principal approval, but no Purchase order in Sungard.</p> <p>ECD: All field trips will also have PO's entered in Sungard as of August 13, 2013.</p> <p>Principal Responsible: Betsy Weirda</p>	

Rating		Issues	Recommendation	Management Response
Moderate	4	Frequency of Disbursements		
New	<p>During our testing of cash disbursements we noted check 1920 was paid 128 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: There was question as to which account this would be paid from (District or Internal) which caused the delay.</p> <p>All invoices entered into internal accounts immediately and paid within 45 day turn around.</p> <p>ECD: 8/13/2013</p> <p>Principal Responsible: Betsy Weirda</p>	

Rating	Issues	Recommendation	Management Response
Moderate	5	Financial Reports	
New	<p>During our testing of the monthly bank reconciliation, we noted that the June 2013 bank reconciliation and bank statement 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: If the Principal is not available to sign Bank Statement when the statement is due, we will get AP signature for the district, then get her signature upon her return.</p> <p>ECD: August 13, 2013</p> <p>Principal Responsible: Betsy Weirda</p>

Rating	Issues	Recommendation	Management Response
Moderate	6	Outside Organization Donation	
New	<p>During our testing of cash receipts, we noted that Superintendent approval was not obtained for a donation from the PTO of \$7,350, as required by School Board Rules.</p> <p>The District's policies require prior approval of proposed gifts to ensure all gifts are consistent with the overall mission, objectives and goals of the District.</p>	<p>School Board Rule 7.052, "Gifts, Bequests and Donations", states that all proposed gifts of money, supplies, equipment or other personal property of a value between \$3,000 and \$9,999 should be submitted to the Superintendent for approval to accept the gift.</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: This money for was the Franklin Covey contract. The PTO had agreed to pay a portion of the invoice. They wrote the check to OPE instead of Franklin Covey. This was a mistake on our part to not put the money through to the District and then to Franklin Covey. We will no longer accept any monies from outside organizations for their portion of the invoice.</p> <p>ECD: August 13, 2013</p> <p>Principal Responsible: Betsy Weirda</p>

Rating	Issues	Recommendation	Management Response
Moderate	7	Yearbook	
New	<p>During our testing of the yearbook reconciliation, we noted that the form used by the school was not the standard District approved yearbook reconciliation form. The format used by the school did not include the following information: Sign-off of preparer and reviewer and date; sales broken out by sales price and number sold at each price; profit/loss calculation; reconciliation to SunGard; location of books on hand; and date prepared.</p> <p>Without 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: New yearbook form will be used in the future. All information on the District form was shared with the auditors. Preparer of report was Jenny Boone. Only one price for yearbooks (therefore no need for breakout of sales price), profit/loss, shown at bottom of report, Sungard reconciliation attached, books on hand in vault room.</p> <p>Yearbook to new OPE staff member.</p> <p>ECD: New form to be used August 13, 2013.</p> <p>Principal Responsible: Betsy Weirda</p>

Rating	Issues	Recommendation	Management Response
Low	8	Safe Combination	
New	<p>Per discussion with the bookkeeper, the combination to the safe was changed during the prior fiscal year. No documentation of the change in the safe combination was on file.</p> <p>All changes to the safe combination should be documented in accordance with the Internal Accounts Handbook guidelines.</p>	<p>The Internal Accounts Handbook states that when the safe combination is changed and "a locksmith is not used to change the combination, a memo signed by the principal documenting the date of the combination change is permitted" (District Internal Accounts Handbook, Section 2.08(c) and (c))." We recommend the above policy be followed without exception.</p>	<p>Response: Next time safe combination is changed, a memo will be created and put in "Safe" file.</p> <p>ECD: August 13, 2013</p> <p>Principal Responsible: Betsy Weirda</p>

Rating	Issues	Recommendation	Management Response
Low	9	Void Check Procedures	
New	<p>During our test of cash disbursements, we noted that check 1809 was voided, but the copy of the check was not defaced and retained on file.</p> <p>All voided checks must be defaced and retained on file to evidence compliance with internal accounts guidelines around disbursements.</p>	<p>The Internal Accounts Handbook (Section 6.07(a)) states that "if a check was misprinted or should otherwise be voided prior to issuance, the check should be defaced, marked as voided, and maintained on file. Destroying the voided check is prohibited."</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: All voided checks will be retained with request.</p> <p>ECD: August 13, 2013</p> <p>Principal Responsible: Betsy Weirda</p>

Rating	Issues	Recommendation	Management Response
High	1	Frequency of Deposits	
New	<p>During our testing of cash receipts, we noted RMC 35943 had monies collected on 10/29/2012 but not deposited at the bank until 11/7/2012.</p> <p>Deposits not made within five (5) business days could result in inaccurate records and misappropriation of funds.</p>	<p>The Internal Accounts Handbook (Section 4.03) states funds collected must be deposited within five working days of receipt. We recommend the above policy be followed without exception.</p>	<p>Response: RMC35943 was submitted to the bookkeeper on 10/29/12. Deposit was processed and dated 11/2/12. November 2 was a courier pick up day, but evidently, deposit was not ready for pickup by the regular pick up time of 9:00. This caused the deposit to be picked up on 11/6 and recorded by bank on 11/7/12</p> <p>ECD: Corrective action to begin effective immediately with the 2013-14 school year.</p> <p>Principal Responsible: Tina Waldrop</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 deposit IC006800:</p> <ul style="list-style-type: none"> • Money totaled on the monies collected form supporting detail was \$23 higher than the deposit amount. In addition, the cash and check amounts on the deposit slip were not consistent with amounts reported on the monies collected forms. • The total monies collected figure written on RMC 51670 was not mathematically accurate. The total written on the form was \$23 less than the total of the individual amounts listed. <p>Inconsistencies between the monies collected forms 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 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: Errors noted and researched while auditor was on site. Bookkeeper reconciled the mistake and confirmed the correct amount collected was received by the bank. Bookkeeper will use more caution in this area.</p> <p>ECD: Corrective action to begin effective immediately with the 2013-14 school year.</p> <p>Principal Responsible: Tina Waldrop</p>

Rating	Issues	Recommendation	Management Response
High	3	Contract Authorization	
New	During our testing of contracts, we noted that the yearbook and school pictures agreement was signed by the bookkeeper on behalf of the principal.	The Internal Accounts Handbook (Section 4.09) states that the principal shall be responsible for obtaining a student picture contract. We recommend that this policy be followed without exception.	<p>Response: The bookkeeper signed the contract as the principal was out of the country when the contract was presented. The principal had verbally discussed the contract with Leonard's and the bookkeeper prior to the signing of the contract.</p> <p>ECD: Corrective action to begin effective immediately with the 2013-14 school year.</p> <p>Principal Responsible: Tina Waldrop</p>

Rating	Issues	Recommendation	Management Response
Moderate	4	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 on file or 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>	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. Funds transferred from the Internal Accounts General Fund must be reconciled to unweighted FTE and reported in writing to the District Finance Office by December 5th. We recommend the above policy be followed without exception.	<p>Response: We failed to write a formal memo to Mr. Degutis requesting the transfer of funds based on our unweighted FTE count. We are aware that this was required.</p> <p>ECD: Proper documentation will be on file for the 13-14 school year.</p> <p>Principal Responsible: Tina Waldrop</p>

Rating	5	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 and trial balance reports was \$303, which did not match the year end documentation by the bookkeeper, which noted that no checks were pending reimbursement as of year-end.</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 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: I knew we had no uncollected NSF checks and confirmed that with a report from Check-Redi. The balance of \$303.00 in the AR line was an oversight at the close of June and had already reduced by \$177.00 in July as we received our check from Check-Redi and it was deposited. I now show a new balance of \$126.00. I am in the process of finding the error as I believe a journal entry may have been coded incorrectly.</p> <p>ECD: Corrective action should be complete by September 30, 2013.</p> <p>Principal Responsible: Tina Waldrop</p>

Rating		Issues	Recommendation	Management Response
Low	6	Completion of Report of Monies Collected (RMC) Forms		
New		<p>During our testing of cash receipts, we noted that one monies collected form was labeled with the incorrect receipt number.</p> <p>The District's monies collected procedures call for unique numbering of monies collected forms that corresponds to the system receipt numbers. This ensures that receipts are issued in numerical order and can be uniquely identified both within the accounting system and on hardcopy forms.</p>	<p>The Internal Accounts Handbook, Section 4.02(d) states that all monies collected must be substantiated by a monies collected form prepared by the individual collecting the cash. Section 4.01(a)(v) states that each monies collected form shall be identified by the corresponding secured electronic receipt number representing the collection and filed in numerical sequence.</p> <p>We recommend the bookkeeper review the requirements for monies collected forms and ensure compliance without exception.</p>	<p>Response: An error of this type is recognized as human error and was most likely caused by the interruptions involved in the office of the bookkeeper. More care will be taken to assure this does not happen in the future.</p> <p>ECD: Corrective action to begin immediately with the 2013-14 school year.</p> <p>Principal Responsible: Tina Waldrop</p>

Rating	Issues	Recommendation	Management Response
Moderate	1	Accounts Receivable and Returned Checks	
Recurring	<p>During our test of returned checks, we noted that the accounts receivable balance per the cash balance and trial balance reports was \$1,028.00, which did not match the listing of checks pending reimbursement, which totaled \$598.00.</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 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: The reason for the difference was due to two reasons. 1. We were missing a check that was being investigated by Check Redi and 2 was because I took off the outstanding checks from June 2013 that I received in July on accident. We were able to show to the auditor, but we understand the finding.</p> <p>Follow up on outstanding checks from Check Redi more closely and accurately account for fiscal year checks on year end close out.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Sue Sparkman</p>

Rating	ISSUES	Recommendation	Management Response
High	2	Safe Combination	
New	<p>The safe combination was last changed on 7/7/2010.</p> <p>The combination should be changed when there is a change in administrative personnel and/or bookkeeper or at the end of every third year.</p>	<p>The Internal Accounts Handbook states that the safe combination "shall be changed whenever there is a change in administrative personnel and/or bookkeeper or at the end of every third year. If a locksmith is used to change the combination, documentation supporting the date of the combination change, such as an invoice from the locksmith, shall be kept on file at the school. If a locksmith is not used to change the combination, a memo signed by the principal documenting the date of the combination change is permitted. (District Internal Accounts Handbook, Section 2.08(c)."</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: We accidentally overlooked the procedure in the internal accounts handbook regarding the changing of the safe combination.</p> <p>Will pay closer attention to the internal handbook rules and timeframes for procedures.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Sue Sparkman</p>

Rating	Issues	Recommendation	Management Response
High	3	Authorization of Disbursements	
New	<p>During our test of cash disbursements, we noted check 477 paid an invoice for an eighth grade banquet totaling \$23,177.80, however the materials requisition form was approved by the principal for an amount "not to exceed \$13,000."</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>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. In accordance with Section 5.02(a)(iii) of the handbook, the total amount of the invoice (goods, services and shipping) shall not exceed more than 10% of the authorized requested amount on the materials requisition form. If there is a change in amount greater than 10%, we recommend that principal approval be obtained.</p> <p>We recommend the above policies be followed without exception.</p>	<p>Response: Participation in the year end celebration was larger than expected; the material form should have been redone by the team leader to insure that the amount not to exceed was adjusted as participation increased.</p> <p>Will pay close attention to all material requisition forms to insure that the amount not to exceed is corrected by the team leader prior to disbursement.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Sue Sparkman</p>

Rating	Issues	Recommendation	Management Response
High	4	Yearbook	
New	<p>During our testing of the yearbook reconciliation, we noted that the yearbook reconciliation was out of balance by \$1,680.</p> <p>Without 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 yearbook reconciliation was not completed due to a conflict with Leonard's Studio. The vendor had invoiced us that we were to receive a 750.00 refund and in fact only sent us 720.00; we were disputing the difference at the time of the audit.</p> <p>Will be certain to have all necessary resolution completed earlier to insure that reports are finished timely.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Sue Sparkman</p>

SCHOOL: PALENCIA ELEMENTARY

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/29/2013

Rating	Issues	Recommendation	Management Response
	No comments for this school.		Response: N/A ECD: N/A

SCHOOL: PONTE VEDRA HIGH SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/24/2013

Rating	Issues	Recommendation	Management Response
	No comments for this school.		Response: N/A ECD: N/A

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 that RMC 51288 did not include a listing of individuals that paid in cash.</p> <p>Inadequate completion of 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)(ii) states that money collected from more than one source submitted on the same monies collected form shall be properly identified as source for each receipt listed on the form.</p> <p>We recommend the bookkeeper review the requirements for monies collected forms and ensure compliance without exception.</p>	<p>Response: All cash receipts will be listed separately for each individual</p> <p>ECD: Immediate</p> <p>Principal Responsible: Kathleen Furness</p>

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

Rating	Issues	Recommendation	Management Response
High	3	Extended Day Fees	
New	<p>During our test of extended day cash receipts, we noted that the fees for the selected student were not in accordance with the fee schedule established by the school and approved by the School Board. The fees were charged as 8 payments of \$250 instead of 10 payments of \$187.50. The fees charged totaled \$2000, but the total per the standard fee schedule is \$1875.</p> <p>Fees charged must be in accordance with the fee schedule approved by the Board.</p>	<p>The Internal Accounts Handbook (Section 3.01 (g) (i)) states that "Fees to be charged for each participating child shall be based on the related direct costs to be incurred and approved by the School Board."</p> <p>We recommend that the principal review this requirement with the extended day coordinator to ensure that all fees are charged in accordance with the approved fee schedule.</p>	<p>Response: Fees will be charged in accordance with the fee schedule approved by the Board.</p> <p>ECD: Immediate</p> <p>Principal Responsible: Kathleen Furness</p>

Rating	Issues	Recommendation	Management Response
Moderate	4	Financial Reports	
New	<p>During our testing of the monthly bank reconciliation, we noted that the June 2013 bank reconciliation and bank statement 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: All financial records will be reviewed on a monthly basis by the Principal.</p> <p>ECD: Immediate</p> <p>Principal Responsible: Kathleen Furness</p>

Rating	Issues		Recommendation	Management Response
Moderate	5	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 486).</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: District guidelines will be followed with regard to property control reporting for purchases over \$1,000. Currently, steps are in process for recording the video equipment purchased in 2012-2013, noted in this audit.</p> <p>ECD: Immediate</p> <p>Principal Responsible: Kathleen Furness</p>

Rating	Issues	Recommendation	Management Response
Moderate	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 and trial balance reports was \$764.50, which did not match the listing of checks pending reimbursement, which totaled \$464.50.</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 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: As per District guidelines a listing of returned checks pending reimbursement as of year-end will be attached to the cash balance report.</p> <p>ECD: Immediate</p> <p>Principal Responsible: Kathleen Furness</p>

Rating	Issues	Recommendation	Management Response
Moderate	7	Expenditures Requiring Purchase Orders	
New	<p>During our test of cash disbursements, we noted that no purchase order was created for one applicable purchase.</p> <p>Expenditures that do not go through the proper purchasing process could result in overspending of the budget or misappropriation of funds.</p>	<p>All internal accounts purchases require a purchase order, except for the transaction types listed in the December 2011 Memo ("Internal Accounts Transactions that do not need a Purchase Order", 12/2/2011). We recommend the above policy be followed without exception.</p>	<p>Response: Required purchase orders will be created for Internal Account Purchases</p> <p>ECD: Immediate</p> <p>Principal Responsible: Kathleen Furness</p>

Rating	Issues	Recommendation	Management Response
Moderate	1	Filing Procedures	
New	During our testing of disbursements, we were unable to verify that one of the checks in our sample was properly authorized with dual signatures, as the cancelled check image was not maintained on file.	The Internal Accounts Handbook (Section 5.02(b)(vi)) states that "cancelled check images provided in monthly bank statements shall be maintained on file." We recommend that the bookkeeper maintain required documents, including cancelled check images, on file in accordance with this policy.	<p>Response: Due to the District policy that Final Reports are due to the District by the 10th of the month. Statements are often pulled offline to meet this deadline. There was a copy of the online statement which doesn't include an image of the check on file. Tried pulling the check image from online but image was unavailable. This was also the only original bank statement that was not there Will be sure to retain and or obtain original monthly statements.</p> <p>ECD: August 14, 2013</p> <p>Principal Responsible: Greg Bergamasco</p>

Rating	Issues	Recommendation	Management Response
Moderate	2	Expenditures Requiring Purchase Orders	
New	<p>During our test of cash disbursements, we noted that purchase orders were not created for one applicable purchase.</p> <p>Expenditures that do not go through the proper purchasing process could result in overspending of the budget or misappropriation of funds.</p>	All internal accounts purchases require a purchase order, except for the transaction types listed in the December 2011 Memo ("Internal Accounts Transactions that do not need a Purchase Order", 12/2/2011). We recommend the above policy be followed without exception.	<p>Response: This was for a field trip that money is not spent unless it is collected. Purchase orders will be created for every check.</p> <p>ECD: August 14, 2013</p> <p>Principal Responsible: Greg Bergamasco</p>

SCHOOL: SEBASTIAN MIDDLE SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/6/2013

Rating	Issues	Recommendation	Management Response
	No comments for this school.		Response: N/A ECD: N/A

Rating	Issues	Recommendation	Management Response
High	1	Yearbook	
Recurring	<p>During our testing of the yearbook reconciliation, we noted the following:</p> <ul style="list-style-type: none"> • Page two of the yearbook reconciliation was not available. • An expenditure of \$1,976.00 per the invoice was not posted to the general ledger. • We were unable to agree the yearbook sales amounts per the yearbook reconciliation (\$2,726.00) to the general ledger (\$1,498.98). • The yearbook reconciliation indicated \$2,625.00 was still due to vendor; however the support indicated that this amount had been paid in full. <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>We recommend that this policy be followed without exception.</p>	<p>Response: In the future, yearbook reconciliation forms will be filled out properly.</p> <p>ECD: August 2013 – ongoing</p> <p>Principal Responsible: Cathy Hutchins</p>

Rating	Issues	Recommendation	Management Response
Moderate	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 and trial balance reports was \$94.00, which did not match the listing of checks pending reimbursement, which totaled \$41.50.</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 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: This was an inadvertent posting error of a NSF check. Proper care will be taken to try and prevent this error from occurring in the future.</p> <p>ECD: August 2013</p> <p>Principal Responsible: Cathy Hutchins</p>

Rating	Issues	Recommendation	Management Response
High	3	Filing Procedures	
New	<p>During our testing of cash receipts, we noted that there was no supporting documentation for RMC 39044. Therefore, we were unable to test this item.</p> <p>Missing 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). The Report of Monies Collected is the supporting document for each official receipt written. This form shall be used when individuals such as teachers or sponsors collect student activity funds.</p> <p>We recommend the bookkeeper review the requirements for monies collected forms and ensure compliance without exception.</p>	<p>Response: Proper care will be taken to ensure records are not misplaced and available at all times for review.</p> <p>ECD: July 2013 – ongoing</p> <p>Principal Responsible: Cathy Hutchins</p>

Rating	Issues	Recommendation	Management Response
High	4	Authorization of Disbursements	
New	<p>During our test of cash disbursements, we noted the following:</p> <ul style="list-style-type: none"> Check 269 paid an invoice dated 5/30/2013, but the materials requisition form was not approved by the principal. Additionally, the purchase totaling \$2,625 exceeded the materials requisition amount of \$2,300 by greater than 10%; the increase did not have evidence of principal authorization. <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>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 policies be followed without exception.</p>	<p>Response: This expenditure covered a field trip approved by the principal. Efforts will be made to ensure that all material requisition forms are filled out properly with the principal signatures.</p> <p>ECD: August 2013 ongoing</p> <p>Principal Responsible: Cathy Hutchins</p>

Rating	Issues	Recommendation	Management Response
High	5	Fundraising Activity	
New	<p>During our testing of fundraisers, we noted that no revenue was coded to object code 3301 (fundraisers). However, based on our cash receipts testing, we identified a book fair was held at the school, which is considered a fundraiser. No fundraising activity form was completed.</p> <p>Failure to completely follow District policies related to the use of fundraiser reconciliations could result in an inability to ensure the fundraising activity is fully and accurately captured in the internal accounts fund.</p>	<p>We recommend that the fundraiser activity form be completed in accordance with Internal Accounts Handbook, Section 4.05(g).</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: In the future, the proper paper work will be completed for all fundraisers.</p> <p>ECD: August 2013 on going</p> <p>Principal Responsible: Cathy Hutchins</p>

Rating	Issues	Recommendation	Management Response
High	6	Extended Day Collections and Fees	
New	<p>We were unable to test that collections were in accordance with the fee schedule and prior to participation in the program as the attendance records for several months of the year were not available.</p> <p>The required extended day attendance sheets and financial records must be maintained on file for audit and to evidence the school's compliance with internal accounts rules.</p>	<p>The Internal Accounts Handbook (Section 3.01(g)(viii) states that, "For each child participating in the Extended Day program, the school shall be responsible for maintaining attendance sheets and a schedule of fees charged and fees paid."</p> <p>We recommend that adequate attendance and financial records be maintained to evidence that fees are charged in accordance with the approved fee and are paid in advance of student participation in extended day activities.</p>	<p>Response: Proper care will be taken to ensure records are not misplaced and available at all times for review.</p> <p>ECD: July 2013 on going</p> <p>Principal Responsible: Cathy Hutchins</p>

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 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: The Principal was able to audit attendance and fees for Extended Day throughout the school year. In the future, the Principal will sign off on the attendance sheets and payment records as audits are conducted.</p> <p>ECD: August 2013 on going</p> <p>Principal Responsible: Cathy Hutchins</p>

Rating	Issues	Recommendation	Management Response
Moderate	8	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 April 23rd.</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: Proper measures are in place to try and prevent this inadvertent error from recurring.</p> <p>ECD: July 2013</p> <p>Principal Responsible: Cathy Hutchins</p>

Rating	Issues	Recommendation	Management Response
Moderate	9	Bank Reconciliation	
New	<p>During our review of the June 2013 bank reconciliation, we noted that a deposit for \$31.00 posted to the bank on 6/13/2013, but did not post to the SunGard system. The item was listed incorrectly on the bank reconciliation as an outstanding check.</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 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 deposit covered fees paid for Extended Day Care. Due to the summer move to another location, the backup documentation for this deposit was temporarily misplaced. The deposit was posted in July. Proper measures are in place to prevent this inadvertent error from recurring.</p> <p>ECD: July 2013</p> <p>Principal Responsible: Cathy Hutchins</p>

Rating	Issues	Recommendation	Management Response
Moderate	10	Completion of Report of Monies Collected (RMC) Forms	
New	<p>During our testing of cash receipts, we noted one monies collected form (RMC 44905) did not contain an official receipt number.</p> <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). The white copy shall be identified by the corresponding pre-numbered, secured electronic receipt number representing the collection.</p> <p>We recommend the bookkeeper review the requirements for monies collected forms and ensure compliance without exception.</p>	<p>Response: Proper measures are in place to try and prevent this inadvertent error from recurring.</p> <p>ECD: July 2013 on going</p> <p>Principal Responsible: Cathy Hutchins</p>

Rating	Issues	Recommendation:	Management Response
High	1	Funds in Non Qualified Public Depository	
Recurring	<p>During testing of the cash balances, we noted that the school has an investment account with Raymond James, which is not a qualified public depository.</p> <p>Section 280.03(1)(b) of the Florida State Statutes states the following: <i>"Public deposits shall be made in a qualified public depository unless exempted by law."</i></p> <p>Florida's Qualified Public Deposit Program protects public depositors from loss of public funds deposited in state financial institutions.</p>	<p>We recommend the school move their funds to a bank authorized to hold public deposits through designation as a qualified public depository, as required by Florida Statute. The list of active qualified public depositories can be found on the Florida Department of Financial Services website at:</p> <p>https://apps8.fldfs.com/CAP_Web/PublicDeposits/ActiveQPDDisplayList.aspx.</p>	<p>Response: The funds will be transferred to an approved financial institution.</p> <p>ECD: January 2014</p> <p>Principal Responsible: Cathy Mittelstadt</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 that cash or check was not listed next to each amount collected on RMCs 45465, 49471, 49507, 51478.</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: A Directive was issued to BK to follow policy as stated.</p> <p>ECD: Immediate</p> <p>Principal Responsible: Cathy Mittelstadt</p>

Rating	Issues	Recommendation	Management Response
Moderate	3	Accounts Receivable and Returned Checks	
Recurring	<p>During our test of returned checks, we noted that the accounts receivable balance per the cash balance and detailed trial balance reports was \$881.50, which did not match the listing of checks pending reimbursement, which totaled \$270.50.</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 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: Documentation was provided to on site auditor that demonstrated the discrepancy. The BK had notified the district office of this discrepancy. This discrepancy was a result of the Oracle/SunGard transition. See attachment #1.</p> <p>ECD: Immediate</p> <p>Principal Responsible: Cathy Mittelstadt</p>

Rating	Issues	Recommendation	Management Response
High	4	Fundraising Activity	
New	<p>During our testing of fundraisers, we noted the following:</p> <ul style="list-style-type: none"> We were unable to agree the total expenditures recorded on the fundraiser reconciliation to the invoice amount. We were unable to agree the sales amount recorded on the fundraiser reconciliation to the general ledger. <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: BK placed money into wrong account. It has since been corrected. See attachment #2.</p> <p>ECD: Completed</p> <p>Principal Responsible: Cathy Mittelstadt</p>

Rating		Issues	Recommendation	Management Response
Moderate	5	Accounts Payable (AP)		
New		<p>During our test of accounts payable, we noted that the accounts payable balance per the cash balance report was \$394.03, but was \$0 per the detailed trial balance report.</p> <p>The bank reconciliation procedures include a step for verification of the accuracy of the accounts payable 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 state that the bookkeeper should verify the accuracy of the accounts payable amount on the cash balance report by matching it to the detailed trial balance report.</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 district copy sent to us for the reconciliation showed \$0 amount at the time of the audit. We requested an updated copy that now shows the \$394.03. BK will monitor reports on a monthly basis.</p> <p>ECD: Corrected on new report. See attachment #3.</p> <p>Principal Responsible: Cathy Mittelstadt</p>

Rating		Issues	Recommendation	Management Response
Moderate	6	Authorized Check Signers		
New		<p>During our review of the checking account signature card on file with the bank, we noted that the school currently has four authorized check signers.</p> <p>The number of authorized check signers should be controlled to minimize the risk of misappropriation of funds.</p>	<p>The Internal Accounts Handbook, Section 2.04(a) states that the principal shall designate two persons in addition to him/herself who are authorized to sign checks.</p> <p>We recommend that the signature list include no more than three persons as the manual states, and not include the school secretary.</p>	<p>Response: The Principal has directed the BK to remove a signer to be in compliance with the handbook. See attachment #5.</p> <p>ECD: Immediate</p> <p>Principal Responsible: Cathy Mittelstadt</p>

Rating	Issues	Recommendation	Management Response
Moderate	7	Property Purchase Reporting	
New	<p>During our cash disbursements testing, we noted one purchase for which the purchase amount exceeded the District's \$1,000 capitalization threshold. The purchase was for a storage shed (check 1304).</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: The Property Custodian has requested the property tag for proper inventory control. See attachment #4. All future property purchases will be in accordance with District guidelines.</p> <p>ECD: The paperwork has been filed to request the tag.</p> <p>Principal Responsible: Cathy Mittelstadt</p>

Rating	Issues	Recommendation	Management Response
Low	8	Yearbook	
New	<p>During our testing of the yearbook reconciliation, we noted that the yearbook reconciliation was out of balance by \$245.</p> <p>Without 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 Yearbook sponsor has been directed to personally account for the \$245.00 shortfall.</p> <p>ECD: Immediate</p> <p>Principal Responsible: Cathy Mittelstadt</p>

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"> RMC 43032 did not include the receipt number. The source of collection was not listed on RMC 36992. <p>The District's monies collected procedures call for unique numbering of monies collected forms that corresponds to the system receipt numbers. This ensures that receipts are issued in numerical order and can be uniquely identified both within the accounting system and on hardcopy forms. The</p>	<p>The Internal Accounts Handbook, Section 4.02(d) states that all monies collected must be substantiated by a monies collected form prepared by the individual collecting the cash. Section 4.01(a)(v) states that each monies collected form shall be identified by the corresponding secured electronic receipt number representing the collection and filed in numerical sequence.</p> <p>We recommend the bookkeeper review the requirements for monies collected forms and ensure compliance without exception.</p>	<p>Response: We have reviewed 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 all monies collect form has a receipt number.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Wayne King</p>

Rating	Issues	Recommendation	Management Response
High	2	Frequency of Deposits	
New	<p>During our testing of cash receipts, we noted RMC 44606 had monies collected on 3/6/2013 but not deposited at the bank until 3/18/2013.</p> <p>Deposits not made within five (5) business days could result in inaccurate records and misappropriation of funds.</p>	<p>The Internal Accounts Handbook (Section 4.03) states funds collected must be deposited within five working days of receipt. We recommend the above policy be followed without exception.</p>	<p>Response: Bookkeeper had a death in the family on March 5, 2013 and was not able to make the deposit until her return. A "backup" person has been identified.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Wayne King</p>

Rating	Issues	Recommendation	Management Response
High	3	Prohibited Expenditures	
New	<p>During our testing of disbursements, we noted that check 209 included reimbursement for a purchase of gift cards.</p> <p>To reduce the risk related to the use of internal accounts funds, the District does not allow purchases of gift cards.</p>	<p>The District's internal accounts rules prohibit the purchase of gift cards from internal accounts funds for any reason.</p> <p>We recommend that this policy be followed without exception.</p>	<p>Response: The school will not purchase gift cards for students from Internal Accounts in the future.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Wayne King</p>

Rating	Issues	Recommendation	Management Response
High	4	Financial Reports	
New	<p>During our testing of the monthly bank reconciliation, we noted that there was no documentation of principal or designee review of the June 2013 bank reconciliation or bank statement.</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: Principal will review and sign Bank Reconciliations and bank statements as soon as report is processed.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Wayne King</p>

Rating	Issues	Recommendation	Management Response
Moderate	5	Authorization of Transfers/Adjustments	
New	<p>During our testing of transfers and adjustments, we noted two adjustments that were not supported by journal entry or transfer forms or other supporting documentation that evidences principal review or approval.</p> <p>The district's approved transfer and journal entry forms should be used to evidence approval and explanation for all transfer and adjustment journal entries.</p>	<p>All journal entries should be documented on the district approved transfer form or journal entry form and must be authorized by the principal. The form includes space for signature of the preparer and approver. We recommend this policy be followed without exception.</p>	<p>Response: A Journal Entry Form has been received and will be used when any transfer of funds is made.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Wayne King</p>

Rating	Issues	Recommendation	Management Response
Moderate	6	Accuracy of Monies Collected (RMC) Forms	
New	<p>During our testing of the match accuracy of the deposits, we noted that the total monies collected figure written on RMC 43032 was not mathematically accurate. The total written on the form was \$4 more than the total of the individual amounts listed. The higher amount agreed to the deposit slip and bank deposit amount.</p> <p>Inconsistencies between the monies collected forms 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 RMC to the individual collecting monies. We recommend the above policy be followed without exception.</p> <p>We recommend that the above policy be followed without exception.</p>	<p>Response: We have reviewed with all staff members who submit monies collect forms to ensure that amounts of cash or checks be written correctly on monies collected forms. Number receipts will be attached in the future to prove the amount is correct.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Wayne King</p>

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 that multiple RMCs were numbered the same (RMCs 27487, 37471, 44266, 49110). The monies collected were from various sources and the forms were completed by varying teachers. Additionally, one monies collected form (RMC 37471) did not contain an official receipt number.</p> <p>Monies collected forms should be numbered separately for proper recordkeeping and reconciliation to receipt records. 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 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. <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: Bookkeeper was unaware that a separate receipt was necessary from each collected source. Not evident in internal account handbook, but in the future will process separate receipts for each RMC.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Lisa Kunze</p>

Rating	Issues	Recommendation	Management Response
High	2	Yearbook	
New	<p>During our testing of the yearbook inventory, we noted that there were two 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: The yearbook advisor from last year resigned at the end of the year. She gave the 2 yearbooks to the new advisor. The new advisor needed to move classrooms, so all her items were boxed up. I could not open every box while the auditor was here. The new advisor showed me the books upon her return to school. She is using them as examples for the yearbook class. In the future we will include the books used for examples on the donation list.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Lisa Kunze</p>

Rating	Issues	Recommendation	Management Response
Moderate	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 reports was \$100.00, which did not match the listing of checks pending reimbursement, which totaled \$146.00.</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 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: Bookkeeper did not record 2 NSF checks (\$40 and \$60) from June as checks pending reimbursement. In the future a listing of returned checks will be attached to the cash balance report</p> <p>ECD: Immediately</p> <p>Principal Responsible: Lisa Kunze</p>

Rating	Issues	Recommendation	Management Response
Low	4	Bank Reconciliation	
New	<p>The principal review of the June 2013 bank reconciliation and bank statement did not indicate a date of review. As such, we were unable to ascertain timeliness of review.</p> <p>Timely reviews of bank reconciliations are a means to detect errors and misappropriation of funds.</p>	<p>We recommend that the monthly bank reconciliations be completed and submitted to the District within fifteen days of month-end, with evidence of Principal review and sign-off completed.</p>	<p>Response: Principal will date all signatures</p> <p>ECD: Immediately</p> <p>Principal Responsible: Lisa Kunze</p>

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 that RMC 52146 did not include a listing of who each amount was collected from.</p> <p>Inadequate completion of 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)(ii) states that money collected from more than one source submitted on the same monies collected form shall be properly identified as to source for each receipt listed on the form.</p> <p>We recommend the bookkeeper review the requirements for monies collected forms and ensure compliance without exception.</p>	<p>Response: The bookkeeper has reviewed the requirements for monies collected forms and will ensure that money collected from more than one source submitted on the same form are properly identified as to source for each receipt listed on the form.</p> <p>ECD: Immediate</p> <p>Principal Responsible: Christine Stephan</p>

Rating	Issues	Recommendation	Management Response
High	2	Accounts Receivable and Returned Checks	
Recurring	<p>During our test of returned checks, we were unable to determine the amount of returned checks pending reimbursement at 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 \$1,775.</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: As this is a carryover problem from a prior administration, the bookkeeper will verify the accuracy of the accounts receivable amount on the cash balance report by matching it to the total of uncollected returned checks with the aid of the Internal Accounts Department at the District office.</p> <p>ECD: Immediate</p> <p>Principal Responsible: Christine Stephan</p>

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

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 total monies collected figure written on RMC 46018 was not mathematically accurate. The total written on the form was \$300 more than the total of the individual amounts listed. The correct amount, equal to the sum of the individual amounts on the RMC, was posted to the system and reflected as deposited on the bank statement.</p> <p>Footing errors on the RMC's 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: The bookkeeper will reconcile monies collected to the report of monies collected and follow the procedures for receipts. She has reviewed this procedure.</p> <p>ECD: Immediate</p> <p>Principal Responsible: Christine Stephan</p>

Rating	Issues	Recommendation	Management Response
High	5	Fundraising Activity	
New	<p>During our testing of fundraising activities, we noted the following with regard to the selected fundraiser:</p> <ul style="list-style-type: none"> • There was no supporting documentation to evidence prior approval by the principal, financial results, or final approval by the principal. • The disposition of the unsold fundraiser items from the fundraiser was not documented. The items had a potential sale value of \$483. <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 fundraising activity form accompanied by a supporting fund raising checklist. The school should complete a fundraising 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 teachers have been trained on the fundraising activity form and checklist. Now that both the bookkeeper and principal have completed a year at Timberlin Creek in their current positions and fully understand this requirement, the policies will be followed without exception.</p> <p>ECD: Immediate</p> <p>Principal Responsible: Christine Stephan</p>

Rating	Issues	Recommendation	Management Response
High	6	Extended Day Audits	
New	<p>During our testing of extended day documentation, we noted that no sample audits 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: Monthly meetings with the principal and extended day coordinator have been scheduled for the school year and will include reconciliation of attendance and fees. The principal will conduct a sample audit of attendance sheets and fees paid quarterly.</p> <p>ECD: Immediate and ongoing</p> <p>Principal Responsible: Christine Stephan</p>

Rating	Issues	Recommendation	Management Response
High	7	Yearbook	
New	<p>During our testing of the yearbook, we noted that a reconciliation of the yearbook quantity or financial results was not prepared as of the audit date.</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 expectation that the yearbook sponsor shall reconcile the quantity of yearbooks sold and fees collected was explained to the sponsor. The financial results will be kept on file by the bookkeeper.</p> <p>ECD: Immediate</p> <p>Principal Responsible: Christine Stephan</p>

Rating	Issues	Recommendation	Management Response
Moderate	8	Sales Tax	
New	<p>During our testing of disbursements, we noted that check 2534 reimbursed an employee for sales tax paid, although the purchase was not taxable.</p> <p>The School Board is not subject to sales tax; therefore sales tax should not be paid or reimbursed unless purchasing items for resale.</p>	<p>The Internal Accounts Handbook (Section 5.01(j)) states that, "Purchases are specifically exempted from sales and use tax, except for purchases for resale."</p> <p>We recommend that this policy be followed without exception.</p>	<p>Response: The bookkeeper is fully aware that purchases are exempt from sales and use tax and will monitor reimbursements to ensure tax is not included.</p> <p>ECD: Immediate</p> <p>Principal Responsible: Christine Stephan</p>

Rating	Issues	Recommendation	Management Response
Moderate	9	Extended Day Disbursements	
New	<p>During our test of extended day cash disbursements, we noted that the extended day fees collected in April 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: The bookkeeper has reviewed the policy for transferal of extended day monies to the District Financial Office and will ensure they are completed by the 10th of each month following the month of collection.</p> <p>ECD: Immediate</p> <p>Principal Responsible: Christine Stephan</p>

Rating	Issues	Recommendation	Management Response
Moderate	10	Filing Procedures	
New	<p>During our testing of disbursements, we were unable to verify that one of the checks in our sample was properly authorized with dual signatures, as the cancelled check images were not maintained on file.</p>	<p>The Internal Accounts Handbook, Section 5.02(b)(vi), states that "cancelled check images provided in monthly bank statements shall be maintained on file." We recommend that this policy be followed without exception.</p>	<p>Response: The bookkeeper has checked with the bank regarding cancelled check images in order to ensure they are included in monthly bank statements to be kept on file.</p> <p>ECD: Immediate</p> <p>Principal Responsible: Christine Stephan</p>

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"> RMC 50774 did not include a listing of individuals that paid in cash. Cash or check was indicated incorrectly on two RMC's (50792 and 51190). <p>Inadequate completion of 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)(ii) states that money collected from more than one source submitted on the same monies collected form shall be properly identified as to source for each receipt listed on the form.</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: *Individuals names paying cash will be listed on the RMC forms.</p> <p>*Bookkeeper will check for cash or check indications on RMC's.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Edie Jarrell</p>

Rating	Issues	Recommendation	Management Response
Moderate	2	Extended Day Collections	
Recurring	<p>During our test of extended day cash receipts, we noted a receipt for extended day services that was not collected in advance of the child's participation in the activity.</p> <p>Fees not paid in advance can result in loss of revenues due to the school and the inability to properly fund the costs of the program.</p>	<p>The Internal Accounts Handbook (Section 3.01 (g)(ii)) states that "all fees for student participation in the Extended Day program must be paid in advance prior to the child's attendance in the related session. Failure to collect fees in advance of providing services is contrary to the Constitution of the State of Florida, Article VII, Section 10."</p> <p>We recommend that the principal review this requirement with the extended day coordinator to ensure that all fees are paid in advance of student participation in any extended day activities.</p>	<p>Response: The Extended Day Coordinator will make all efforts to collect dues and fees in advance of providing services according to the Constitution of the State of Florida, Article VII Section10.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Edie Jarrell</p>

Rating	Issues	Recommendation	Management Response
Moderate	3	Accounts Receivable and Returned Checks	
Recurring	<p>During our test of returned checks, we noted that the accounts receivable balance per the detailed trial balance report was \$0 which did not agree to the amount per the cash balance report and the listing of checks pending reimbursement of \$419.17.</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 additional 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: Bookkeeper will review the cash balance report and the detailed trail balance report for any corrections during the review of the monthly bank reconciliation.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Edie Jarrell</p>

Rating	Issues	Recommendation	Management Response
High	4	Expenditure Support	
New	<p>During our test of disbursements, we noted that the supporting documentation for check 302 was a field trip form completed by the sponsor. No detail of purchase such as invoice or receipt was attached.</p> <p>Disbursements without proper supporting documentation could result in misappropriation of funds.</p>	<p>The Internal Accounts Handbook (Section 5.01(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: Sponsors of all fieldtrips will obtain a receipt and submit to bookkeeper for verification of check.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Edie Jarrell</p>

Rating	Issues	Recommendation	Management Response
Moderate	5	Expenditures Requiring Purchase Orders	
New	<p>During our test of cash disbursements, we noted that a purchase order was not created for one applicable purchase.</p> <p>Expenditures that do not go through the proper purchasing process could result in overspending of the budget or misappropriation of funds.</p>	<p>All internal accounts purchases require a purchase order, except for the transaction types listed in the December 2011 Memo ("Internal Accounts Transactions that do not need a Purchase Order", 12/2/2011). We recommend the above policy be followed without exception.</p>	<p>Response: All Cash disbursements requiring a Purchase order will be processed in accordance with the December 2011 memo.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Edie Jarrell</p>

Rating	Issues	Recommendation	Management Response
Moderate	6	Extended Day Reconciliations	
New	<p>During our testing of extended day documentation, we noted that monthly reconciliations of extended day fees collected were reviewed by the principal, but this review was not documented.</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 bookkeeper perform and document a monthly reconciliation of the extended day receipts between the extended day records and the SunGard records. The principal should review the reconciliation, resolve variances, and document this review by sign-off.</p>	<p>Response: The Extended Day Coordinator will review the monthly reconciliation with the principal and obtain the principals signature for verification of review.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Edie Jarrell</p>

Rating	Issues	Recommendation	Management Response
High	1	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 documented on the fundraising activity form. We were unable to agree the total revenue recorded on the fundraising activity form (\$3,947.19) to the general ledger (\$2,851.27). <p>Failure to completely follow District policies related to the use of fundraiser reconciliations could result in an inability to ensure the fundraising activity is fully and accurately captured in the internal accounts fund. Additionally, without the proper controls surrounding fundraising sales, inventory and cash collections could be misappropriated.</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 fundraising activity form accompanied by a supporting fund raising checklist. The school should complete a fundraising 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: We will meet with the school Media Specialist and Media Clerk to go over procedures.</p> <p>ECD: 2013-2014 school year in time for book fair in September.</p> <p>Principal Responsible: Bethany Mitidieri</p>

Rating	Issues	Recommendation	Management Response
Low	2	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 was \$0.00, which did not match the listing of checks pending reimbursement, which totaled \$25.99.</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 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 yearend should be attached to the Cash Balance Report.</p>	<p>Response: Ms. Witt will show NSF checks on all future banks statements.</p> <p>ECD: Immediately</p> <p>Principal Responsible: Bethany Mitidieri</p>

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.

Internal Accounts Follow-Up

Observation

Although we identified 4 of 34 schools receiving no comments this year, as compared to 1 of 33 schools as of June 30, 2012, the number of site based comments increased 24% of June 30, 2013 as compared to June 30, 2012. Four of 34 schools received 10 or more comments, the highest being 13 comments.

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. This should occur early in calendar year 2014.

