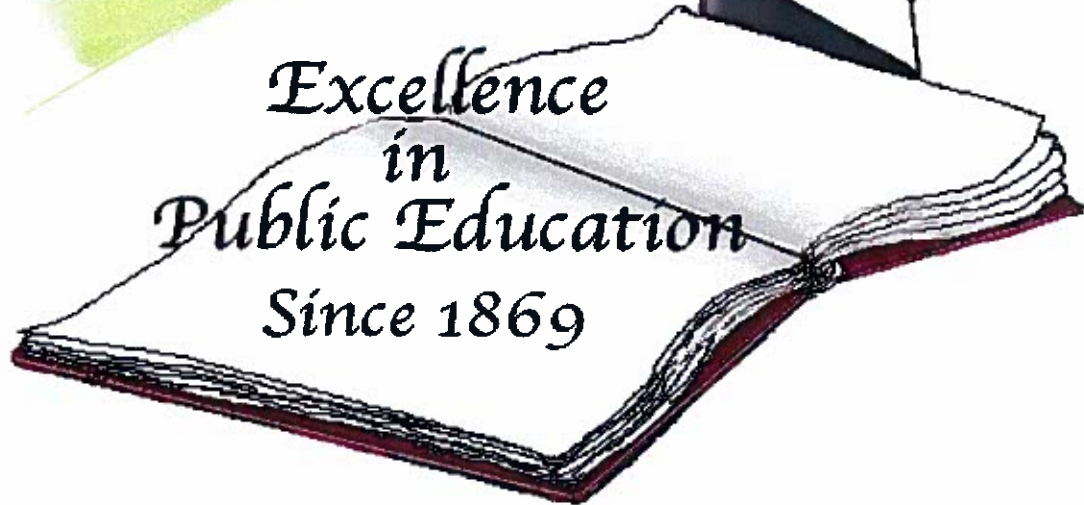


St. Johns County School District



**Internal Audit of
Internal Accounts
October 7, 2010**

Prepared By:



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October 7, 2010

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.

Our report is organized in the following sections:

Background	This provides an overview of the Internal Accounts a summary of financial data and Florida Statute.
Objectives and Approach	The internal audit objectives and focus are expanded upon in this section as well as a review of the various phases of our approach.
Individual School Comments	This section provides a description of the comments and recommended action by school and area along with each Principal's response.
Overall District Observations	This section provides a description of the overall District observations and recommended action.

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

Respectfully Submitted,

INTERNAL AUDITORS

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 ("Red Book") as, "all local school funds derived by any public school from all activities or sources." This year's internal accounts audit was the first year it was performed from an internal audit perspective, and thus, we have not provided an analysis comparing prior year comments.

Pursuant to Chapter 7 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 7 of the Red Book. Those principles include:

- The school board shall be responsible for administration and control of internal funds of the district school system, and in connection therewith shall:
 - Adopt written rules governing the receipt and disbursement of all internal funds and for the accounting for property pursuant to Florida Statutes.
 - Provide for an annual audit of internal funds in accordance with Rule 6A-1.087, FAC.
- 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.
- School internal account funds shall be used to benefit activities authorized by the district school board.
- Student participation in fundraising activities shall not be in conflict with the program as administered by the school board.
- The objective of fundraising activities by the school, by any group within, or in the name of the school shall not conflict with programs as administered by the school board.
- Funds collected shall be expended to benefit those students in school unless those funds are being collected for a specific documented purpose or are generated by vocational production shops. Vocational production revenue shall benefit the students or program that generated the funds or the student body. Those internal account funds designated for general purposes shall be used to benefit the student body.
- Collecting and expending of school internal account funds shall be in accordance with the Florida Constitution, Florida Statutes, State Board of Education rules, and school board rules. Sound business practices should be observed in all transactions.
- Each school organization should operate within a budget formulated by the organization members. The format of the budget shall be prescribed by the principal if not prescribed by school board rule.
- Purchases from internal accounts shall not exceed the resources of the applicable student activity/project account, except for items acquired for resale or items authorized by school board rule. Purchases to support instructional programs may be made from revenue derived from production work of vocational programs.
- An adequate system of internal controls shall be maintained in order to safeguard the assets of the school internal funds.

Background - continued

St. Johns County School Board Financial Data

The school internal accounts activities for the 2009-2010 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, 2010

	<u>07/01/2009</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance</u>
Total	\$ 3,085,272	\$ 10,405,545	\$ 10,302,719	\$ 3,188,098

Summary of Certain Provisions of the Internal Accounts Handbook

Pre-numbered Documents

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

Sale of Tickets

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

Fund Raising Activity

Internal Accounts Handbook Article IV Section 4.05 states that each fundraising activity shall be planned to finance a specific objective. All fund raising requests are required to be documented on a District-authorized Fund Raising Activity form accompanying 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 requires that reconciliations of all monies collected and disbursed be performed for each fund raising activity, including a reconciliation of items/inventory purchased and sold.

Bank Reconciliations

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

Background - continued

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

Contracts

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

Report of Monies Collected Forms and Deposit Records

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

Yearbook Sales

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

Support Groups/Booster Clubs

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

Extended Day

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

Objectives and Approach

Objectives

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 Florida 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 Florida 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 Florida Department of Education 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 recommendation section of this report. We conducted on-site school visits at all 33 schools and performed testing of the following areas:

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

Reporting

At the conclusion of our audit, we summarized our findings in a report pursuant to Red Book requirements as outlined in our objectives above. Our report also includes recommendations for improving noted deficiencies. We conducted an exit conference with each principal at each school and we have incorporated their responses into our report.

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: **BARTRAM TRAIL HIGH SCHOOL**

DATE OF ON-SITE VISIT AT THE SCHOOL: **8/4/2010**

Rating	1	Issues	Completion of Monies Collected Forms	Recommendation	Management Response
High					
New		During our testing of cash receipts, we noted cash or check was not listed next to each amount collected on monies collected forms 384071. We were unable to agree the cash and checks deposited. Without a listing of cash or checks for each amount collected, it is difficult to verify if the correct amount of cash is being deposited.	The Internal Accounts Handbook, Section 4.01 (a) (iv) states that cash or check number must be listed with the student's name. We recommend the above policy be followed without exception.		See School Response following the School Findings
Rating	2	Issues	Returned Checks	Recommendation	Management Response
Moderate					
New		During our test of returned checks, we noted 2 NSF checks totally \$200, were not transferred to the general fund at year end.	The Internal Accounts Handbook (Section 6.05) states that NSF checks outstanding at year-end shall be transferred to the General Fund in accordance with the School Board Internal Accounts Chart of Accounts as not to overstate the year-end cash balance in the related account collecting the funds.		See School Response following the School Findings

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: BARTRAM TRAIL HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/4/2010

Rating	Issues	Recommendation	Management Response
<p>Moderate</p> <p>3</p> <p>New</p>	<p>Yearbook</p> <p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> • The school was not familiar with the yearbook inventory process as required by the District. • A listing of students purchasing yearbooks coded by check number or cash sale was provided, but the listing did not include the amount of the sale and the number of yearbooks purchased. • An inventory/reconciliation was not prepared for the yearbook account. <p>We were able to perform a reconciliation within reason based on the requested documentation obtained and inquiry from the bookkeeper and yearbook sponsor, but were unable to validate the number of yearbooks outside of on-line sales from the documentation received.</p> <p>Without the proper controls surrounding yearbook sales, inventory, cash collections and items to be sold 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>See School Response following the School Findings</p>

Bartram Trail High School

7399 Longleaf Pine Parkway
St. Johns, FL 32259
www-bths.stjohns.k12.fl.us
904-547-8340
904-547-8359 (fax)

Brennan Asplen
Principal

Barry Craig
Athletic Director

Steven Amburgey
Asst. Principal
Curriculum

Christopher Phelps
Asst. Principal
Administration

Celebrating Ten Years of Excellence

August 18, 2010

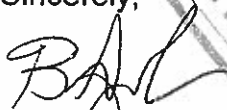
RSM McGladrey, Inc.
Clara M. Ewing, Manager
7351 Office Park Place
Melbourne, FL 32940

Dear Ms. Ewing:

- 1.) We will continue to stress the importance of indicating cash or checks on reports of monies collected forms.
- 2.) Our new bookkeeper assumed since checks were entered into the NSF Wizard and Checkredi guarantees the amounts of the checks, that the checks were deposits in transit and not considered NSF funds. The bookkeeper now understands that at year end all NSF checks will be transferred to the General Account.
- 3.) Our yearbook sponsor met with the auditors and the bookkeeper and now has a better understanding of the procedures. A reconciliation form will be created and used as the auditor suggested.

The instances of noncompliance found in this audit have been addressed.

Sincerely,



Brennan Asplen
Principal

CC: Dawn Posey, Director of Accounting and Payroll

St. Johns County School District

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: CREEKSIDE HIGH SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/4/2010

Rating	Issues	Recommendation	Management Response
<p>High</p> <p>New</p>	<p>1</p> <p>Segregation of duties, we</p> <p>During our testing of segregation of duties, we noted the following:</p> <ul style="list-style-type: none"> Two instances where the bookkeeper was the initial preparer of monies collected forms (Monies collected forms # 367008 and 386463). On occasion, the bookkeeper opens the mail on occasion, prepares the report of monies collected and deposit slips, issues receipts, and prepares the bank reconciliation. <p>As the bookkeeper's duties include bank deposits, posting monies collected in the computer and bank reconciliation, there is not an appropriate level of segregation of duties if they are also the initial collector of monies and preparer of the monies collected forms. Without the proper segregation of duties and controls surrounding cash, there is an increased likelihood of errors, misappropriation of funds or other types of irregularities to occur without being detected within an acceptable timeframe.</p>	<p>In accordance with section 4.02(c), "Monies shall be collected only by persons authorized by the principal. The bookkeeper cannot be designated as the primary recipient of original receipts. An alternative recipient should be designated by the principal. Acceptable designees include school principal, assistant principal, receptionist, teachers, coaches, or directors."</p> <p>We recommend a person other than the bookkeeper be the initial collector of all funds and the initial preparer of the monies collected forms. Once the funds are collected and documented on a monies collected form they are then submitted to the bookkeeper. The bookkeeper will verify the count, sign and date the form and return a copy to the person responsible for the collection of the funds</p>	<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: CREEKSIDE HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/4/2010

Rating	Issues	Recommendation	Management Response
High	<p>2</p> <p>Ticket Sales</p> <p>During our test of ticket sales, we were unable to account for all of the tickets, as the starting ticket number per the ticket roll was not in sequence of the ending ticket number per the control sheet. Unaccountable tickets could be the result of misappropriated funds.</p>	<p>The Internal Accounts Handbook, Section 4.04(a)(i)(4), states that written ticket inventory records should include "any tickets that not have been accounted for, including notations about the ticket numbers." We recommend that the ticket inventory records be reviewed by the person responsible for ticket inventory to ensure this information is documented when ticket records are received. We recommend the above policy be followed without exception.</p>	<p>See School Response following the School Findings</p>
High	<p>3</p> <p>Issues</p> <p>Authorization of Disbursements</p> <p>During our test of disbursements, we noted one check (check 2092) for which the check request is dated 10/27/09 and the materials request was approved by the principal on 3/22/2010.</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 the proper forms prepared and signed by the teacher/sponsor requesting the expenditure and approved by the principal before the expenditures are made.</p> <p>The Internal Accounts Handbook, Section 5.01 states the general provisions of expenditures. We recommend the above policies be followed without exception.</p>	<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: CREEKSIDE HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/4/2010

Rating	Issues	Recommendation	Management Response
High	<p>4</p> <p>Change Fund</p> <p>The school withdrew cash from the athletic fund at the beginning of the school year for use as a change fund at athletic events. At June 30, 2010, \$200 of the fund was not re-deposited before year-end, leaving cash balances understated by this amount at year-end.</p> <p>Change fund money not re-deposited before year end can lead to understatement of Internal Accounts balances at year end.</p>	<p>We recommend that the change fund be deposited back into bank as soon as possible, in order for all cash to be accounted for at year-end.</p>	<p>See School Response following the School Findings</p>
High	<p>5</p> <p>Yearbook</p> <p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> The school was not familiar with the yearbook inventory process as required by the District. A listing of individuals receiving complimentary yearbooks was not maintained. An inventory/reconciliation was not prepared for the yearbook account. <p>We were unable to perform a reconciliation due to the above. Without the proper controls surrounding yearbook sales, inventory, cash collections and items to be sold 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>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: CREEKSIDE HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/4/2010

Rating	Issues	Financial Reports	Recommendation	Management Response
<p>High</p> <p>New</p>	<p>6</p> <p>During our testing of the monthly and annual financial reports, we were unable to verify that the monthly bank reconciliation and monthly fund summary were reviewed by the principal, as these documents do not have documented review and approval by the principal.</p> <p>Without review of the financial records on a monthly basis by someone other than the preparer, funds could be posted incorrectly or misappropriated.</p>	<p>The Internal Accounts Handbook (Section 2.07) states that certain financial reports must be retained on file at the School, for example the monthly fund summary report signed by the principal, annual fund detail reports for the entire fiscal year, etc.</p> <p>Section 6.01(a) further states that, "The principal shall date and initial the bank statement and bank reconciliation after the reviews are completed."</p> <p>We recommend these policies be followed without exception.</p>	<p>See School Response following the School Findings</p>	<p>See School Response following the School Findings</p>
<p>Moderate</p> <p>New</p>	<p>7</p> <p>Section 2.08(c) of the Internal Accounts Handbook states, "The combination shall be changed whenever there is a change in administrative personnel and/or bookkeeper or at the end of every third year."</p> <p>Per discussion with the bookkeeper, the safe combination has not been changed since the Principal change in February 2010.</p>	<p>Safe Combination</p> <p>We recommend the school contact a locksmith to have the combination changed in accordance with Section 2.08(c) of the Handbook, and monitor the changes going forward to ensure compliance and safeguarding of assets.</p>	<p>See School Response following the School Findings</p>	<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: CREEKSIDE HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/4/2010

Rating	Issues	Returned Checks	Recommendation	Management Response
<p>Moderate</p> <p>New</p>	<p>8</p> <p>During our test of returned checks, we noted that the outstanding returned checks were not transferred to the General Fund at year-end.</p>	<p>The Internal Accounts Handbook (Section 6.05) states that NSF checks outstanding at year-end shall be transferred to the General Fund in accordance with the School Board Internal Accounts Chart of Accounts as not to overstate the year-end cash balance in the related account collecting the funds.</p>		<p>See School Response following the School Findings</p>

Creekside High School

J. Randy Johnson, Principal
Kirstie Gabaldon, Assistant Principal
Steve Ray, Assistant Principal
Guy Harris, Athletic Director



August 20, 2010

St. Johns County School Board
40 Orange Street
St. Augustine, FL 32084

To whom it may concern,

Below is a description of the Internal Accounts Audit findings and corrective actions that have been taken in response to the findings for Creekside High School:

1. In the intent to satisfy section 4.03, the Bookkeeper was the initial preparer of Monies Collected Form and deposit. Every effort will be made to be in accordance with Section 4.02(c), the Bookkeeper cannot be designated as primary recipient of original receipts.
2. Following an Athletic Event all tickets were not able to be accounted for during the inventory process. The Internal Funds Manual, section 4.04 (a) (i) (4), has been reviewed with the Athletic Director and Athletic Secretary, ticket sellers will be more conscientious of errors that can be made in the exchange of tickets.
3. In one instance, approval was not obtained prior to a purchase commitment. Staff members have been informed of purchasing procedures. Procedures are in place to ensure approval is obtained prior to purchase.
4. The school withdrew cash from the Athletic fund at the beginning of the school year for use as petty cash at athletic events and was not re-deposited before year-end. This cash was adequately safeguarded during the year, and followed with documentation on file of counting and reconciling the funds throughout the year as used. All funds will be deposited before year-end.
5. An inventory/reconciliation was not prepared for the yearbook account. All procedures have been put in place in accordance with section 9.04.
6. Monthly and Annual financial reports were unable to be verified of the review by the Principal. Monthly and Annual reports were directly sent to the District and copied to the Principal via email. Moving forward the Principal will sign and date all reporting's.
7. Safe combination was not changed during the Administration change in February 2010. Safe combination was changed as of August 14, 2010.
8. Returned checks were noted that they have not been transferred to the General Fund at the end of the year. Every effort will be made in accordance section 6.05.

If you should have any further questions or concerns, please do not hesitate to contact my office.

Sincerely,

J. Randy Johnson
Principal

"HOME OF THE KNIGHTS"

100 Knights Lane
Phone: 904-547-7300
E-mail: www.cshs@stjohns.k12.fl.us

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: CROOKSHANK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2010

Rating	1	Issues	Extended Day Collections	Recommendation	Management Response
High	New	<p>During our test of cash receipts, we noted four instances where credit was extended for extended day services.</p> <p>Non advanced receipt of extended day program fees can result in lost 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>See School Response following the School Findings</p>	
Rating	2	Issues	Authorization of Disbursements	Recommendation	Management Response
High	New	<p>During our testing of disbursements, we noted check #6856 had only one signature. Checks being disbursed with only one signature could result in misappropriation of funds.</p>	<p>The Internal Accounts Handbook states that all transactions must have two signatures. (District Internal Accounts Handbook, Section 5.02) We recommend this policy be followed without exception.</p>	<p>See School Response following the School Findings</p>	

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: CROOKSHANK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2010

Rating	Issues	Authorized Check Signer	Recommendation	Management Response
Moderate	3	Authorized Check Signer		
New	<p>Per review of the authorized signers listing from the bank, we noted an authorized signer who did not worked at the school during the 2009-2010 school year.</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 that only appropriate individuals have access.</p>		See School Response following the School Findings
Rating	Issues	Authorization of Transfers/Adjustments	Recommendation	Management Response
Moderate	4	Authorization of Transfers/Adjustments		
New	<p>During our testing of transfers, we noted the following:</p> <ul style="list-style-type: none"> Transfer made on 2/2/10, was not approved by the principal until 2/3/10. Two transfers selected for testing did not have sign off by the person requesting the transfer. <p>Unauthorized adjustments could result in misappropriation of funds or errors in records.</p>	<p>The Internal Accounts Handbook states that all transfers must be authorized by the principal and both parties requesting transfer (if other than the principal or bookkeeper) in writing prior to transfer of funds. (District Internal Accounts Handbook, Section 6.03 (a)) We recommend this policy be followed without exception.</p>		See School Response following the School Findings

John A. Crookshank Elementary School

Jay Willets
Principal
willetj@stjohns.k12.fl.us

1455 N. Whitney Street
St. Augustine, Florida 32084
Telephone (904) 547-7840
Fax (904) 547-7845

Jeanette Murphy
Assistant Principal
murphyj@stjohns.k12.fl.us

August 24, 2010

Clara Ewing
McGladrey
7351 Office Park Place
Melbourne, FL 32940

Dear Sirs:

In several instances, credit was extended for Extended Day services. All Extended Day fees must be paid in advance prior to the child's attendance in the related session. We acknowledge this finding and are working to correct this.

In one instance it was noted that a check did not have two signatures. We acknowledge this finding and are working to correct this.

In one instance, a transfer form was not authorized by the person requesting transfer prior to the transfer (this was the bookkeeper). Funds shall be transferred by a transfer form with two authorized signatures. We acknowledge this finding and are working to correct this.

Per review of the authorized signers listing from the bank, authorized signer who did not work at the school since March 2010 was still listed. We acknowledge this finding and are working to correct this.

Per review it was noted that Principal has not signed the monthly Fund Report, we acknowledge this finding and will work to correct this.

Sincerely,



Jay Willets
Principal

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: CUNNINGHAM CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/5/2010

Rating	Issues	Recommendation	Management Response
High	<p>1</p> <p>Frequency of Deposits</p> <p>During our test of cash receipts, we noted one monies collected form in which money was collected on 4/15/10 that was not remitted to the bookkeeper until 4/16/10. Delays in the collection and recording process result in inaccurate records and could be the result of misappropriated funds</p>	<p>The Internal Accounts Handbook, Section 4.02 (f) states that all funds collected and supporting report of monies collected shall be delivered to the bookkeeper on the day of collection.</p>	<p>See School Response following the School Findings</p>
High	<p>2</p> <p>Completion of Monies Collected Forms</p> <p>During our testing of cash receipts, we noted the following:</p> <ul style="list-style-type: none"> All monies collected forms for all five deposits reviewed did not list the official receipt number and did not contain the bookkeeper's signature. Cash or check was not listed next to each amount collected on multiple monies collected forms for the deposit on 1/28/10 (receipt number 379416), thus we were unable to agree the cash and checks deposited. <p>Without complete records and a listing of cash or check for each amount collected, it is difficult to verify if the correct amount of cash is being deposited.</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>The Internal Accounts Handbook, Section 4.01 (a) (iv) states that cash or check number must be listed with the student's name. We recommend the above policy be followed without exception.</p>	<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: CUNNINGHAM CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/5/2010

Rating	Issues	Recommendation	Management Response
High	3	Accuracy of Monies Collected Forms	
New	<p>During our testing of the match accuracy of the deposits, we noted that the cash amount on the deposit slip for monies collected forms 379405-379439 was not mathematically correct. In total, the amount agreed to the monies collected forms.</p> <p>Inaccuracy of monies collected could result in misappropriation of funds.</p>	<p>The Internal Accounts Handbook, Section 4.02 (g) states that the bookkeeper shall reconcile the monies collected to the report of monies collected, document the pre-numbered electronic receipt number, sign off, and issue a carbon copy of the report of monies collected to the individual collecting monies. We recommend the above policy be followed without exception.</p>	<p>See School Response following the School Findings</p>
High	4	Outside Organizations	
New	<p>During our testing of outside organizations, we noted two PTO donations (receipt 379267 and 279272) were made to the school on 12/4/09 to cover the field trip costs for students.</p> <p>The PTO donation to the school's internal funds account did not have prior approval by the District Chief Financial Officer.</p>	<p>The Internal Accounts Handbook states that any and all transactions with school support organizations (PTA, PTO, & Booster Clubs) must have prior approval of the District Chief Financial Officer. (District Internal Accounts Handbook, Section 3.01vii and Article X). We recommend this policy be followed without exception.</p>	<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: CUNNINGHAM CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/5/2010

Rating	5	Issues	Authorization of Expenditures	Recommendation	Management Response
High					
New		<p>During our test of disbursements, we noted check # 5895 had a materials requisition/check request form that was prepared after the date of purchase. Disbursements that do not have approval prior to the purchase could result in overspending of the budget or misappropriations of funds.</p>	<p>We recommend that all disbursements have the proper forms prepared and signed by the teacher/sponsor requesting the expenditure and approved by the principal before the expenditures are made.</p> <p>The Internal Accounts Handbook, Section 5.01 states the general provisions of expenditures. We recommend the above policies be followed without exception.</p>		<p>See School Response following the School Findings</p>
Rating	6	Issues	Fundraising Activity	Recommendation	Management Response
High					
New		<p>During our testing of fund raising activities, we noted there was no fund raising activity form and checklist utilized and completed for one fund raiser to document the Principal's pre-approval or the overall financial results of the activity.</p> <p>Without the proper controls surrounding fundraising activity, cash collections and items to be sold could be misappropriated.</p>	<p>Section 4.05(g) of the Internal Accounts Handbook states that, "All fund raising requests shall be documented on a District authorized fund raising activity form accompanied by a supporting fund raising checklist." We recommend that the school complete the proper forms to document pre-approval and the overall financial results of the fund raiser after completion.</p>		<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: CUNNINGHAM CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/5/2010

Rating	7	Issues	Extended Day Collections	Recommendation	Management Response
High		During our test of cash receipts, we noted one receipt for extended day services that was not collected in advance of the child's participation in the activity.		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."	See School Response following the School Findings
New		Non advanced receipt of extended day program fees can result in lost revenues due to the school and the inability to properly fund the costs of the program.		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.	
Rating	8	Issues	Safe Combination	Recommendation	Management Response
Moderate		Section 2.08(c) of the Internal Accounts Handbook states, "The combination shall be changed whenever there is a change in administrative personnel and/or bookkeeper or at the end of every third year."		We recommend the school contact a locksmith to have the combination changed in accordance with Section 2.08(c) of the Handbook, and monitor the changes going forward to ensure compliance and safeguarding of assets.	See School Response following the School Findings
New		Per discussion with the bookkeeper, a new principal started in July 2010. The safe combination was not changed when this change in administration occurred.			

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: CUNNINGHAM CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/5/2010

Rating	Issues	Yearbook Sales	Recommendation	Management Response
High	<p>9</p> <p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> The school was not familiar with the yearbook inventory process as required by the District. An inventory/reconciliation was not prepared for the yearbook account We were unable to perform a reconciliation based on the documentation obtained. <p>Unreconciled differences result in inaccurate records and could be the result of misappropriation of funds. Without the proper controls surrounding yearbook sales, cash collections and items to be sold could be misappropriated.</p>	<p>Yearbook Sales</p> <p>We recommend the procedures at Section 9.04 Yearbook Inventory of the Internal Accounts Procedure Manual be followed and a final reconciliation of the yearbook account be performed as of year-end.</p>		<p>Management Response</p> <p>See School Response following the School Findings</p>
Moderate	<p>10</p> <p>During our testing, we noted that several months of bank statements with cancelled check images were not available for review.</p>	<p>Filing Procedures</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 the bookkeeper maintain required forms, including cancelled check images, on file in accordance with this policy.</p>		<p>Management Response</p> <p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: CUNNINGHAM CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/5/2010

Rating	Issues	Authorization of Disbursements	Recommendation	Management Response
High	11			
New	<p>During our testing, we were unable to verify that four of the checks sample, had proper authorization included the proper authorizing signatures, as the cancelled check images were not maintained on file.</p> <p>Disbursements that do not have proper approval prior to the purchase could result in overspending of the budget or misappropriations of funds.</p>	<p>The Internal Accounts Handbook, Section 5.01(a), states that, "All checks written must be signed with two signatures." We recommend that this policy be followed without exception.</p>		<p>See School Response following the School Findings</p>
Rating	Issues	Financial Reports	Recommendation	Management Response
High	12			
New	<p>During our testing of the monthly and annual financial reports, we noted the following:</p> <ul style="list-style-type: none"> We were unable to verify that the monthly bank reconciliation and monthly fund summary were reviewed by the principal, as these documents do not have documented review and approval by the principal. The school is not maintaining the required annual reports. <p>Without proper review of the financial records on a monthly basis by someone other than the preparer, funds could be posted incorrectly or misappropriated.</p>	<p>The Internal Accounts Handbook (Section 2.07) states that certain financial reports must be retained on file at the School, for example the monthly fund summary report signed by the principal, annual fund detail reports for the entire fiscal year, etc.</p> <p>Section 6.01(a) further states that, "The principal shall date and initial the bank statement and bank reconciliation after the reviews are completed."</p> <p>We recommend these policies be followed without exception.</p>		<p>See School Response following the School Findings</p>

SCHOOL: CUNNINGHAM CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/5/2010

Rating	Issues	Recommendation	Management Response
Low	<p>13</p> <p>We noted that the school store inventory did not comply with the requirements of the Internal Accounts Handbook in that it did not include the total retail price (extended price) of the items listed.</p>	<p>School Store Inventory</p> <p>The Internal Accounts Handbook (Section 9.02) states the required information to be listed on the school store inventory as follows: description of item in inventory, number on hand, retail price per unit, total retail price (number on hand times the retail price per unit), actual cost per unit, including sales tax, total actual cost (number on hand times the actual cost per unit).</p> <p>We recommend the school store inventory be reviewed for compliance with the Internal Accounts Handbook at year-end.</p>	<p>See School Response following the School Findings</p>



**Building Leaders
Leaving a Legacy**

Cardinals

CUNNINGHAM CREEK ELEMENTARY

1205 Roberts Road
St. Johns, FL 32259
904.547.7860 ♦ 904.547.7854 Fax

**Allen Anderson, Principal
Edie Jarrell, Assistant Principal
Esther Seward, Assistant Principal**

August 23, 2010

To Whom It May Concern;

This letter is in response to the audit findings at Cunningham Creek Elementary School with the St. Johns County School District.

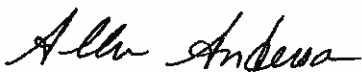
1. A new teacher this year dated a monies collected report for the 15th of the month through the 16th of the month not realizing that the dates needed to be the same as the day report was made and turned into the bookkeeper. We did not catch error but will not let this happen again and will train new teachers to hand in report daily with appropriate date.
2. Bookkeeper believed that due to new controlled computer receipts this year that she signed the receipt and returned it to the teachers. She then did a report of the balanced receipts that remained with the monies collected forms and deposit slip. She understands now that she must write each receipt number on the money collected form with her signature.
- 2b. Teacher did not check whether the student's money was cash or check on her money collected form and we did not catch. The bookkeeper and teachers have been informed of the importance of this and it will not happen again.
3. Once or twice a year a parent has sent in a check for field trip and lunch money in one check. Bookkeeper sent money to cafeteria for student's lunch with his name and gave to cafeteria manager. Bookkeeper now knows that she must return the check to the parent for correction. This will not happen again.
4. The PTO has always paid for a student with financial difficulty to go on field trips. The previous procedure that the check goes to the teacher whom has the student in her class and she makes out the monies collected form with the student's name on it. We are aware of the current procedure and will adjust accordingly.
5. A new teacher did go out and purchase items for her classroom with prior verbal approval from the previous principal and agreed to reimburse this one time only as she was new.
6. We did not understand that this form was to be filled out for each fund raiser but will make sure it is done in the future.

"Committed to Communicating, Caring and Achieving Excellence for Lifelong Learning"

7. Response to the Internal Funds Procedures Manual (section 3.01 (g)(ii) that states, "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." It was pointed out that regarding one student we failed to collect fees in advance of providing services. I would like to explain, we collect 2 weeks in advance for all our families to enroll. This 2 week is then applied to the "last 2 weeks of school" to be sure that we collect fees from everyone in advance. This particular family also had to do so to enroll their child in our program. If they did not pay on the due date, they were sent notice immediately to advise them of this. The parents would explain their situation and promise to pay what was due. However, they sometimes exceeded their 2 weeks grace period in their attempt to faithfully pay. They always communicated when they were having problems and they left no balance due. They have been the only family we had with this issue.
8. Due to the being closed and school staff being relocated for the summer this was not done by July 1st. This change has been ordered.
9. Again we were not aware of the yearbooks need of a fund raiser report and will be done in the future. We had printouts of sales from Leonards Studio and report of monies collected and no books leftover this year. We will comply with the reconciliation of yearbooks.
10. Bookkeeper reconciles bank statement from a printout from the computer each month. We did not realize that we did not receive bank statements from the bank in the mail. In the future we will be sure to attach all bank statements of the reconciliation.
11. Again this relates to not having the bank statement in the mail but can attest that all checks had the required 2 signatures on each one. We will try to retrieve those statements from the bank.
12. When reconciling computer generated bank statement, the reconciliation is a separate page and bookkeeper did not get principal signatures on reconciliation form but always on the bank statement before starting reconciliation. We will make sure that both forms are signed by principal in the future.
- 12b. All required financial reports will be filed in a binder for Internal Accounts.
- 13(14). The volunteer who ran the school store this year was new and overlooked the resale total. We will make sure this is done according to the Internal Accounts Handbook in the future.

Our mission is to always try and follow the guidelines of Internal Accounts. We are sincerely regretful for the audit findings and we will improve in these areas.

Sincerely,



Allen Anderson
Principal

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/5/2010

Rating	Issues	Authorization of Expenditures	Recommendation	Management Response
<p>High</p> <p>Recurring</p>	<p>1</p> <p>During our test of disbursements, we noted the following:</p> <ul style="list-style-type: none"> • Checks # 2050 and 2123 had a materials requisition/check request form that was approved after the date of purchase commitment. • Check # 2055 and the related check request were both signed by the assistant principal, and the principal did not sign and date the material requisition/check request upon return to school. <p>Disbursements that do not have approval prior to the purchase and proper approval could result in overspending of the budget or misappropriations of funds.</p>	<p>Authorization of Expenditures</p> <p>We recommend that all disbursements have the proper forms prepared and signed by the teacher/sponsor requesting the expenditure and approved by the principal before the expenditures are made.</p> <p>The Internal Accounts Handbook states that, "If the designee signs the check and the related Material Requisition/Check Request form, then the principal shall be required to sign and date the Material Requisition/Check Request form within five calendar days of returning to the school" (Section 5.01(a)).</p> <p>We recommend the above policies be followed without exception.</p>	<p>Recommendation</p> <p>We recommend that all disbursements have the proper forms prepared and signed by the teacher/sponsor requesting the expenditure and approved by the principal before the expenditures are made.</p> <p>The Internal Accounts Handbook states that, "If the designee signs the check and the related Material Requisition/Check Request form, then the principal shall be required to sign and date the Material Requisition/Check Request form within five calendar days of returning to the school" (Section 5.01(a)).</p> <p>We recommend the above policies be followed without exception.</p>	<p>Management Response</p> <p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/5/2010

Rating	Issues	Completion of Monies Collected Forms	Recommendation	Management Response
High	2			
New	<p>During our testing of cash receipts, we noted one monies collected form that was not dated by the original collector of funds, and was not signed by the bookkeeper (receipt number 393231).</p> <p>Without documentation of the date of original collection and receipt by the bookkeeper, we could not verify timely delivery of funds to the bookkeeper, nor timely deposit to the bank.</p> <p>Delays in the collection and recording process result in inaccurate records and could be the result of misappropriated funds</p>	<p>The Internal Accounts Handbook, Section 4.02 (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.</p> <p>The Internal Accounts Handbook, Section 4.02 (f) also states "All funds collected and supporting Report of Monies Collected shall be delivered to the bookkeeper on the day of collection."</p> <p>The Internal Accounts Handbook states funds collected must be deposited within five working days of receipt. (Internal Accounts Handbook, Section 4.03)</p> <p>We recommend these policies be followed without exception.</p>		<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/5/2010

Rating	Issues	Completeness of Deposit Documentation	Recommendation	Management Response
High	3	<p>During our testing of the match accuracy of the deposits, we noted that the cash amount on the deposit slip for monies collected form 393528 did not include the cash amount. In total, the deposit amount agreed to the monies collected form. Without documentation of the total of cash deposited, we were unable to verify that the correct amount of cash was deposited.</p> <p>Inaccuracy of monies collected could result in misappropriation of funds.</p>	<p>The Internal Accounts Handbook, Section 4.02 (g) states that the bookkeeper shall reconcile the monies collected to the report of monies collected, document the pre-numbered electronic receipt number, sign off, and issue a carbon copy of the report of monies collected to the individual collecting monies. We recommend the above policy be followed without exception.</p>	<p>See School Response following the School Findings</p>
High	4	<p>Segregation of Duties</p> <p>During our cash receipts testing, we noted one instance where the bookkeeper was the initial preparer of monies collected forms (receipt # 392958).</p> <p>The bookkeeper also opens the mail, prepares the report of monies collected, and deposit slips, issues receipts, and prepares the bank reconciliation. Given these assigned duties, there is not an appropriate level of segregation of duties if they are also the initial collector of monies and preparer of the monies collected forms.</p> <p>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>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/5/2010

Rating	5	Issues	Financial Reports	Recommendation	Management Response
High					
New	5	<p>During our testing of the monthly and annual financial reports, we were unable to verify that the monthly bank reconciliation and monthly fund summary were reviewed by the principal, as these documents do not have documented review and approval by the principal.</p> <p>Without review of the financial records on a monthly basis by someone other than the preparer, funds could be posted incorrectly or misappropriated.</p>	<p>The Internal Accounts Handbook (Section 2.07) states that certain financial reports must be retained on file at the School, for example the monthly fund summary report signed by the principal, annual fund detail reports for the entire fiscal year, etc.</p> <p>Section 6.01(a) further states that, "The principal shall date and initial the bank statement and bank reconciliation after the reviews are completed."</p> <p>We recommend these policies be followed without exception.</p>	<p>See School Response following the School Findings</p>	
Rating	6	Issues	Overdrawn Accounts	Recommendation	Management Response
High					
New	6	<p>We note that two accounts were overdrawn at fiscal year-end. The PE Account (2.P.03) had a deficit balance of \$1,143, and the Faculty & Staff Account (3.R) had a deficit balance of \$1,158.</p> <p>Accounts with deficit balances indicate possible overspending or inefficient management of cash resources.</p>	<p>The Internal Accounts Handbook states that no Trust Fund account shall be overdrawn (Section 5.01(i)). The manual further states that no accounts in the Classes, Clubs, and Departments fund may be overdrawn at the end of the current school year (Section 3.01(b)(v)). We recommend adherence to this policy without exception.</p>	<p>See School Response following the School Findings</p>	

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/5/2010

Rating	Issues	Yearbook	Recommendation	Management Response
High	7	<p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> The school was not familiar with the yearbook inventory process as required by the District. A listing of individuals who purchased yearbooks, including the sale amount and number of yearbooks purchased was not maintained. A listing of individuals receiving complimentary yearbooks was not maintained. An inventory/reconciliation was not prepared for the yearbook account. <p>We were unable to perform a reconciliation based on the above. Without the proper controls surrounding yearbook sales, inventory, cash collections and items to be sold 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>See School Response following the School Findings</p>
Moderate	8	<p>Safeguarding Forms</p> <p>We observed that the blank check stock and blank deposit slips are not maintained in a locked area.</p> <p>Lack of safeguarding of forms related to deposit and disbursement preparation could result in misappropriation of funds or inaccurate recordkeeping.</p>	<p>The Internal Accounts Handbook (Section 2.08(b)) lists the following items allowable to be stored outside of the safe: blank check stock, official receipt books, tickets, and deposit slips; It further states "those items must remain locked in a filing cabinet, desk, or credenza if not maintained in the safe."</p>	<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/5/2010

Rating	Issues	Returned Checks	Recommendation	Management Response
Moderate	9			
New	During our test of returned checks, we noted 21 NSF checks totaling \$2,239, were not transferred to the general fund at year-end.		The Internal Accounts Handbook (Section 6.05) states that NSF checks outstanding at year-end shall be transferred to the General Fund in accordance with the School Board Internal Accounts Chart of Accounts as not to overstate the year-end cash balance in the related account collecting the funds.	See School Response following the School Findings
Rating	Issues	Transfers and Adjustments	Recommendation	Management Response
Moderate	10			
New	During our testing of transfers and adjustments, we noted that principal authorization was not documented for one transfer on 9/2/09 (Reference # 63 and 64). Without the proper controls surrounding adjustments and transfers, funds could be posted incorrectly or misappropriated.		Per the Internal Accounts Handbook (Section 6.03(a)), "All transfers must be authorized by the principal and both parties requesting transfer (if other than the principal or bookkeeper) in writing prior to transfer of funds."	See School Response following the School Findings
Rating	Issues	Safe Combination	Recommendation	Management Response
Moderate	11			
New	Section 2.08(c) of the Internal Accounts Handbook states, "The combination shall be changed whenever there is a change in administrative personnel and/or bookkeeper or at the end of every third year." The safe combination has not been changed since the school opened in 2003.		We recommend the school contact a locksmith to have the combination changed in accordance with Section 2.08(c) of the Handbook, and monitor the changes going forward to ensure compliance and safeguarding of assets.	See School Response following the School Findings

Durbin Creek Elementary



4100 Racetrack Road
St. Johns, Florida 32259
Telephone: (904) 287-9352
Fax: (904) 547-3885

Patricia E. Falaney, Ed.D
Principal

Matt James
Assistant Principal

August 23, 2010

St Johns County School District
40 Orange Street
St Augustine, FL 32084

Dear St Johns County School District:

Provided is our Response to the audit findings for Durbin Creek Elementary School fiscal year ending June 31, 2010:

1. We will immediately ensure that all disbursements have the proper forms prepared and signed by the teacher/sponsor requesting the expenditure and approved by the principal before the expenditures are made. Also, if the designee signs a check and related material, we will ensure that the principal signs as well within five calendar days of returning to the school.
2. We will immediately ensure that all Monies Collected Forms are properly dated and signed.
3. We will immediately ensure that deposit slips include amounts separately for cash and checks rather than only a grand total.
4. We will immediately ensure that someone other than the bookkeeper receipts any monies or checks received so that there is an appropriate level of segregation of duties.
5. We will immediately ensure that the bank reconciliations, fund summaries, and deposit slips are always signed by the principal.
6. Funds were transferred from appropriate accounts to cover the deficit in the two accounts in question. This is a procedure that should have been done at year end and prior to closing the books for the fiscal year.
7. As the yearbook sales begin this year, we will ensure that detailed records are kept in order to account for all sales in order to perform a reconciliation.
8. We have already moved all blank check stock and deposit slips to a locked area.
9. At the end of year, we will ensure that all NSF checks are transferred to the general fund at year end.
10. We will always double check that the transfers are signed by the principal.
11. In the coming weeks, we will contact a locksmith company to begin getting bids for changing our safe combination in order to continue safe guarding assets.

If you have any additional questions or concerns, please call.

Educationally yours,

A handwritten signature in black ink that reads "Patricia E. Falaney". The signature is written in a cursive, flowing style.

Patricia E. Falaney, Ed.D

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: FRUIT COVE MIDDLE SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2010

Rating	Issues	Yearbook	Recommendation	Management Response
High	1			
New	<p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> The school was not familiar with the yearbook inventory process as required by the District. A complete listing of individuals who purchased yearbooks, including the sale amount and number of yearbooks purchased was not maintained. A listing of individuals receiving complimentary yearbooks was not maintained. An inventory/reconciliation was not prepared for the yearbook account. The yearbook agreement was signed by the assistant principal and not the principal. <p>We were unable to perform a reconciliation based on the above. Without the proper controls surrounding yearbook sales, inventory, cash collections and items to be sold 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>See School Response following the School Findings</p>	
High	2			
New	<p>During our review of the year-end bank reconciliation, we noted an unreconciled balance of \$ 262.29 for which a description of the reason for the unreconciled amount was not listed.</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>Bank Reconciliation</p> <p>We recommend that unreconciled items on the reconciliation be researched and documented within a timely basis and included with the principal's review of the monthly bank reconciliation.</p>	<p>See School Response following the School Findings</p>	

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: FRUIT COVE MIDDLE SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2010

Rating	Issues	Recommendation	Management Response
High	3		
New	<p>During our testing of outside organizations, we noted one PTO donation (receipt # 352867) was made to the school on 5/27/10 to reimburse the school for part of a subscription. There was no documentation of prior approval by the District's Chief Financial Officer.</p>	<p>Outside Organizations The Internal Accounts Handbook states that any and all transactions with school support organizations (PTA, PTO, & Booster Clubs) must have prior approval of the District Chief Financial Officer. (District Internal Accounts Handbook, Section 3.01vii and Article X). We recommend this policy be followed without exception.</p>	<p>See School Response following the School Findings</p>
High	4		
New	<p>Issues</p> <p>During our testing of cash receipts, we noted cash or check is not listed next to each amount collected on the monies collected forms # 352457, 352464, and 352574. Without a listing of cash or check for each amount collected, it is difficult to verify if the correct amount of cash is being deposited.</p>	<p>Monies Collected Forms The Internal Accounts Handbook, Section 4.01 (a) (iv) states that cash or check number must be listed with the student's name. We recommend the above policy be followed without exception.</p>	<p>See School Response following the School Findings</p>
Moderate	5		
New	<p>Issues</p> <p>During our test of returned checks, we noted 5 NSF checks totaling \$322, were not transferred to the general fund at year-end.</p>	<p>Returned Checks The Internal Accounts Handbook (Section 6.05) states that NSF checks outstanding at year-end shall be transferred to the General Fund in accordance with the School Board Internal Accounts Chart of Accounts as not to overstate the year-end cash balance in the related account collecting the funds.</p>	<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: FRUIT COVE MIDDLE SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2010

Rating	Issues	Safe Combination	Recommendation	Management Response
Moderate	6			
New	<p>Section 2.08(c) of the Internal Accounts Handbook states, "The combination shall be changed whenever there is a change in administrative personnel and/or bookkeeper or at the end of every third year."</p> <p>Per discussion with the bookkeeper, the safe combination has not been changed in over three years.</p>	<p>We recommend the school contact a locksmith to have the combination changed in accordance with Section 2.08(c) of the Handbook, and monitor the changes going forward to ensure compliance and safeguarding of assets.</p>	<p>See School Response following the School Findings</p>	
Rating	Issues	Year-end Ticket Inventory	Recommendation	Management Response
Moderate	7			
New	<p>There is no written listing of tickets on hand at year-end.</p> <p>Inaccurate recordkeeping of ticket sales and ticket inventory could result in missing tickets and/or misappropriation of funds.</p>	<p>We recommend that a periodic reconciliation of tickets on hand to the ticket inventory be completed in accordance with the Internal Accounts Handbook (Section 4.04(a)(i)(7)).</p>	<p>See School Response following the School Findings</p>	



FRUIT COVE MIDDLE SCHOOL

Website: www-fcs.stjohns.k12.fl.us

Steve McCormick
Principal

Emily Harrison
Assistant Principal

RSM McGladrey, Inc.
Clara M. Ewing
7351 Office Park Place
Melbourne, FL 32940

August 30, 2010

In response to yearbook sales, we will keep an inventory/reconciliation. I will work closely with the yearbook sponsor.

In response to the Safe Combination -- we will make sure our combination will be changed every three years or whenever there is a change in personnel. We will have it changed at the beginning of the 2011-12 school year.

In response to listing of tickets on hand at the end of the school year, I will make sure the auditor sees all of my records. I did have a copy of tickets in my year end reports, as I have every year.

In response to the monies collected forms, I will make sure that all personnel put the check numbers on the deposit.

In response to Returned Checks, I will make sure that I transfer outstanding checks at the end of the year.

In response to the bank reconciliation, the balance of \$262.29 (check #3267) from 2006-07 was charged twice. It will be resolved during the 2010 - 2011 school year.

In response to PTO donating 1/2 of a magazine subscription, I will make sure I keep the documentation from Mr. Wiess that states it was ok to do so.

Pamela Wiltse

Fruit Cove Middle School
Secretary/Bookkeeper

Steve McCormick

Fruit Cove Middle School
Principal

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: GAINES ALTERNATIVE CENTER

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/11/2010

Rating		Issues	Segregation of Duties	Recommendation	Management Response
High	1		<p>During our testing of segregation of duties, we noted one instance where the bookkeeper was the initial preparer of monies collected form (monies collected forms # 396221), records the deposit and performs the monthly bank reconciliation.</p> <p>As the bookkeeper's duties include bank deposits, posting monies collected in the computer and bank reconciliation, there is not an appropriate level of segregation of duties if they are also the initial collector of monies and preparer of the monies collected forms. Without the proper segregation of duties and controls surrounding cash, there is an increased likelihood of errors, misappropriation of funds or other types of irregularities to occur without being detected within an acceptable timeframe.</p>	<p>In accordance with section 4.02(c), "Monies shall be collected only by persons authorized by the principal. The bookkeeper cannot be designated as the primary recipient of original receipts. An alternative recipient should be designated by the principal. Acceptable designees include school principal, assistant principal, receptionist, teachers, coaches, or directors."</p> <p>We recommend a person other than the bookkeeper be the initial collector of all funds and the initial preparer of the monies collected forms. Once the funds are collected and documented on a monies collected form they are then submitted to the bookkeeper. The bookkeeper will verify the count, sign and date the form and return a copy to the person responsible for the collection of the funds</p>	<p>See School Response following the School Findings</p>
High	2		<p>Completion of Monies Collected Forms</p> <p>During our testing of cash receipts, we noted that the monies collected forms for four of the five deposits reviewed did not list the official receipt number and did not contain the bookkeeper's signature.</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>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: GAINES ALTERNATIVE CENTER - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/11/2010

Rating	Issues	Recommendation	Management Response
Moderate	3	Incorrect Posting of Receipts	
New	During our testing of cash receipts, we noted one amount on monies collected form # 396231 was posted to the incorrect account based on the supporting documentation. Incorrect posting leads to errors in fund balances.	We recommend that the bookkeeper review each receipt for proper posting and correct any errors as identified.	See School Response following the School Findings
Rating	Issues	Recommendation	Management Response
Moderate	4	Chart of Accounts	
New	During our testing of cash receipts and transfers we noted that the school's general ledger chart of accounts numbering is not in alignment with the District prescribed chart of accounts numbering system.	We recommend the school utilize the District's established chart of accounts as outlined May 2008, without exception.	See School Response following the School Findings
Rating	Issues	Recommendation	Management Response
Moderate	5	Transfers and Adjustments	
New	During our testing of transfers and adjustments, we noted that principal authorization was not documented for two transfers (Transfer 1 and Transfer 103, on 7/22/09 and 6/30/10, respectively). Without the proper controls surrounding adjustments and transfers, funds could be posted incorrectly or misappropriated.	Per the Internal Accounts Handbook (Section 6.03(a)), "All transfers must be authorized by the principal and both parties requesting transfer (if other than the principal or bookkeeper) in writing prior to transfer of funds."	See School Response following the School Findings

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

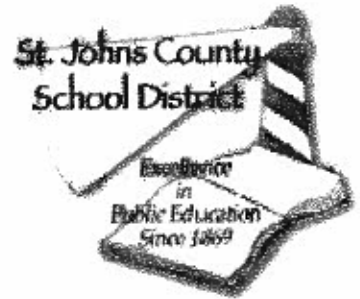
SCHOOL: GAINES ALTERNATIVE CENTER - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/11/2010

Rating	Issues	Recommendation	Management Response
<p>Moderate</p> <p>6</p> <p>New</p>	<p>Night Depository</p> <p>We observed that the safe does not have a built-in slot for night deposits.</p> <p>Funds are required to be held in the safe each night. A night deposit slot facilitates safeguarding of funds that are collected when the bookkeeper and principal are not present.</p>	<p>Per the Internal Accounts Handbook (Section 2.08(e)), "The safe must have a built-in slot for night depository." We recommend the district evaluate the need for a built-in night depository slot and document an exception to policy for this school if deemed appropriate.</p>	<p>See School Response following the School Findings</p>

**The Evelyn Hamblen Center
Gaines Alternative School
and
The Transition School**

Mike O'Loughlin Ph.D., Director
Tish McMahon, Assistant Principal



1. Segregation of Duties

Response: Alternate staff will pick up checks and/or complete monies collected forms.

ECD: Immediately

2. Completion of Monies Collected Forms

Response: I will add receipt number to monies collected form and ensure signature.

ECD: Immediately

3. Incorrect Posting of Receipts

Response: Error was made by using the drop down menu. Money was posted to wrong account. I will be more careful when using drop down menu.

ECD: Immediately

4. Chart of Accounts

Response: My chart of accounts will be in alignment with the Districts.

ECD: Immediately

5. Transfers and adjustments

Response: All transfers will be authorized by the Principal or both parties requesting transfer.

ECD: Immediately

6. Night Depository

Response: As per the District evaluation, a built in nighttime suppository slot will be added per their recommendation.

ECD: Check with Supervisor.

7. Financial Reports

Response: The school will maintain an electronic copy of the annual reports without exception.

ECD: At the end of next fiscal year when this is required.

Falvia McNealon
8/30/10

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: **W.D. HARTLEY ELEMENTARY SCHOOL**

DATE OF ON-SITE VISIT AT THE SCHOOL: **8/12/2010**

Rating	Issues	Recommendation	Management Response
High	<p>1</p> <p>Check Cashed from Collections and Accuracy of Monies Collected Forms</p> <p>During our testing of cash receipts, we noted the following in regards to RMC 298-301 and 493-506</p> <ul style="list-style-type: none"> • Within both deposits checks were exchanged for cash • The exchange for cash caused mathematical inaccuracies on the deposit slips between cash and check. The amounts agreed in total to the monies collected forms. <p>Internal funds should not be used to cash checks or for anything other than their intended purpose. Inaccuracy of monies collected could result in misappropriation of funds</p>	<p>Accuracy of Monies Collected Forms</p> <p>Article V of the Internal Accounts Handbook, <i>Expenditures of Internal Accounts</i>, states that, "Internal Accounts shall not be used to cash checks to accommodate individuals."</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.</p> <p>We recommend the above policies be followed without exception.</p>	<p>See School Response following the School Findings</p>
High	<p>2</p> <p>Completion of Monies Collected Forms</p> <p>During our testing of cash receipts, we noted the following:</p> <ul style="list-style-type: none"> • Cash or check is not listed next to each amount collected on monies collected forms # 45, 235, and 237. • Monies collected form # 518 did not list the official receipt number. <p>Without a listing of cash or check for each amount collected, it is difficult to verify if the correct amount of cash is being deposited.</p> <p>Incomplete of monies collected could result in misappropriation of funds.</p>	<p>Completion of Monies Collected Forms</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>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.</p> <p>We recommend the above policies be followed without exception.</p>	<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: **W.D. HARTLEY ELEMENTARY SCHOOL - CONTINUED**

DATE OF ON-SITE VISIT AT THE SCHOOL: **8/12/2010**

Rating	Issues	Authorization of Expenditures	Recommendation	Management Response
High	3	<p>Authorization of Expenditures</p> <p>During our test of disbursements, we were unable to verify the material requisition approval timeliness for check #1589, as the principal did not date their approval.</p> <p>Disbursements that do not have 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 have documented approval with date of approval by the principal/designee approving the expenditure to ensure that material requisitions/check request are properly approved before the expenditures are made.</p>	<p>See School Response following the School Findings</p>
High	4	<p>Yearbook</p> <p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> The school was not familiar with the yearbook inventory process as required by the District. A complete listing of individuals who purchased yearbooks, including the sale amount and number of yearbooks purchased was not maintained. A high-level yearbook profit/loss reconciliation was performed, but the reconciliation did not include the number of yearbooks purchased, to the number of yearbooks sold. The yearbook contract was signed by the bookkeeper, not the principal. <p>We were unable to perform a reconciliation based on the above. Without the proper controls surrounding yearbook sales, inventory, cash collections and items to be sold 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>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>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: **W.D. HARTLEY ELEMENTARY SCHOOL - CONTINUED**

DATE OF ON-SITE VISIT AT THE SCHOOL: **8/12/2010**

Rating		Issues	Night Depository	Recommendation	Management Response
Moderate	5	We observed that the vault does not have a built-in slot for night deposits. There is a locked wall cabinet in the bookkeeper's office, which has a slot through the wall for teachers/sponsors to drop off collections.	Per the Internal Accounts Handbook (Section 2.08(e)), "The safe must have a built-in slot for night depository." Section 2.08(b) of the manual also states that, "Storing money and attached forms outside of a safe is prohibited."	We recommend the district evaluate the need for a built-in night depository slot and document an exception to policy for this school if deemed appropriate.	See School Response following the School Findings
New		Funds are required to be held in the safe each night. A night deposit slot facilitates safeguarding of funds that are collected when the bookkeeper and principal are not present.			
Rating		Issues	Returned Checks	Recommendation	Management Response
Moderate	6	During our test of returned checks, we noted 2 NSF checks totaling \$130, were not transferred to the general fund at year-end.	The Internal Accounts Handbook (Section 6.05) states that NSF checks outstanding at year-end shall be transferred to the General Fund in accordance with the School Board Internal Accounts Chart of Accounts as not to overstate the year-end cash balance in the related account collecting the funds.		See School Response following the School Findings
New					

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: **W.D. HARTLEY ELEMENTARY SCHOOL - CONTINUED**

DATE OF ON-SITE VISIT AT THE SCHOOL: **8/12/2010**

Rating	Issues	Safe Combination	Recommendation	Management Response
Moderate	7			
New	<p>Section 2.08(c) of the Internal Accounts Handbook states, "The combination shall be changed whenever there is a change in administrative personnel and/or bookkeeper or at the end of every third year."</p> <p>Per discussion with the bookkeeper, as of 6/30/2010, the vault lock had not been changed in at least five years.</p> <p>In addition, the maintenance coordinator has a key to the vault.</p>	<p>We recommend the school contact a locksmith to have the lock changed in accordance with Section 2.08(c) of the Handbook, and monitor the changes going forward to ensure compliance and safeguarding of assets.</p> <p>Section 2.08(c) further states that "only the principal, bookkeeper, and principal's designee shall have knowledge of the combination."</p> <p>We recommend the above policies are followed without exception.</p>	<p>See School Response following the School Findings</p>	
Rating	Issues	Safeguarding Forms	Recommendation	Management Response
Low	8			
New	<p>We observed that the blank deposit slips were not maintained in a locked area.</p> <p>Lack of safeguarding of forms related to deposit and disbursement preparation could result in misappropriation of funds or inaccurate recordkeeping.</p>	<p>The Internal Accounts Handbook (Section 2.08(b)) lists the following items allowable to be stored outside of the safe: blank check stock, official receipt books, tickets, and deposit slips; It further states "those items must remain locked in a filing cabinet, desk, or credenza if not maintained in the safe."</p>	<p>See School Response following the School Findings</p>	



W. D. HARTLEY ELEMENTARY

260 Cacique Drive

St. Augustine, FL 32086

Phone 904-547-8400 Fax 904-547-8385

St. Johns County School Board
40 Orange Street
St. Augustine, FL 32084

August 23, 2010

To Whom It May Concern:

Below is a description of the Internal Accounts audit findings and the responses for Hartley Elementary.

1. Two deposits (#298-301 and 493-506) had checks exchanged for cash making the cash/checks amounts on the deposits incorrect.

Response: On two occasions I was faced with teachers who had checks made out to Hartley for money due for other reasons. One was to purchase a T-shirt through the PTO and the other was to repay a teacher the money she put in to pay for a child's field trip. I had never "cashed" checks out of the Internal Accounts, but I did decide to exchange these checks for those teachers. I will not be exchanging any more checks out of the Internal funds for any reason.

2. Cash or check is not listed next to each amount collected on monies collected forms #45, 235 and 237 and #518 did not have the receipt number.

Response: The total of each of these forms was correct. It was an oversight that on each of the forms, there was one entry that was not marked as either cash or check. We will stress to the teachers the importance of marking each entry. Not placing the receipt number on #518 was an oversight and I will be more careful with this in the future.

3. We were unable to verify the material requisition approval timeliness for check #1589, as the principal did not date their approval.

Response: The date was omitted when the requisition was approved. In the future we will be more careful with this.

4. The school was not familiar with the yearbook inventory process as required by the District.

Response: I will read up on the process and make the necessary changes.

A complete listing of individuals who purchased yearbooks, including the sale amount and number of year books purchased was not maintained.

Response: I was not aware that I had to have a "list", however I do have the purchase slips from every student who purchased a yearbook. This ticket shows the dollar amount paid, whether it was cash or check (by check #) and the students name. I had this information, but I did not create a list. If the tickets are not sufficient, I will in the future type out a list of the tickets.

A high-level yearbook profit/loss reconciliation was performed, but the reconciliation did not include the number of yearbooks purchased, to the number of yearbooks sold.

Response: In the future, I will include this information in my yearbook reconciliation.

The contract was signed by the bookkeeper, not the principal.

Response: Section 4.07 of the handbook states that the Sponsor and the principal may contract for the yearbook. Because I am the Sponsor of the yearbook, I felt I was authorized to sign the contracts.

5. We observed that the vault does not have a built-in slot for night deposits. There is a locked wall cabinet in the bookkeeper's office, which has a slot through the wall for teachers/sponsors to drop off collections.

Response: Our slot allows teachers to deposit their collection into a locked cabinet which is built in to the wall. The bookkeeper and the principal are the only two with keys to this cabinet. We feel the deposits are very secure in this cabinet. The "vault" which is a locked closet is located in the principals office and is not as accessible to the bookkeeper as this cabinet.

6. During our test of returned checks, we noted 2 NSF checks totally \$130.00, were not transferred to the general fund at year end.

Response: The funds for the two NSF checks in questions was received in July. So as I was doing my year end procedures in July, it did not occur to me to move these funds as I knew they had already been paid.

7. The combination shall be changed whenever there is a change in administrative personnel and/or bookkeeper or at the end of every third year.

Response: Our vault was recently rekeyed because of our new assistant principal at Hartley. This would have been done before the end of the year, but we were housed at Pedro and did not have this done until we returned to Hartley in August. Prior to that, it was changed when Gene Bennett (AP) came to Hartley, which was almost five years. We were aware of making the changes when someone new was hired, but we were not aware of the three year rule. We will make note of this and make the necessary changes every three years.

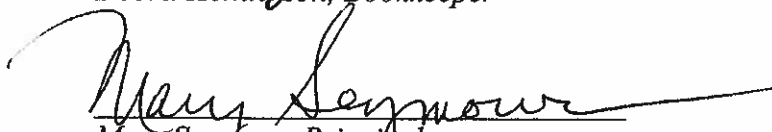
8. We observed that the blank deposit slips were not maintained in a locked area.

Response: We do store our blank deposit slips in the vault. However, I had just ordered several new books while at Pedro for the summer. I was still in the process of unpacking when I was audited, and the books were on my counter at that time.

Signed August 30, 2010

By:


Debra Henderson, Bookkeeper


Mary Seymour, Principal

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: HICKORY CREEK ELEMENTARY

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2010

Rating	Issues	Accuracy of Monies Collected Forms	Recommendation	Management Response
High	1	<p>During our testing of the match accuracy of the deposits, we noted in regards to cash receipts the deposit slip for monies collected forms 356700 - 356708 was not mathematically correct. Per monies collected forms the net checks were more and net cash was less than reported on deposit slip. In total, the amount agreed to the monies collected forms.</p> <p>Inaccuracy of monies collected could result in misappropriation of funds.</p>	<p>The Internal Accounts Handbook, Section 4.02 (g) states that the bookkeeper shall reconcile the monies collected to the report of monies collected, document the pre-numbered electronic receipt number, sign off, and issue a carbon copy of the report of monies collected to the individual collecting monies. We recommend the above policy be followed without exception.</p>	<p>See School Response following the School Findings</p>
High	2	<p>During our testing of cash receipts and extended day, we noted the following:</p> <ul style="list-style-type: none"> Cash or check is not listed next to each amount collected on the monies collected forms #356170, 356378, 356260, 356535 and 356528. Monies collected form #356528 prepared by extended day did not detail the monies received and whether cash or check was received <p>Without a listing of cash or check for each amount collected, it is difficult to verify if the correct amount of cash is being deposited.</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. We recommend the above policy be followed without exception.</p>	<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: HICKORY CREEK ELEMENTARY - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2010

Rating	3	Issues	Extended Day Collections	Recommendation	Management Response
High					
New		<p>During our test of cash receipts, we noted the following:</p> <ul style="list-style-type: none"> Receipts prepared for parents/guardians are created in QuickBooks and are not pre-numbered. QuickBooks receipt 5305 for extended day care monies received was over charged \$50 for after care. Two other instances over charged the child's account \$25 for each snack fee. <p>Inaccurate monies collected forms and not using pre-numbered receipts could result in misappropriation of funds. Improperly recording program fees can result in the inability to properly fund the costs of the program.</p>	<p>The Internal Accounts Handbook (Section 3.01(g)(x)) states "Pre-numbered receipts shall be issued by the Extended Day program to parents/guardians when money is collected."</p> <p>The Internal Accounts Handbook (Section 3.01(g)(viii)) states "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. Fees must be reconciled with attendance records and balanced monthly. The principal must resolve any variances monthly."</p> <p>We recommend that the above policies be followed without exception.</p>		<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: HICKORY CREEK ELEMENTARY - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2010

Rating	4	Issues	Yearbook	Recommendation	Management Response
High		<p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> The school was not familiar with the yearbook inventory process as required by the District. A listing of individuals receiving complimentary yearbooks was not maintained. An inventory/reconciliation was not prepared for the yearbook account. <p>We were able to perform a reconciliation within reason based on the requested documentation obtained and inquiry from the bookkeeper and yearbook sponsor, but were unable to validate the number of complimentary yearbooks in order to validate yearbooks on-hand at 6/30/10.</p> <p>Without the proper controls surrounding yearbook sales, inventory, cash collections and items to be sold 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>See School Response following the School Findings</p>	
Moderate	5	<p>Safeguarding Forms</p> <p>We observed that the blank check stock and blank deposit slips are not maintained in a locked area.</p> <p>Lack of safeguarding of forms related to deposit and disbursement preparation could result in misappropriation of funds or inaccurate recordkeeping.</p>	<p>The Internal Accounts Handbook (Section 2.08(b)) lists the following items allowable to be stored outside of the safe: blank check stock, official receipt books, tickets, and deposit slips; It further states "those items must remain locked in a filing cabinet, desk, or credenza if not maintained in the safe."</p>	<p>See School Response following the School Findings</p>	

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: HICKORY CREEK ELEMENTARY - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2010

Rating	Issues	Safe Combination	Recommendation	Management Response
Moderate 6				
New	<p>Section 2.08(c) of the Internal Accounts Handbook states, "The combination shall be changed whenever there is a change in administrative personnel and/or bookkeeper or at the end of every third year."</p> <p>Per discussion with the bookkeeper, the safe combination has not been changed in at least the last two years, although there was a Principal change during FY2008/2009.</p>	<p>We recommend the school contact a locksmith to have the combination changed in accordance with Section 2.08(c) of the Handbook, and monitor the changes going forward to ensure compliance and safeguarding of assets.</p>	<p>See School Response following the School Findings</p>	
Rating Moderate 7	Issues	Returned Checks	Recommendation	Management Response
New	<p>During our test of returned checks, we noted 1 NSF check totaling \$280, was not transferred to the general fund at year-end.</p>	<p>The Internal Accounts Handbook (Section 6.05) states that NSF checks outstanding at year-end shall be transferred to the General Fund in accordance with the School Board Internal Accounts Chart of Accounts as not to overstate the year-end cash balance in the related account collecting the funds.</p>	<p>See School Response following the School Findings</p>	
Rating Moderate 8	Issues	Sales Tax	Recommendation	Management Response
	<p>During our testing of disbursements, we were unable to obtain verification of sales tax paid or not paid for a reimbursement on check #2034.</p>	<p>The Internal Accounts Handbook (Section 5.05) states all items purchased for resale are subject to Florida Sales Tax unless specifically exempted. We recommend that this policy be followed without exception.</p>	<p>See School Response following the School Findings</p>	



Hickory Creek Elementary School

"First we love them, then we teach them"

Paul Goricki, Ed.I
Principa

August 25, 2010

RSM McGladrey, Inc.
7351 Office Park Place
Melbourne FL 32740

Attention: Clara Ewing

Dear Ms. Ewing,

In response to the 2009-10 Internal Audit findings for Hickory Creek Elementary School, we respond as follows:

Item #1 – In this case, checks were written to the school for payment of student lunches and various classroom items and fees. The check was cashed out to allow us to put money in a student's lunch account. No checks will be cashed in the future.

Item #2 – The check/cash field on the monies collected form was inadvertently missed. Every effort will be made to avoid this mistake.

Item #3 – A. When entering receipts in Quickbooks, the first thing to pop up is a pre-numbered receipt. Mrs. Bright uses pre-printed numbered receipts to give to parents.

B. On receipts numbered 5284/5305/5446, for Michael Shaner, the correct amount, \$250.00, was entered but was broken down incorrectly. All receipts should have reflected \$200.00 for child care, \$25.00 for snack, and \$25.00 for registration. The \$75.00 registration fee was paid in 3 monthly increments of \$25.00. The amount paid was correct—the receipted entries were done incorrectly. Every effort will be made to record fees properly.

Item #4 – The yearbook was taken over mid-year by sponsors who were not familiar with the Yearbook Inventory process. For the 2010-11 school year, the yearbook process will reviewed and followed closely.

Item #5 – Checks and deposit tickets are now stored in the locked safe.

Item #6 – The combination for the safe is scheduled to be changed on August 26, 2010.

Item #7 – The NSF check in question has been transferred back into the account from which it originated, 5th Grade Classes and Clubs.

Item #8 – A copy of the original sales receipt for this purchase has been obtained. The receipt does show that no sales tax was paid at the time of the purchase. A copy of the receipt is attached with this response.

If you have further questions or need additional documentation, please feel free to contact Kay Moser at 904-547-7456 or email, moserk@stjohns.k12.fl.us.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Goricki, Ed.D.", written over a circular stamp.

Dr. Paul Goricki

Principal

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: RB HUNT ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/11/2010

Rating	Issues	Yearbook	Recommendation	Management Response
High	1			
New	<p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> • The school was not familiar with the yearbook inventory process as required by the District. • A listing of individuals who purchased yearbooks, including the sale amount and number of yearbooks purchased was not maintained. • A listing of individuals receiving complimentary yearbooks was not maintained. • An inventory/reconciliation was not prepared for the yearbook account. • The yearbook contract did not contain an authorized signature by the School. <p>We were unable to perform a reconciliation based on the above. Without the proper controls surrounding yearbook sales, inventory, cash collections and items to be sold 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>The Internal Accounts Handbook (Section 4.07) states that the sponsor and principal may contract for school newspapers, yearbooks, and other publications.</p> <p>We recommend that this policy be followed without exception.</p>	<p>See School Response following the School Findings</p>	

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: RB HUNT ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/11/2010

Rating	Issues	Outside Organizations	Recommendation	Management Response
High	2	During our testing of outside organizations, we noted the following:		
New	<ul style="list-style-type: none"> A PTA donation (receipt 386581) was made to the school on 9/17/09. Check 6742 was a disbursement to the School Board from a PTA donation. <p>Neither PTA donation nor disbursement from the school's internal funds account had prior approval by the District Chief Financial Officer.</p>	<p>The Internal Accounts Handbook states that any and all transactions with school support organizations (PTA, PTO, & Booster Clubs) must have prior approval of the District Chief Financial Officer. (District Internal Accounts Handbook, Section 3.01vii and Article X). We recommend this policy be followed without exception.</p>	<p>See School Response following the School Findings</p>	
High	3	During our testing of the monthly and annual financial reports, we noted the following:		
New	<ul style="list-style-type: none"> We were unable to verify that the monthly fund summary was reviewed by the principal, as these documents do not have documented review and approval by the principal. <p>Without proper review of the financial records on a monthly basis by someone other than the preparer, funds could be posted incorrectly or misappropriated.</p>	<p>Financial Reports</p> <p>The Internal Accounts Handbook (Section 2.07) states that certain financial reports must be retained on file at the School, for example the monthly fund summary report signed by the principal, annual fund detail reports for the entire fiscal year, etc.</p> <p>We recommend these policies be followed without exception.</p>	<p>See School Response following the School Findings</p>	

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: RB HUNT ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/11/2010

Rating	Issues	Monies Collected Forms	Recommendation	Management Response
High	4			
New	During our testing of cash receipts, we noted cash or check is not listed next to each amount collected on the report of monies collected form #386559, 386779 and 386778. Without a listing of cash or check for each amount collected, it is difficult to verify if the correct amount of cash is being deposited.		The Internal Accounts Handbook, Section 4.01 (a) (iv) states that cash or check number must be listed with the student's name. We recommend the above policy be followed without exception.	See School Response following the School Findings
Moderate	5			
New	Section 2.08(c) of the Internal Accounts Handbook states, "The combination shall be changed whenever there is a change in administrative personnel and/or bookkeeper or at the end of every third year." Per Village Key invoice, the safe combination was last changed June 1, 2007.	Safe Combination	We recommend the school contact a locksmith to have the combination changed in accordance with Section 2.08(c) of the Handbook, and monitor the changes going forward to ensure compliance and safeguarding of assets.	See School Response following the School Findings
Moderate	6			
New	We observed that the blank check stock and blank deposit slips are not maintained in a locked area. Lack of safeguarding of forms related to deposit and disbursement preparation could result in misappropriation of funds or inaccurate recordkeeping.	Safeguarding Forms	The Internal Accounts Handbook (Section 2.08(b)) lists the following items allowable to be stored outside of the safe: blank check stock, official receipt books, tickets, and deposit slips; It further states "those items must remain locked in a filing cabinet, desk, or credenza if not maintained in the safe."	See School Response following the School Findings

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: RB HUNT ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/11/2010

Rating	Issues	School Night Depository	Recommendation	Management Response
Moderate	7	<p>We observed that the safe does not have a built-in slot for night deposits.</p> <p>Funds are required to be held in the safe each night. A night deposit slot facilitates safeguarding of funds that are collected when the bookkeeper and principal are not present.</p>	<p>Per the Internal Accounts Handbook (Section 2.08(e)), "The safe must have a built-in slot for night depository." We recommend the district evaluate the need for a built-in night depository slot and document an exception to policy for this school if deemed appropriate.</p>	<p>See School Response following the School Findings</p>
Rating	Issues	Year-end Ticket Inventory	Recommendation	Management Response
Low	8	<p>During our testing of the yearbook, we noted that the yearbook agreement was not signed by the principal.</p>	<p>The Internal Accounts Handbook (Section 4.07) states that the sponsor and principal may contract for school newspapers, yearbooks, and other publications. We recommend that this policy be followed without exception.</p>	<p>See School Response following the School Findings</p>



August 30, 2010

RSM McGladrey, Inc.
Clara Ewing
7351 Office Place
Melbourne, FL 32940

RE: Audit Response for onsite Audit, R. B. Hunt Internal Accounts, August 17, 2010

Issue 1: Yearbooks

The school will be sure to properly inventory yearbooks upon delivery and prepare a formal reconciliation page for differences (if any) per Section 9.04 (a)(i)#7 of the Internal Accounts handbook.

Detailed sales information per Section 9.04 (a)(i)#5 was maintained and documented on monies collected forms in compliance with Internal Accounts procedures. Also, detailed sales reports of yearbooks sold directly by Leonard's Studio were maintained in compliance with Internal Accounts procedures. An invoice from Leonard's Studio with the number of yearbooks ordered and a packing slip with the total number of yearbooks received (including complimentary books) was maintained.

The number of complimentary books received from Leonard's Studio was 14, 7 of which were handed out: (1) to replace a damaged book, (1) to the Principal, (1) to the Assistant Principal, (1) to the yearbook sponsor, (1) to the Superintendent, (1) to be maintained in the front office, and (1) to replace a lost/stolen yearbook to a student.

The contract viewed by the auditor was a partial contract. It was a section of a larger contract that listed all services to be provided (including yearbooks) which was signed by the principal. Please see attachments.

Issue 2: Outside Organizations

The school secretary will take steps to ensure that all transactions with outside organizations are properly authorized with prior approval by the District Chief Financial Officer.

Issue 3: Financial Reports

The school secretary will ensure that a month-end fund summary and a year-end fund summary report is printed, reviewed, and signed by the principal and maintained in a corresponding Internal Accounts file.

Issue 4: Monies Collected Forms

The school secretary will carefully review each monies collected to ensure that a proper listing of cash or checks is recorded. Both the amount of cash and the amount of checks will be reconciled to each monies collected form received.

Issue 5: Safe Combination

Careful monitoring of dates regarding safe combination changes will take place to ensure compliance. The safe combination was changed on August 13, 2010 and a copy of the receipt from Village Key and Alarm documenting the change is being maintained inside the safe.

Issue 6: Safeguarding Forms

The school is taking steps to provide a locked cabinet in secretary's office for the safekeeping of blank checks and deposit slips. The cabinet lock will be installed by September 3, 2010.

Issue 7: School Night Depository

The school would like to respectfully request an exception to this rule as the cost of installing a night depository outweighs the benefit. At no time are monies collected or received after 6:00 p.m. All monies received prior to 6:00 p.m. are either locked in the combination safe in the secretary's office or locked in the combination safe in the extended day office.

Issue 8: Year End Ticket Inventory

See response to Issue 1.

Please let me know if any further information is needed.

Sincerely,

A handwritten signature in black ink that reads "Donald B. Steele". The signature is written in a cursive style with a large, prominent initial "D".

Donald B. Steele
Principal

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: JULINGTON CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2010

Rating		Issues	Recommendation	Management Response
High	1	<p>Frequency of Deposits</p> <p>During our test of cash receipts, we noted monies collected by the bookkeeper on 10/24/09 but not deposited at the bank until 11/2/09.</p> <p>Deposits not made within 5 business days result in inaccurate records and could be the result of misappropriated funds.</p>	<p>The Internal Accounts Handbook states funds collected must be deposited within five working days of receipt. (District Internal Accounts Handbook, Section 4.03) We recommend the above policy be followed without exception.</p>	<p>See School Response following the School Findings</p>
High	2	<p>Issues</p> <p>During our test of cash receipts, we noted the following:</p> <ul style="list-style-type: none"> Pre-numbered electronic receipt numbers are not used to identify individual receipts or monies collected forms. Cash or check is not listed next to each amount collected on the monies collected form (Reference # 2220 on 11/5/09, Reference # 2669 on 4/28/10). <p>The use of pre-numbered receipts controls the cash collections process, helps identify errors or possible misappropriated funds, and serves as a reference for recordkeeping. Without a listing of cash or check for each amount collected, it is difficult to verify if the correct amount of cash is being deposited.</p>	<p>Monies Collected Forms</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. We recommend the above policy be followed without exception.</p> <p>The Internal Accounts Handbook states that, "All money collected by the school must be substantiated by pre-numbered receipts issued consecutively. Beginning receipt numbers shall be locked by an independent party, and all receipt numbers shall be issued consecutively," (Section 4.01(b)(ii)). We recommend the above policy be followed without exception.</p>	<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: JULINGTON CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2010

Rating	Issues	Authorization of Disbursements	Recommendation	Management Response
High	3	<p>Authorization of Disbursements</p> <p>During our test of disbursements, we noted check # 2055 and the related check request were both signed by the Assistant Principal, and the Principal did not sign and date the material requisition/check request upon return to school.</p> <p>The Principal is responsible for all expenditures and there should be evidence of his review and approval of all transactions.</p>	<p>The Internal Accounts Handbook, Section 5.01(a) states that in the absence of the principal, if the principal's designee signs checks and Material Requisition/Check Request forms, the principal should sign and date the Material Requisition/Check Request form within five calendar days of returning to the school.</p> <p>We recommend the above policies be followed without exception.</p>	<p>See School Response following the School Findings</p>
High	4	<p>Yearbook</p> <p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> The school was not familiar with the yearbook inventory process as required by the District. A listing of individuals who purchased yearbooks, including the sale amount and number of yearbooks purchased was not maintained. A listing of individuals receiving complimentary yearbooks was not maintained. An inventory/reconciliation was not prepared for the yearbook account. <p>We were unable to perform a reconciliation based on the above. Without the proper controls surrounding yearbook sales, inventory, cash collections and items to be sold 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>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: JULINGTON CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2010

Rating		Issues	Recommendation	Management Response
High	5	Documentation for Disbursements During our test of disbursements, we noted that the total on the supporting documents for check # 10751 exceeded the authorized amount per the materials requisition/check request form. Disbursements without proper authorization could result in misappropriation of funds.	The Internal Accounts Handbook (Section 5.01(k)) states that the principal shall be fully responsible for all purchases and purchase commitments requiring the present or future disbursements of Internal Accounts monies. We recommend that this policy be followed without exception.	See School Response following the School Findings
Moderate	6	Issues	Recommendation	Management Response
New		Safe Combination Section 2.08(c) of the Internal Accounts Handbook states, "The combination shall be changed whenever there is a change in administrative personnel and/or bookkeeper or at the end of every third year." Per discussion with the bookkeeper, the safe combination has not been changed in more than three years.	We recommend the school contact a locksmith to have the combination changed in accordance with Section 2.08(c) of the Handbook, and monitor the changes going forward to ensure compliance and safeguarding of assets.	See School Response following the School Findings
Moderate	7	Issues	Returned Checks	Management Response
New		During our test of returned checks, we noted 9 NSF checks totaling \$ 1,911, were not transferred to the general fund at year-end.	The Internal Accounts Handbook (Section 6.05) states that NSF checks outstanding at year-end shall be transferred to the General Fund in accordance with the School Board Internal Accounts Chart of Accounts as not to overstate the year-end cash balance in the related account collecting the funds.	See School Response following the School Findings



Julington Creek Elementary School

St. Johns County School District
2316 Race Track Road
St. Johns, Florida 32259
Tel: (904) 547-7980 • Fax: (904) 547-7985

TO: Mr. Conley Weiss
Chief Financial Officer
St. Johns County Schools

FROM: Michael Story
Principal

Rebecca Edenfield
Secretary/Bookkeeper

DATE: August 18, 2010

RE: 2009-2010 Audit
Internal Accounts

In response to the 2009-2010 Internal Account audit findings for Julington Creek Elementary, we respond as follows:

- In accordance with the District Internal Accounts Handbook, Section 4.03, all monies collected will be deposited within 5 days of being collected.
- In accordance with the District Internal Accounts Handbook, Section 4.01 (a) (iv), every effort will be made to insure a check number and/or cash is noted on the monies collected forms. Also, in accordance with the District Internal Accounts Handbook, Section 4.01 (b) (ii), pre-numbered receipts will be used when depositing money into internal accounts.
- In accordance with the District Internal Accounts Handbook, Section 5.01 (a), the principal will be asked to sign showing he has reviewed the previously signed documents by the designee on file.
- In accordance with the District Internal Accounts Handbook, Section 9.04, the yearbook sponsor will maintain a listing of the individuals who purchased yearbooks as well as the sale amount and number of yearbooks purchased. The sponsor will also maintain a list of individuals who receive a complimentary yearbook and a reconciliation of the yearbook account.
- In accordance with the District Internal Accounts Handbook, Section 5.01 (k), checks will not be issued for more than the approved amount.
- In accordance with the District Internal Accounts Handbook, Section 2.08 (c), Julington Creek Elementary will contact the appropriate district personnel for instructions on how to go about having the combination changed on the safe. This will be done every 3 years or at the time of a change in personnel.
- In accordance with the District Internal Accounts Handbook, Section 6.05, all NSF checks outstanding at the end of the year will be transferred to the General Fund.




Julington Creek Elementary School

St. Johns County School District
2316 Race Track Road
St. Johns, Florida 32259
Tel: (904) 547-7980 • Fax: (904) 547-7985

- In accordance with the District Internal Accounts Handbook, Section 2.07, a hardcopy of the Annual Fund Detail report will be kept on file. Currently, a hardcopy of Annual Fund Summary is kept and will continue to be.

Please note that all corrections will be made immediately. Please contact me with any questions.



Michael Story, Principal

cc: Clara Ewing, McGladrey, Inc.

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: KETTERLINUS ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/11/2010

Rating		Issues	Segregation of Duties	Recommendation	Management Response
High	1				
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.</p> <p>As the bookkeeper's duties include bank deposits, posting monies collected in the computer and bank reconciliation, there is not an appropriate level of segregation of duties if they are also the initial collector of monies. 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>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>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>See School Response following the School Findings</p>
Rating	2				
High					
New		<p>During our testing of cash receipts, we noted cash or check is not listed next to each amount collected on the report of monies collected form #379078. Without a listing of cash or check for each amount collected, it is difficult to verify if the correct amount of cash is being deposited.</p>	<p>Monies Collected Forms</p> <p>We recommend cash or check is written by the person collecting the funds next to all collections on the monies collected form, in order for persons to verify the total cash and checks being deposited from the Report of Monies Collected to the deposit slip.</p>		<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: KETTERLINUS ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/11/2010

Rating	Issues	Recommendation	Management Response
<p>Moderate</p> <p>3</p> <p>New</p>	<p>Financial Reports</p> <p>During our testing of the monthly and annual financial reports, we noted the following:</p> <ul style="list-style-type: none"> The school maintains an electronic copy of the fund summary, but the principal does not sign and date to document her review. The school is not maintaining the required annual reports. <p>Without proper review of the financial records on a monthly basis by someone other than the preparer, funds could be posted incorrectly or misappropriated.</p>	<p>The Internal Accounts Handbook (Section 2.07) states that certain financial reports must be retained on file at the School, for example the monthly fund summary report signed by the principal, annual fund detail reports for the entire fiscal year, etc.</p> <p>We recommend these policies be followed without exception.</p>	<p>See School Response following the School Findings</p>
<p>Moderate</p> <p>4</p> <p>New</p>	<p>Safe Combination</p> <p>Section 2.08(c) of the Internal Accounts Handbook states, "The combination shall be changed whenever there is a change in administrative personnel and/or bookkeeper or at the end of every third year."</p> <p>Per discussion with the bookkeeper, the safe combination has not been changed in at least the last seven years, although there was a Principal change during FY 2010/2011.</p>	<p>Safe Combination</p> <p>We recommend the school contact a locksmith to have the combination changed in accordance with Section 2.08(c) of the Handbook, and monitor the changes going forward to ensure compliance and safeguarding of assets.</p>	<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: KETTERLINUS ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/11/2010

Rating	Issues	Recommendation	Management Response
Moderate	5		
New	<p>chool Night Depository</p> <p>We observed that the safe does not have a built-in slot for night deposits.</p> <p>Funds are required to be held in the safe each night. A night deposit slot facilitates safeguarding of funds that are collected when the bookkeeper and principal are not present.</p>	<p>chool Night Depository</p> <p>Per the Internal Accounts Handbook (Section 2.08(e)), "The safe must have a built-in slot for night depository." We recommend the district evaluate the need for a built-in night depository slot and document an exception to policy for this school if deemed appropriate.</p>	<p>See School Response following the School Findings</p>

Kathy Tucker
Principal


Sue Smith
Assistant Principal

KETTERLINUS ELEMENTARY SCHOOL

St. Johns County School District
67 Orange St.
St. Augustine, Florida 32084
(904) 547-8540 • Fax (904) 547-8554
www-kes.stjohns.k12.fl.us



Memo

To: Clara Ewing
From: Kathy Tucker, Principal 
CC: Cathy Skarr, Bookkeeper-Accounting & Internal Accounts
Date: August 21, 2010
Re: Ketterlinus Audit Findings Response

Below is a description of the **Internal Accounts Audit Findings** and the corrective actions that will be taken in response to the findings:

1. 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. (District Internal Accounts Handbook, Section 4.02(c).)

Response: All mail will be opened by principal and/or assistant principal unless directly addressed to secretary/bookkeeper, thus, eliminating the possibility of the secretary/bookkeeper receiving or preparing the report of monies collected. This procedure will provide segregation of duties.

Timeline: Immediately

2. During our testing of cash receipts, we noted cash or check is not listed next to each amount collected on the report of monies collected form #379078. Without a listing of cash or check for each amount collected, it is difficult to verify if the correct amount of cash is being deposited. (District Internal Accounts Handbook, Section 5.02)

Response: The secretary/bookkeeper will carefully review all monies collected forms to ensure cash or check is indicated when receiving funds. This will ease the verification of the correct amount of cash being deposited.

Timeline: Immediately

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3. During our testing of the monthly and annual financial reports, we noted the following:

The school maintains an electronic copy of the fund summary, but the principal does not sign and date to document her review.

The school is not maintaining the required annual reports.

Response: The bookkeeper was supplying the principal with a monthly fund summary, however, the principal did not sign, date and return to bookkeeper to document review. In the future, the bookkeeper will maintain a signed and dated monthly fund summary to document review. The bookkeeper will print and maintain required annual reports.

Timeline: Immediately

4. Section 2.08(c) of the Internal Accounts Handbook states, "The combination shall be changed whenever there is a change in administrative personnel and/or bookkeeper or at the end of every third year." Per discussion with the bookkeeper, the safe combination has not been changed in at least the last seven years, although there was a Principal change during FY 2010/2011.

Response: The bookkeeper will assure that the combination of the safe will be changed at the end of every three years or whenever there is a change in administration and/or bookkeeper.

Timeline: Immediately - Combination has been changed on 08/25/10.

5. We observed that the safe does not have a built-in slot for night deposits. Funds are required to be held in the safe each night. A night deposit slot facilitates safeguarding of funds that are collected when the bookkeeper and principal are not present.

Response: Mrs. Tucker, Principal, will discuss with the Maintenance Coordinator and District Office the procedure and direction to take for installation of a built-in slot for night deposits.

Timeline: Immediately

Please advise if any further action is warranted on the part of Ketterlinus Elementary School.

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: LANDRUM MIDDLE SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/11/2010

Rating		Issues	Authorization of Disbursements	Recommendation	Management Response
High	1	<p>During our test of disbursements, we noted the following:</p> <ul style="list-style-type: none"> • Check 9600 was not substantiated by the required District authorized field trip form; nor could we verify prior approval by the principal or designee. • Check 9914, prior approval by the principal did not include an amount of the purchase. <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 the proper forms prepared and signed by the teacher/sponsor requesting the expenditure and approved by the principal before the expenditures are made.</p> <p>The Internal Accounts Handbook, Section 4.06 notes the requirements of pre approval for all field trips.</p> <p>The Internal Accounts Handbook, Section 5.01 states the general provisions of expenditures. We recommend the above policies be followed without exception.</p>		<p>See School Response following the School Findings</p>
Rating		Issues	Completion of Monies Collected Form	Recommendation	Management Response
Moderate	2	<p>During our testing of cash receipts, we noted that 17 monies collected forms were numbered the same (receipt number 1533). The monies collected were performed by varying teachers for a field trip. Money was counted in total for the event, but not counted per collector.</p> <p>Without proper controls over cash collections, there is an increased chance of theft.</p>	<p>We 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>See School Response following the School Findings</p>
New					

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: LANDRUM MIDDLE SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/11/2010

Rating	Issues		Recommendation	Management Response
	3	Frequency of Deposits		
Recurring	During our test of deposits, we noted two monies collected forms, 1533 and 1443, in which money was collected on 2/5/10 and 4/9/10, but not remitted to the bookkeeper until 2/10/10 and 4/19/10. Deposits not made within 5 business days result in inaccurate records and could be the result of misappropriated funds.	<p>The Internal Accounts Handbook, Section 4.02 (f) states that all funds collected and supporting report of monies collected shall be delivered to the bookkeeper on the day of collection.</p> <p>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 policies be followed without exception.</p>	See School Response following the School Findings	
Rating High	4	Yearbook	Recommendation	Management Response
New	<p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> The school was not familiar with the yearbook inventory process as required by the District. A listing of individuals receiving complimentary yearbooks was not maintained. An inventory/reconciliation was not prepared for the yearbook account. <p>We were able to perform a reconciliation within reason based on the requested documentation obtained and inquiry from the bookkeeper and yearbook sponsor, but were unable to validate the number of complimentary yearbooks in order to validate yearbooks on-hand at 6/30/10.</p> <p>Without the proper controls surrounding yearbook sales, inventory, cash collections and items to be sold 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>	See School Response following the School Findings	

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: LANDRUM MIDDLE SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/11/2010

Rating	Issues	Recommendation	Management Response
High	<p>5</p> <p>During our testing of outside organizations, we noted the following:</p> <ul style="list-style-type: none"> A PTO donation (receipt 1054) was made to the school on 9/25/09 to reimburse the school for reading plus licenses. Check 9523 was a disbursement to the School Board from a PTO donation for the school nurse salary. <p>Neither PTO donation nor disbursement from the school's internal funds account had prior approval by the District Chief Financial Officer.</p>	<p>Outside Organizations</p> <p>The Internal Accounts Handbook states that any and all transactions with school support organizations (PTA, PTO, & Booster Clubs) must have prior approval of the District Chief Financial Officer. (District Internal Accounts Handbook, Section 3.01vii and Article X). We recommend this policy be followed without exception.</p>	<p>Management Response</p> <p>See School Response following the School Findings</p>
Moderate	<p>6</p> <p>During our testing of adjustments, we noted that adjustment number #840 did not have prior authorization by the principal. The transfer was made on 2/25/10 and the principal approved the transfer on 3/2/10. Unauthorized adjustments could result in misappropriation of funds or errors in records.</p>	<p>Authorization of Adjustments</p> <p>The Internal Accounts Handbook states that all transfers must be authorized by the principal and both parties requesting transfer (if other than the principal or bookkeeper) in writing prior to transfer of funds. (District Internal Accounts Handbook, Section 6.03 (a)) We recommend this policy be followed without exception.</p>	<p>Management Response</p> <p>See School Response following the School Findings</p>

Response to Audit of Internal Accounts /2009-2010 Landrum Middle School

To: Clara M. Ewing
RSM McGladrey, Inc

From: Susan Painter
Bookkeeper

#1 Check 9600 – Please find attached the original request for a field trip and the request for bus transportation. Each form has the approval signature of the Assistant Principal.

Check 9914 – This expense to Craft Trophies is a once a year expense for the awards ceremony of our 8th graders. The cost runs approximately the same each year as the number of awards is constant. I did not get a quote on the order prior to placing the order. Beginning 8-1-2010 I will get quotes or approximate costs on orders.

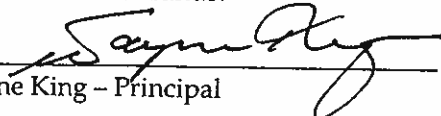
#2 Receipt #1533 was for a collection from students for the cost of T-shirts for Field Day. The collections came into me over a two day period and I bundled them together into one receipt. In the future I will receipt each collection separately.

#3 Receipts 1533 and 1443 were not deposited within the 5 business days. I will remind teachers that they must turn in money on the day it is collected which will allow me to make the deposit within the 5 day period. This is a recurring problem and I just have to train the teachers to follow this rule.

#4 Yearbook Inventory – I was not aware that a Yearbook Inventory was required. Since returning to the Landrum Building I have been able to account for the Yearbooks we have on hand as well as the number which was given away. For the 2010-2011 Yearbook Sale I will work with the Yearbook Sponsor to keep accurate records of complimentary books and unsold inventory to go with the records we keep on sales and yearbooks ordered and delivered.

#5 PTO Donations – Donations from LMS-PTO were not specifically approved by the district office. Concerning the donation for the Nurse's salary we did have implied approval as the District Budget Office was aware that we were using Additional Revenue funds and funds from our PTO to pay the Nurse's salary and this was discussed at the staffing budget meeting. Beginning 8-1-2010 I will seek approval from Conley Weiss, CFO and Frank Clark, Director of Purchasing, for any donations from the PTO or other outside sources to Landrum Middle School.

#6 Adjustments – This adjustment was actually a posting error which should have been corrected as such and would not have needed approval as a transfer of funds. In the future when I make a posting error (posting deposits or debits to the wrong account) I will make the corrections within Heritage just as a correction rather than a transfer of funds.


Wayne King – Principal

 8-23-10
Susan Painter - Bookkeeper

SCHOOL: LIBERTY PINES ACADEMY

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2010

Rating	Issues		Yearbook	Recommendation	Management Response
	1	2			
High New	<p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> The school was not familiar with the yearbook inventory process as required by the District. A listing of individuals who purchased yearbooks, including the sale amount and number of yearbooks purchased was not maintained. A listing of individuals receiving complimentary yearbooks was not maintained. An inventory/reconciliation was not prepared for the yearbook account. <p>We were unable to perform a reconciliation based on the above. Without the proper controls surrounding yearbook sales, inventory, cash collections and items to be sold 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>See School Response following the School Findings</p>
High New	<p>During our testing of cash receipts, we noted the following cash or check is not listed next to each amount collected on the monies collected form #390433, 390438 and 390795. Without a listing of cash or check for each amount collected, it is difficult to verify if the correct amount of cash is being deposited.</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. We recommend the above policy be followed without exception.</p>			<p>See School Response following the School Findings</p>

SCHOOL: LIBERTY PINES ACADEMY - CONTINUED

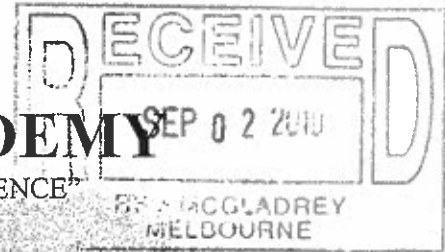
DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2010

Rating	3	Issues	Fundraising Activity	Recommendation	Management Response
High New	3	<p>During our testing of fund raising activities we noted the following:</p> <ul style="list-style-type: none"> The School was unable to locate the fund raising activity form, so we were not able to verify pre-approval by the Principal, nor the reconciliation of funds expended and collected. The School did not utilize the fundraiser checklist. <p>Without the proper controls surrounding fundraising activity, cash collections and items to be sold could be misappropriated.</p>	<p>Section 4.05(g) of the Internal Accounts Handbook states that, "All fund raising requests shall be documented on a District authorized fund raising activity form accompanied by a supporting fund raising checklist." We recommend that the school complete the proper forms to document pre-approval and the overall financial results of the fund raiser after completion without exception.</p>		<p>See School Response following the School Findings</p>



LIBERTY PINES ACADEMY

"ON THE PROWL FOR ACADEMIC EXCELLENCE"



Randy Kelley, Principal

10901 Russell Sampson Road, St. Johns, Florida 32259

Judith Thayer, Assistant Principal

(904) 547-7900

Brian Schoonover, Ph.D., Assistant Principal

www.lpa-stjohns.k12.fl.us

August 26, 2010

Dear Ms Ewing,

I am writing you today in response to the recent audit findings, it is our goal to use these findings to improve our overall process in the coming years.

Finding:

During our testing of the yearbook inventory, we noted the following:

- The school was not familiar with the yearbook inventory process as required by the District.
- A listing of individuals who purchased yearbooks, including the sale amount and number of yearbooks purchased was not maintained.
- A listing of individuals receiving complimentary yearbooks was not maintained.
- An inventory/reconciliation was not prepared for the yearbook account.

We were unable to perform a reconciliation based on the above. Without the proper controls surrounding yearbook sales, inventory, cash collections and items to be sold could be misappropriated.

Response:

Year books are sold and Monies Collected forms are used to distribute the yearbooks upon delivery. At no time are complimentary yearbooks given, all yearbooks supplied to select personnel are stamped and remain the property of Liberty Pines Academy. We will review the Internal Accounts Handbook closely to develop new procedures.

Finding:

During our testing of cash receipts, we noted the following cash or check is not listed next to each amount collected on the monies collected form #390433, 390438 and 390795. Without a listing of cash or check for each amount collected, it is difficult to verify if the correct amount of cash is being deposited.

Response:

The Bookkeeper checks to see that the total money submitted and the total on the Monies Collected form are the same, therefore assuring that all money is accounted for. We will review the Monies Collected form with teachers and work diligently to ensure that all forms are marked correctly.

Finding:

During our testing of fund raising activities we noted the following:

- The School was unable to locate the fund raising activity form, so we were not able to verify pre-approval by the Principal, nor the reconciliation of funds expended and collected.
- The School did not utilize the fundraiser checklist. Without the proper controls surrounding fundraising activity, cash collections and items to be sold could be misappropriated



LIBERTY PINES ACADEMY

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Response:

The fundraiser was entirely pre pay and no money was promised or committed until the orders were received with payment in full. The proper forms were filed and approved but were not located on the day of the Audit. We will evaluate the current procedure and utilize the check list to ensure proper steps are taken in the future.

Finding:

The District requires that certain financial reports be maintained on a monthly and/or annual basis. The School is maintaining the required monthly reports, but not electronic or hard copies the annual reports.

Response:

Reports are printed, maintained, signed and reviewed by the principal at the close of each month. The yearly report is printed and kept for reference. We also back up the file at the end of the year. We will now include the Principals signature on the yearly printed report.

Thank you again for your support. It has been a pleasure working with you.

Randy Kelley
Principal

Tracy Collins
2009-2010
Bookkeeper

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: OTIS A MASON ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/12/2010

Rating	1	Issues	Authorization of Disbursements	Recommendation	Management Response
High					
Recurring		<p>During our test of disbursements, we were unable to verify the proper prior approval on the materials requisition as the principal did not sign and date their approval.</p> <p>Disbursements that do not have approval prior to the purchase or proper receipts could result in overspending of the budget or misappropriations of funds.</p>	<p>We recommend that all disbursements have materials requisition/check request forms have documented approval with date of approval by the principal/designee approving the expenditure to ensure that material requisitions/check request are properly approved before the expenditures are made.</p>		<p>See School Response following the School Findings</p>
Rating	2	Issues	Documentation of Disbursements	Recommendation	Management Response
High					
Recurring		<p>During our test of disbursements, we were unable to verify the timeliness or accuracy of the payment for check #2123-2126 as the proper vendor supporting documentation was not provided.</p> <p>Disbursements without supporting documentation could result in misappropriation of funds.</p>	<p>The Internal Accounts Handbook (Section 5.01(b)) states "Supporting Material Requisition/Check Request form, invoice or receipt substantiating purchase, and check stub shall be maintained on file for all disbursements".</p>		<p>See School Response following the School Findings</p>

SCHOOL: OTIS A MASON ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/12/2010

Rating	Issues	Extended Day Collections	Recommendation	Management Response
High	3	<p>During our test of cash receipts, we noted the two receipts for extended day services that were not collected in advance of the child's participation in the activity.</p> <p>Non advanced receipt of extended day program fees can result in lost 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>See School Response following the School Findings</p>
High	4	<p>Financial Reports</p> <p>During our testing of the monthly and annual financial reports, we noted the following:</p> <ul style="list-style-type: none"> We were unable to verify that the monthly fund summary was reviewed by the principal for March to June 2010, as these documents do not have documented review and approval by the principal. Bank statements have not been initialed and dated. The school is not maintaining the required annual reports. <p>Without proper review of the financial records on a monthly basis by someone other than the preparer, funds could be posted incorrectly or misappropriated.</p>	<p>The Internal Accounts Handbook (Section 2.07) states that certain financial reports must be retained on file at the School, for example the monthly fund summary report signed by the principal, annual fund detail reports for the entire fiscal year, etc.</p> <p>Section 6.01(a) further states that, "The principal shall date and initial the bank statement and bank reconciliation after the reviews are completed."</p> <p>We recommend these policies be followed without exception.</p>	<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: OTIS A MASON ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/12/2010

Rating	Issues	Yearbook	Recommendation	Management Response
High	5	<p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> The school was not familiar with the yearbook inventory process as required by the District. A listing of individuals receiving complimentary yearbooks was not maintained. An inventory/reconciliation was not prepared for the yearbook account. <p>We were able to perform a reconciliation within reason based on the requested documentation obtained and inquiry from the bookkeeper and yearbook sponsor, but were unable to validate the number of complimentary yearbooks in order to validate yearbooks on-hand at 6/30/10.</p> <p>Without the proper controls surrounding yearbook sales, inventory, cash collections and items to be sold 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>See School Response following the School Findings</p>
Moderate	6	<p>Returned Checks</p> <p>During our test of returned checks, we noticed \$60 in returned checks was not properly transferred to the general fund at year-end.</p>	<p>The Internal Accounts Handbook (Section 6.05) states that NSF checks outstanding at year-end shall be transferred to the General Fund in accordance with the School Board Internal Accounts Chart of Accounts as not to overstate the year-end cash balance in the related account collecting the funds.</p>	<p>See School Response following the School Findings</p>

SCHOOL: OTIS A MASON ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/12/2010

Rating	7	Issues	Recommendation	Management Response
Low		<p>Safe Combination</p> <p>Per discussion with the bookkeeper, the safe combination was changed when she began in 2008, but was unable to locate the proper documentation.</p>	<p>The Internal Accounts Handbook (Section 2.08(c)) states "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."</p> <p>We recommend this policy be followed without exception.</p>	<p>See School Response following the School Findings</p>



Otis A. Mason Elementary School

207 Mason Manatee Way
St. Augustine, Florida 32086
Phone: 904.547.8440
Fax: 904.547.8445

Theresa Grady, Principal

Sandra McMandon, Assistant Principal

"Where We Educate the Future"

August 31, 2010

RSM McGladrey Inc.
Ms. Clara M. Ewing
7351 Office Park Place
Melbourne, FL 32940

Dear Ms. Ewing:

The following is in response to the Findings/Issues listed for the Otis A. Mason Elementary School 2009-2010 Internal Account Audit. The following procedures have been implemented in order to be in compliance.

- I. **Authorization of Disbursements:** A signed commitment from the principal will be on file before any purchases are made as stated in the District Internal Accounts Handbook, Section 5.01. The District's Materials Requisition/Check Request Form will be completed with principal's approval signature prior to orders being placed. The bookkeeper will insure that all requisitions have been signed and dated by the principal prior to disbursement. A review of requisition/check request procedures with faculty and staff will be done by October 1, 2010 to insure the procedures are followed.
- II. **Documentation of Disbursements:** The Materials Requisition/Check Request submitted for all purchases will be reviewed for accuracy and supporting documentation, to include invoice or receipt which will be maintained on file for all disbursements. A review of requisition/check request procedures with faculty and staff will be done by October 1, 2010 to insure the procedures are followed.
- III. **Extended Day Collections:** Extended Day has implemented a strict late policy to insure that fees are paid in advance of student participation in any extended day activities. If not paid on Monday, a late fee of \$10.00 will apply. If not paid with the late fee on Tuesday, the child will not be allowed to attend until full payment is made. Parents/Guardians will be are now notified of this policy at the time of registration.
- IV. **Financial Reports:** The bookkeeper will insure that the required monthly and annual financial reports to include Bank Statements and Fund Summaries are reviewed, signed and date by the principal. Both monthly annual required reports will be maintained.

- V. **Yearbooks:** Effective immediately, the Yearbook Sponsor will maintain required documents to include inventory, listing of recipients of complimentary editions and an end of year reconciliation to be signed by principal and kept on file.
- VI. **Returned Checks:** The NSF checks outstanding balance for 2009-'10 was transferred to the General Fund debited account August 13, 2010. All future transfers of year end outstanding balances will be completed by June 30th.
- VII. **Safe Combination:** The combination on the safe was changed August 21, 2010 and will be changed at least every three years with supporting documentation maintained on file.

Sincerely,



Theresa Grady
Principal



Donna King-O'Loughlin
Secretary/Bookkeeper

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: PEDRO MENENDEZ HIGH SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/29/2010

Rating	Issues	Authorization of Disbursements	Recommendation	Management Response
<p>Moderate</p> <p>Recurring</p>	<p>1</p> <p>During our testing of disbursements, we noted the following:</p> <ul style="list-style-type: none"> • Check 10129, the check request is dated 8/19/09 and the materials request was approved by the principal on 8/20/2009. • For checks 10183 and 10655, the approval by the principal on the materials request form was not dated, so we were unable to determine if prior approval was obtained for these expenditures. <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 the proper forms prepared and signed by the teacher/sponsor requesting the expenditure and approved by the principal before the expenditures are made.</p> <p>The Internal Accounts Handbook, Section 5.01 states the general provisions of expenditures. We recommend the above policies be followed without exception.</p>	<p>Recommendation</p>	<p>Management Response</p> <p>See School Response following the School Findings</p>
<p>High</p> <p>New</p>	<p>2</p> <p>During our testing of cash receipts, we noted cash or check was not listed next to each amount collected on multiple monies collected forms for the deposit on 10/15/2009 (receipt numbers 391390 and 391393), thus we were unable to agree the cash and checks deposited. Without a listing of cash or check for each amount collected, it is difficult to verify if the correct amount of cash is being deposited.</p>	<p>Completion of Monies Collected Forms</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. We recommend the above policy be followed without exception.</p>	<p>Recommendation</p>	<p>Management Response</p> <p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: PEDRO MENENDEZ HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/29/2010

Rating	3	Issues	Accuracy of Monies Collected Forms	Recommendation	Management Response
High		<p>During our testing of the match accuracy of the deposits, we noted the following in regards to cash receipts:</p> <ul style="list-style-type: none"> • Money totaled on monies Collected Forms #391846 and 391849 was not mathematically correct, thus the deposit per the deposit summary did not agree to the monies collected forms for that deposit. • The deposit slip for monies collected forms 391644 – 391655 was not mathematically correct. In total, the amount agreed to the monies collected forms. <p>Inaccuracy of monies collected could result in misappropriation of funds.</p>	<p>The Internal Accounts Handbook, Section 4.02 (g) states that the bookkeeper shall reconcile the monies collected to the report of monies collected, document the pre-numbered electronic receipt number, sign off, and issue a carbon copy of the report of monies collected to the individual collecting monies. We recommend the above policy be followed without exception.</p>		<p>See School Response following the School Findings</p>
Rating	4	Issues	Yearbook	Recommendation	Management Response
Low		<p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> • The school was not familiar with the yearbook inventory process as required by the District. • An inventory/reconciliation was not prepared for the yearbook account. <p>We were able to perform a reconciliation within reason based on the requested documentation obtained from the bookkeeper and yearbook sponsor.</p> <p>Without the proper controls surrounding yearbook sales, inventory, cash collections and items to be sold 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>See School Response following the School Findings</p>
New					

Pedro Menendez High School

Clay Carmichael
Principal

Terry Sapp
Athletic Director

Bruce Allie
Registrar

600 State Road 206 West
St. Augustine, FL 32086
www-pmhs.stjohns.k12.fl.us
904-547-8660
Fax: 904-547-8675

Kathy Sanchez
Asst. Principal
Curriculum

Cynthia Williams
Asst. Principal
Operations

Celebrating Ten Years of Excellence

Audit Findings Response

The following information is in response to Menendez audit findings:

Authorization of Disbursements

PMHS Response: We will advise staff members of the importance of principal approval prior to purchase, as well as make sure all signatures are dated. We will monitor more closely and possibly not grant payment or reimbursement to the staff member to correct this problem.

Completion of Monies Collected Forms

PMHS Response: We will advise staff members, as well as monitor more closely in the effort to keep this from happening again in the future.

Accuracy of Monies Collected Forms

PMHS Response: We will total all monies collected forms with depositor to insure the cash or checks are equal to the deposit.

Yearbook

PMHS Response: Yearbook inventory will be completed and submitted as part of the internal audit process


Clay Carmichael, Principal

DATE: August 23, 2010

*Not For School,
But For Life, We Learn*

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: MILL CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2010 & 8/13/2010

Rating	Issues	Recommendation	Management Response
<p>High</p> <p>New</p>	<p>Accuracy of Monies Collected Forms</p> <p>During our testing of the match accuracy of the deposits, we noted the following in regards to cash receipts:</p> <ul style="list-style-type: none"> For one deposit, money totaled on the monies collected forms (#394778-394798, 394399, and 394800-394826) was \$100 higher than the deposit amount. The total cash per the monies collected forms did not agree to the deposit slip. The cash amount on the deposit slip for monies collected forms # 395241-395264 was not mathematically correct. In total, the amount agreed to the monies collected forms. <p>Inaccuracy of monies collected could result in misappropriation of funds.</p>	<p>The Internal Accounts Handbook, Section 4.02 (g) states that the bookkeeper shall reconcile the monies collected to the report of monies collected, document the pre-numbered electronic receipt number, sign off, and issue a carbon copy of the report of monies collected to the individual collecting monies.</p> <p>The manual also lists the following steps in the section <i>Procedures for Deposits Prepared by Bookkeeper:</i></p> <ul style="list-style-type: none"> (i) Total the amount of receipts entered into the accounting software bundled for the specific deposit. (ii) Total the actual amount of cash and checks on hand. Steps (i) & (ii) must agree. <p>We recommend that the above policies be followed without exception.</p>	<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: **MILL CREEK ELEMENTARY SCHOOL - CONTINUED**

DATE OF ON-SITE VISIT AT THE SCHOOL: **7/26/2010 & 8/13/2010**

Rating	Issues	Recommendation	Management Response
High	<p>2</p> <p>Completion of Monies Collected Forms</p> <p>During our testing of cash receipts, we noted the following:</p> <ul style="list-style-type: none"> Cash or check was not listed next to each amount collected on monies collected forms 393949 or 394802. Without a listing of cash or check for each amount collected, it is difficult to verify if the correct amount of cash is being deposited. One monies collected form was not totaled nor signed by the original collector of funds (394824). The total was added by the School Receptionist who added the amounts on the monies collected form and signed the form as original collector. <p>Without proper controls over cash collections, there is an increased chance of theft.</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>Section 4.02(d) of the manual states that each receipt should be substantiated by a "District approved Report of Monies Collected form, prepared by the individual collecting the cash." The original collector of funds should complete and sign the report of monies collected form to document the amount collected in total and who collected the funds.</p> <p>We recommend that the above policies be followed without exception.</p>	<p>See School Response following the School Findings</p>
High	<p>3</p> <p>Financial Reports</p> <p>During our testing of the monthly and annual financial reports, we noted the following:</p> <ul style="list-style-type: none"> We were unable to verify that the monthly bank reconciliation and monthly fund summary were reviewed by the principal, as these documents do not have documented review and approval by the principal, only the bank statement itself. The school is not maintaining the required annual reports. <p>Without proper review of the financial records on a monthly basis by someone other than the preparer, funds could be posted incorrectly or misappropriated.</p>	<p>The Internal Accounts Handbook (Section 2.07) states that certain financial reports must be retained on file at the School, for example the monthly fund summary report signed by the principal, annual fund detail reports for the entire fiscal year, etc.</p> <p>Section 6.01(a) further states that, "The principal shall date and initial the bank statement and bank reconciliation after the reviews are completed."</p> <p>We recommend that the above policies be followed without exception.</p>	<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: MILL CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2010 & 8/13/2010

Rating	Issues	Fundraising Activity	Recommendation	Management Response
High	<p>4</p> <p>During our testing of fund raising activities, we noted the following:</p> <ul style="list-style-type: none"> There was no supporting invoice for the fundraiser selected to evidence date of initial purchase commitment. We were unable to verify prior approval of the fundraiser, as the Principal did not date her approval of the fund raising form. The following information was not maintained for cash sales of the fund raiser items: number of units purchased, names of students selling items, names of individuals purchasing items. The required fundraising checklist was not included within the supporting documentation of the fundraising activities <p>Without the proper controls surrounding fundraising activity, cash collections and items to be sold could be misappropriated.</p>	<p>The Internal Accounts Handbook, (Section 9.03) <i>Fund Raising Inventory</i>, states that the following information should be documented for all pre-sale fund raising activities:</p> <ol style="list-style-type: none"> Name of student selling items. Amount of money turned in. Names of individuals purchasing items. Method of payment. The items and number of units purchased. Completed order forms, which may include some or all of the information listed above. Records indicating items were received by the individual purchaser. Reconciliation records for money collected per the class, club, or athletic sponsor and money collected per school bookkeeper. <p>The Internal Accounts Handbook (Section 4.05 (g)) states all fund raising requests shall be documented on a District authorized fund raising activity form accompanied by a supporting fund raising checklist.</p> <p>The Internal Accounts Handbook, Section 5.01 states the general provisions of expenditures. We recommend the above policies be followed without exception.</p>	<p>See School Response following the School Findings</p>	

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: MILL CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2010& 8/13/2010

Rating	Issues	Returned Checks	Recommendation	Management Response
<p>High</p>	<p>5</p> <p>During our test of returned checks, we noted the returned checks account contains amounts from previous years that have subsequently been collected from Checkredi, totaling \$1,279. The account also includes amounts for checks returned before Checkredi collections service was in place, totaling \$296.</p> <p>The June 30, 2010 balance should have been \$42, however the current balance in the general ledger is \$1,617. In addition, the bank reconciliation for the period showed \$1,321 in returned checks, which should have been an indication to the bookkeeper that something was not correct in the ledger, as it did not agree to the June bank statement.</p>	<p>We recommend the bookkeeper review the Internal Accounts Handbook Section 6.05 related to Returned Checks and verify the correct process with the District office.</p>		<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: MILL CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2010 & 8/13/2010

Rating		Issues	Yearbook	Recommendation	Management Response
Moderate	6				
New		<p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> The school was not familiar with the yearbook inventory process as required by the District. An inventory/reconciliation was not prepared for the yearbook account. The yearbook agreement was signed by the bookkeeper and not the principal. <p>We were able to perform a reconciliation within reason based on the requested documentation obtained from the bookkeeper and yearbook sponsor.</p> <p>Without the proper controls surrounding yearbook sales, inventory, cash collections and items to be sold 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>See School Response following the School Findings</p>	
Moderate	7				
New		<p>During our testing of cash disbursements and cash receipts we noted that the school's general ledger chart of accounts numbering is not in alignment with the District prescribed chart of accounts numbering system.</p>	<p>Chart of Accounts</p> <p>We recommend the school utilize the District's established chart of accounts as outlined May 2008, without exception.</p>	<p>See School Response following the School Findings</p>	

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: MILL CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2010& 8/13/2010

Rating	Issues	Recommendation	Management Response
Moderate	8	Incorrect Posting of Disbursements	
New	<p>During our testing of fundraisers, we noted one check # 7956 was posted to the incorrect account based on the supporting documentation.</p> <p>Incorrect posting leads to errors in fund balances.</p>	We recommend that the bookkeeper review each disbursement for proper posting and correct any errors as identified.	See School Response following the School Findings
Rating	Issues	Recommendation	Management Response
Moderate	9	Safe Combination	
New	<p>Section 2.08(c) of the Internal Accounts Handbook states, "The combination shall be changed whenever there is a change in administrative personnel and/or bookkeeper or at the end of every third year."</p> <p>Per discussion with the bookkeeper, the safe combination has not been changed in at least the last two years, although there was an Assistant Principal change during the 2009/2010 school year.</p>	We recommend the school contact a locksmith to have the combination changed in accordance with Section 2.08(c) of the Handbook, and monitor the changes going forward to ensure compliance and safeguarding of assets.	See School Response following the School Findings
Rating	Issues	Recommendation	Management Response
Moderate	10	Safeguarding Forms	
New	<p>We observed that a working supply of blank check stock and blank deposit slips were not maintained in a locked area.</p> <p>Lack of safeguarding of forms related to deposit and disbursement preparation could result in misappropriation of funds or inaccurate recordkeeping.</p>	The Internal Accounts Handbook (Section 2.08(b)) lists the following items allowable to be stored outside of the safe: blank check stock, official receipt books, tickets, and deposit slips; It further states "those items must remain locked in a filing cabinet, desk, or credenza if not maintained in the safe."	See School Response following the School Findings

Mary Ford
Principal

Gene Bennett
Assistant Principal

Debbie Doulan
Curriculum
Coordinator



Mill Creek Elementary

3750 International Golf Parkway St. Augustine, FL 32092
904-547-3720

Shelley Serafin
Guidance

Jason Lee
Maintenance
Manager

8/20/2010

Re: Audit Response.

Item #1: Not to push off my awesome responsibility – but unfortunately teachers do not always take the time required to fill out money collected forms completely or correctly. In this instance: the teacher did not: total, sign or date the money collected form. I counted the deposit and added a self-stick note to the top of the form and completed my deposit, I did not add the amount that the teacher had written on the form; I understand this is a huge error on my part – I need to be proactive – making sure that the teachers are taking responsibility for their classroom funds. After the deposit was completed I requested that the receptionist sign, total and date the form for me, her addition showed a difference in what was reported and what was turned in.

Item#2: We have had two staff meetings since the beginning of the school year, giving me a chance to go over our money collection protocol. I have also started an incentive program for teachers that turn in clean forms, and there has already been a marked change in their paperwork. Any money collected forms that are not turned in correct are now being returned via clerk (I do not place the incorrect forms back in the box) with a note explaining the error and requesting the correction. My directions will be reiterated at each monthly staff meeting.

Item#3: The principal views and signs the monthly bank statement and reconciliation page, and we verbally go over the accounts payable and accounts receivable. I have noted the issue and have reviewed this section in the handbook. This item will be resolved, with my providing all the required documents to my principal for review.

Item #4: In house fundraisers have been in issue with our school and the Y-Tie sale is no exception. The technology team did not take the collection of money as seriously as required, causing an issue with inventory. Although the numbers added up, they were not as simply acquired as they should have been. I have talked with the entire committee expressing the need to keep their records complete and correct, and to provide a legible invoice from the vendor, both pre-sale and post-sale.

Item#5: The auditor and I noted that there are NSF checks that have been carried over from year to year, causing an issue with my end of year ledger. These are checks that have been on my books for 3+ years (prior to my taking this position). They roll every year because they are prior to checkredi, while checkredi may have taken position of

them they are not guaranteed by them and have not been paid. I plan on talking to my supervisor at county about how to resolve this issue.

Item#6: Yearbook – I will review the procedure and make correction to my inventory process. I am the yearbook editor and coordinator, therefore the vendor did not request the principal's signature, I have requested that the principal reviews and signs the paperwork for this year.

Item #7: This correction for classes and clubs was discussed, noted and corrected.

Item #8: The tech committee has two funds, the check for the YTIE fundraiser invoice was accidentally drawn from the first account, not the account the YTIE sales were entered into. I have fixed this issue by removing one of the accounts.

Item #9: Our A.P. left on July 1, 2010, while we are at our consolidation site. The combination was changed shortly after we returned to our campus from our consolidation site. As stated to the auditor the safe was installed in June of 2008.

Item #10: During school hours I have been keeping 3 to 5 deposit slips in a cubby on desk. They are placed in a locked filing cabinet or safe during evening hours, or when I am out of my office. Likewise, during school hours I keep a check in a cabinet in my office it is also locked in the filing cabinet or safe during evening hours or when I am out of my office. If this deemed unacceptable I will keep all deposit slips and checks in the safe at all times, retrieving them only when they are needed.

Sincerely,



Kathleen Richards
Secretary Bookkeeper



Mary Ford
Principal

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: R.J. MURRAY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2010

Rating	Issues	Yearbook	Recommendation	Management Response
High	<p>1</p> <p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> The school was not familiar with the yearbook inventory process as required by the District. A listing of students purchasing yearbooks coded by check number or cash sale was provided, but the listing did not include the amount of the sale and the number of yearbooks purchased. An inventory/reconciliation was not prepared for the yearbook account. <p>We were unable to perform a reconciliation based on the above.</p> <p>Without the proper controls surrounding yearbook sales, inventory, cash collections and items to be sold could be misappropriated.</p>	<p>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. We recommend that this policy be followed without exception.</p>	<p>Recommendation</p>	<p>Management Response</p> <p>See School Response following the School Findings</p>
High	<p>2</p> <p>During our testing of cash receipts for ticket sales, a monies collected forms had only one authorizing signature.</p> <p>Incomplete Monies Collected Forms could result in unposted revenues, errors in records and misappropriation of funds.</p>	<p>Completion of Monies Collected Form</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>Recommendation</p>	<p>Management Response</p> <p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: R.J. MURRAY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2010

Rating	Issues	Recommendation	Management Response
Moderate	<p>3</p> <p>During our testing of disbursements, we noted that check #3379 which was for items for resale did not include sales tax. Furthermore, the sales tax was not paid to the Florida Department of Revenue. The District is subject to sales tax when items purchased are for resale; therefore sales tax should have been paid.</p>	<p>Sales Tax</p> <p>The Internal Accounts Handbook (Section 5.05) states all items purchased for resale are subject to Florida Sales Tax unless specifically exempted. We recommend that this policy be followed without exception.</p>	<p>See School Response following the School Findings</p>

R.J. MURRAY MIDDLE SCHOOL

Center for the Arts

St. Johns County School District
150 N. Holmes Blvd., St. Augustine, Florida 32084
(904) 547-8470 • FAX: (904) 547-8475

TOM SCHWARM
Principal

KIMBERLY DIXON
Assistant Principal

August 16, 2010

Clara Ewing, Project Manager

RSM McGladrey

7351 Office Park Place

Melbourne, FL 32940

RE: 2009-2010 Audit Findings

Ms. Ewing,

After reviewing the draft findings from the August 10, 2010 audit of R.J. Murray Middle School's Internal Accounts, we are responding as follows:

In regards to the yearbook inventory process, we will maintain a more detailed listing of yearbook sales. The list will include student name, type of payment, amount of payment and number of yearbooks purchased. An inventory and reconciliation will be prepared for the yearbook account at the end of the school year.

In regards to dual authorizing signatures, there was an instance where only one signature was on the monies collected form. While every attempt is made to make sure all monies collected forms are properly completed, this was an oversight. In the future we will make sure all authorizing signatures are obtained.

Finally, regarding the payment of sales tax when items purchased are for resale, we were under the impression that sales tax was not applicable to that particular purchase. We now have clarification on the issue and will make sure that when purchasing these types of items for resale that sales tax is included.

Please feel free to contact me with any questions or concerns.

Sincerely,



Tom Schwarm

Principal

Cc: Conley Weiss, CFO Finance St. Johns County School District

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: ALLEN D. NEASE HIGH SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/29/2010

Rating	Issues	Frequency of Deposits	Recommendation	Management Response
<p>High</p> <p>New</p>	<p>1</p> <p>During our test of cash receipts, we noted the following:</p> <ul style="list-style-type: none"> Monies collected form #378750 included yearbook money collected on 9/16/09, 9/17/09, and 9/18/09, but the bookkeeper verification and recording of the receipt did not occur until 9/22/09. This resulted in the deposit not being made until 9/24/09. One monies collected form #379360 included money collected on 3/19/10, but not remitted to the bookkeeper until 3/23/10. <p>Collections not submitted to the bookkeeper the same day and deposits not made within 5 business days result in inaccurate records and could be the result of misappropriated funds.</p>	<p>The Internal Accounts Handbook, Section 4.02 (f) states that all funds collected and supporting report of monies collected shall be delivered to the bookkeeper on the day of collection.</p> <p>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 policies be followed without exception.</p>		<p>See School Response following the School Findings</p>
<p>High</p> <p>New</p>	<p>2</p> <p>Yearbook Sales</p> <p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> The school was not familiar with the yearbook inventory process as required by the District. An inventory/reconciliation was not prepared for the yearbook account. We were unable to perform a reconciliation based on the documentation obtained. <p>Unreconciled differences result in inaccurate records and could be the result of misappropriation of funds. Without the proper controls surrounding yearbook sales, cash collections and items to be sold could be misappropriated.</p>	<p>We recommend the procedures at Section 9.04 <i>Yearbook Inventory</i> of the Internal Accounts Procedure Manual be followed and a final reconciliation of the yearbook account be performed as of year-end.</p>		<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: ALLEN D. NEASE HIGH SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/29/2010

Rating	Issues	Year-end Ticket Inventory	Recommendation	Management Response
Low New	<p>3</p> <p>During our testing of year-end ticket inventory, we noted an error in the beginning and ending ticket numbers and quantity on hand for the roll of tickets sampled.</p> <p>Inaccurate recordkeeping of ticket sales and ticket inventory could result in missing tickets and/or misappropriation of funds.</p>	<p>We recommend that a periodic reconciliation of tickets on hand to the ticket inventory be completed in accordance with the Internal Accounts Handbook (Section 4.04(a)(i)(7)).</p>		<p>See School Response following the School Findings</p>



ALLEN D. NEASE HIGH SCHOOL

Kyle Dresback
Principal

Karen Davis
Assistant Principal

Nicole Trojnar
Assistant Principal

AUDIT FINDINGS RESPONSE

Cash Receipts

Yearbook collections were placed in the safe from 9/16 – 9/18/09. On 9/22/09, the new yearbook sponsor came to reconcile "report of monies collected" form with cash & checks deposited on 9/22. The deposit was picked up by the courier on 9/23 and deposit posted to the bank on 9/24. The yearbook sponsor will be informed that the deposits must be reconciled each day after collection so that the deposits can be made in a timely manner.

Monies collected form #379360 was for a Lacrosse game on Friday, 3/19/10. The money was placed in the safe that night mistakenly without the Night School Depository Data Sheet. Deposit was reconciled on Tuesday, March 23. Deposited in a timely manner on March 24.

Yearbook Inventory

Procedures (section 9.04 Internal Funds Procedure Manual) will be discussed with the new yearbook sponsor. A detailed calculation as to determination of unit sale prices and number of books sold will be kept for review by the auditor.

Year End Ticket Inventory

Periodic reconciliation of ticket inventory will be performed and documented to ensure accuracy during the year and year end inventory.

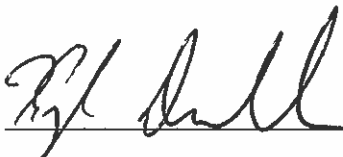
Financial reports

The Annual Fund Summary report for the entire fiscal year was signed by the principal, on file and submitted to the auditor; however, the annual fund summary by sub-account was not included.

All reports are accessible in the Heritage School Ledger files and backed up on San Disk.

An Annual Fund Summary report by sub-account and Annual Fund Detail report for the entire fiscal year will be printed at year end for review by the auditor.

Estimated completion date to remediate the finding 8/28/10

Principal's signature  Date 8/10/10

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: OCEAN PALMS ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/27/2010

Rating		Issues	Financial Reports	Recommendation	Management Response
High	1	<p>During our testing of the monthly and annual financial reports, we noted the following:</p> <ul style="list-style-type: none"> We were unable to verify that the monthly bank reconciliation and monthly fund summary were reviewed by the principal, as these documents do not have documented review and approval by the principal. The school is not maintaining the required annual reports. <p>Without proper review of the financial records on a monthly basis by someone other than the preparer, funds could be posted incorrectly or misappropriated.</p>	<p>The Internal Accounts Handbook (Section 2.07) states that certain financial reports must be retained on file at the School, for example the monthly fund summary report signed by the principal, annual fund detail reports for the entire fiscal year, etc.</p> <p>Section 6.01(a) further states that, "The principal shall date and initial the bank statement and bank reconciliation after the reviews are completed."</p> <p>We recommend these policies be followed without exception.</p>	<p>See School Response following the School Findings</p>	
High	2	<p>During our testing of disbursements, we noted the following:</p> <ul style="list-style-type: none"> Check # 1308 had a materials requisition/check request form that was prepared after the date of purchase commitment. Several checks (1325, 1349, and 1380) were not substantiated by the required District authorized field trip form; nor could we verify prior approval by the principal or designee as the materials request form was dated the same day as the field trip. <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>Authorization of Disbursements</p> <p>We recommend that all disbursements have the proper forms prepared and signed by the teacher/sponsor requesting the expenditure and approved by the principal before the expenditures are made.</p> <p>The Internal Accounts Handbook, Section 5.01 states the general provisions of expenditures and Section 4.06 states the requirements of field trips. We recommend the above policies be followed without exception.</p>	<p>See School Response following the School Findings</p>	

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: OCEAN PALMS ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/27/2010

Rating	Issues	Disbursement Support	Recommendation	Management Response
High	<p>3</p> <p>During our testing, we noted the following:</p> <ul style="list-style-type: none"> There was no detailed invoice supporting two checks (check numbers 1308 and 1349). We were unable to verify that the invoices were mathematically accurate as well as whether tax was properly paid or not based on the nature of the purchase. The supporting invoice for one disbursement (check 1325) was not mathematically accurate and the detail did not agree to the check amount. <p>Disbursements without accurate detailed supporting documentation could result in misappropriation of funds or inaccurate payments.</p>	<p>Disbursement Support</p> <p>The Internal Accounts Handbook, Section 5.01 states supporting material requisition/check request form, invoice or receipt substantiating purchase, and check stub shall be maintained on file for all disbursements. We recommend all disbursements have proper documentation to support the expenditure made.</p>		<p>Management Response</p> <p>See School Response following the School Findings</p>
Moderate	<p>4</p> <p>During our testing of cash receipts, we noted that monies collected forms 546, 569, 606 and 623 did not contain the receipt number.</p> <p>Without proper controls over cash collections, there is an increased chance of theft.</p>	<p>Completion of Monies Collected Forms</p> <p>The Schools Internal Accounts Handbook states that the white copy of the monies collected form shall be identified by the corresponding pre-numbered, secured electronic receipt number representing the collection and filed in numerical sequence (Internal Accounts Handbook, Section 4.01). We recommend the above policy be followed without exception.</p>		<p>Management Response</p> <p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: OCEAN PALMS ELEMENTARY SCHOOLED - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/27/2010

Rating	5	Issues	Authorized Check Signer	Recommendation	Management Response
New		<p>Per review of the authorized signers listing from the bank, we noted an authorized signer who did not worked at the school during the 2009-2010 school year.</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 that only appropriate individuals have access.</p>		<p>See School Response following the School Findings</p>

Ocean Palms

Elementary

Our Focus is the Child

Michael W. Parrish
Principal

Melisa Norwich
Assistant Principal

August 23, 2010

Management Response for Ocean Palms

Finding #1, Financial Reports:

The monthly Fund Summary Report and the bank reconciliation will be printed each month and signed and dated by the Principal.

Finding #2, Authorization of Disbursements:

All forms requesting disbursement will be prepared and signed by the principal before the expenditures are made. Field trip requests for payment will be approved prior to the trip date.

Finding #3, Disbursement Support:

We will request a detailed receipt for our field trip payments to reflect that no tax was paid. We will check for typographical errors on the check request forms so they reflect the correct amount.

Finding #4, Completion of Monies Collected Forms:

The receipt number will be recorded on the monies collected forms.

Finding #5, Authorized check signer:

We have requested a new authorized signers list to remove employees no longer working at Ocean Palms and to include new employees.

Michael W. Parrish
8/24/10

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: OSCEOLA ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/11/2010

Rating	Issues	Yearbook	Recommendation	Management Response
High	<p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> • The school was not familiar with the yearbook inventory process as required by the District. • A listing of individuals who purchased yearbooks, including the sale amount and number of yearbooks purchased was not maintained. • A listing of individuals receiving complimentary yearbooks was not maintained. • An inventory/reconciliation was not prepared for the yearbook account. 	<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>See School Response following the School Findings</p>
New	<p>We were unable to perform a reconciliation based on the above. Without the proper controls surrounding yearbook sales, inventory, cash collections and items to be sold could be misappropriated.</p>			

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: OSCEOLA ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/11/2010

Rating	Issues	Financial Reports	Recommendation	Management Response
High	2	<p>During our testing of the monthly and annual financial reports, we were unable to verify that the monthly bank reconciliation and monthly fund summary were reviewed by the principal, as these documents do not have documented review and approval by the principal.</p> <p>Without review of the financial records on a monthly basis by someone other than the preparer, funds could be posted incorrectly or misappropriated.</p>	<p>The Internal Accounts Handbook (Section 2.07) states that certain financial reports must be retained on file at the School, for example the monthly fund summary report signed by the principal, annual fund detail reports for the entire fiscal year, etc.</p> <p>Section 6.01(a) further states that, "The principal shall date and initial the bank statement and bank reconciliation after the reviews are completed."</p> <p>We recommend these policies be followed without exception.</p>	<p>See School Response following the School Findings</p>
Rating	Issues	Extended Day Monies Collection Forms	Recommendation	Management Response
High	3	<p>During our testing of the extended day cash receipts, we noted the following:</p> <ul style="list-style-type: none"> • Pre-numbered receipts are not issued at the time monies are collected. • We were unable to verify timeliness of remittance to bookkeeper and bank deposits, as there is no documentation of the date monies were originally collected. • Reports of monies collected are not prepared daily. <p>Deposits not made within 5 business days result in inaccurate records and could be the result of misappropriated funds.</p>	<p>Per the Internal Accounts Handbook, Section 3.01(g)(x), "Pre-numbered receipts shall be issued by the Extended Day program to parents/guardians when money is collected. A Report of Monies Collected shall be prepared daily for total daily collections, which must reconcile to the daily pre numbered receipts, and the Report of Monies Collected and the money collected shall be turned in to the bookkeeper for deposit into Internal Accounts daily."</p> <p>We recommend these policies be followed without exception.</p>	<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: OSCEOLA ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/11/2010

Rating	Issues	Returned Checks	Recommendation	Management Response
Moderate	4			
New	During our test of returned checks, we noted one NSF check for \$9 was not transferred to the general fund at year-end.	The Internal Accounts Handbook (Section 6.05) states that NSF checks outstanding at year-end shall be transferred to the General Fund in accordance with the School Board Internal Accounts Chart of Accounts as not to overstate the year-end cash balance in the related account collecting the funds.		See School Response following the School Findings
Rating	Issues	Night Depository	Recommendation	Management Response
Moderate	5			
New	We observed that the safe does not have a built-in slot for night deposits. Funds are required to be held in the safe each night. A night deposit slot facilitates safeguarding of funds that are collected when the bookkeeper and principal are not present.	Per the Internal Accounts Handbook (Section 2.08(e)), "The safe must have a built-in slot for night depository." We recommend the district evaluate the need for a built-in night depository slot and document an exception to policy for this school if deemed appropriate.		See School Response following the School Findings
Rating	Issues	Documentation of Disbursements	Recommendation	Management Response
Low	6			
New	During our test of disbursements, we were unable to verify the material requisition approval timeliness for check #1333, as the supporting invoice did not include date of purchase commitment. Disbursements that do not have approval prior to the purchase could result in overspending of the budget or misappropriations of funds.	We recommend that all disbursements have materials requisition/check request forms have documented approval with date of approval by the principal/designee approving the expenditure to ensure that material requisitions/check request are properly approved before the expenditures are made.		See School Response following the School Findings

Osceola Elementary School
St. Johns County School District
1605 Osceola Elementary School
St. Augustine, Florida 32084
(904) 547-3780
Fax: (904) 547-3795

Principal
Nancy R. Little
littlen@stjohns.k12.fl.us

Assistant Principal
Kevin Klein
kleink@stjohns.k12.fl.us

August 20, 2010

Clara M. Ewing
RSM McGladrey, Inc.
7351 Office Park Place
Melbourne, Florida 32940

Dear Ms. Ewing,

Please note the following responses to our draft audit findings.

Yearbook:

Yearbook sales have always been collected and recorded on the district required Monies Collected forms. Monies are turned in daily to the bookkeeper. Our sales differ somewhat from some schools in that we collect all funds through the school rather than using Leonard's Studio for collection. Not only do we sell the actual yearbook, we also offer a message or ad for an additional cost.

Obviously, we kept records on a spreadsheet that show who bought a yearbook and purchased messages and ads. This is how we distribute the books when they came in. We did not, however, prepare a final reconciliation. We explained to Megan during our audit that due to our low income student population, we had also given several complimentary yearbooks and failed to maintain a record of this.

Beginning with the upcoming school year, we will prepare and maintain a reconciliation of yearbooks sales. These corrections to procedure will be effective with yearbook sales for the 2010-11 school year

Financial Reports:

Our monthly bank reconciliation has always been reviewed and signed by the principal on a monthly basis. A fund summary, as well as all reports of the monthly financial statement, are printed and maintained with our bookkeeper. We have never obtained the principal's signature on the fund summary, however, as per instructions from our audit we will begin this procedure immediately.

Extended Day Monies Collection Forms:

In response to the issues of the Audit for Osceola Extended Day, even though I was filling out a Monies Collected report when I received payment and turning the money in to the bookkeeper daily, I was not generating receipts every day that I received money. I was dating the Monies Collect report the same date that I generated the receipts. I generated receipts 1-2 times per week. I can see that this is not the correct way to proceed. I have read the recommendation and I will follow the policies without exception by generating receipts on the day money is received, fill out a Monies Collected Report and give the money to the bookkeeper for deposit into internal accounts.

Betty Masse, Extended Day Coordinator

Page 2:

Returned Checks:

Our bookkeeper failed to record this check properly. She is aware of the proper procedures and will handle all future NSF checks appropriately in the future.

Night Depository:

All collected funds are secured in a locked safe until the time of deposit. Our safe is secured in a locked vault within the bookkeeper's office.

If activities are held after regular school hours that involve collected funds, an administrator is always available to unlock the safe and secure the funds.

If it is necessary to have a night depository slot in addition to our current situation, we will follow the guidelines outlined by our district.

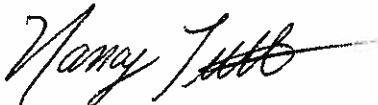
Documentation of Disbursements:

Our bookkeeper follows proper procedures for documentation of disbursements. The particular receipt for Check # 1333, generated on-line by the teacher who submitted it, failed to list a date and was overlooked by the bookkeeper.

Mrs. Burney will continue to pay attention to detail regarding these procedures.

In conclusion, both myself and Mrs. Burney would like to thank your firm for the pleasant experience your auditor, Megan, provided while working with us during our audit. She was very patient and accommodating. We look forward to working with your firm in the years ahead.

Sincerely,

A handwritten signature in black ink, appearing to read "Nancy Little", with a long horizontal flourish extending to the right.

Nancy Little, Principal

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: PACETTI BAY MIDDLE SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2010

Rating	Issues	Recommendation	Management Response
High	<p>1</p> <p>Authorization of Disbursements</p> <p>During our test of disbursements, we noted check # 1642 and 1989 had a materials requisition/check request form that was prepared after the date of purchase commitment.</p> <p>Disbursements that do not have approval prior to the purchase could result in overspending of the budget or misappropriations of funds.</p>	<p>We recommend that all disbursements have the proper forms prepared and signed by the teacher/sponsor requesting the expenditure and approved by the principal before the expenditures are made.</p> <p>The Internal Accounts Handbook, Section 5.01 states the general provisions of expenditures. We recommend the above policies be followed without exception.</p>	<p>See School Response following the School Findings</p>
Moderate	<p>2</p> <p>Fundraising Activity Approval</p> <p>During our testing, we noted that monies were collected for the technology discount book fund raising activity prior to the principal's approval.</p> <p>Without the proper controls surrounding fundraising activity, cash collections and items to be sold could be misappropriated.</p>	<p>The Internal Accounts Handbook Section 4.05(b) states that, "The principal shall control the fund raising activities conducted in the name of school and assure that the purposes are worthwhile." We recommend that pre-approval of all fund raising activities should be documented on the Fund Raising Activity Form.</p>	<p>See School Response following the School Findings</p>

PACETTI BAY MIDDLE SCHOOL



MS. SUE SPARKMAN
PRINCIPAL

MS. KELLY JACOBSON
ASSISTANT PRINCIPAL

MEMORANDUM

TO: Ms. Clara Ewing, RSM McGladrey, Inc.
Mr. Conley Weiss, Executive Director of Finance

FROM: Ms. Sue Sparkman, Principal, Pacetti Bay Middle School

DATE: August 9, 2010

RE: 2009 - 2010 Internal Audit Noncompliance Results

After reviewing the Internal Audit findings for the 2009 -2010 school year, the following procedural changes have been implemented:

1. FINDING

In two instances, prior approval was not completed before the actual invoice and/or contract was generated. As a result of this error in dating, this procedure jeopardizes the accuracy of overspending on the individual accounts related to checks #1642 and #1989.

PROCEDURE CHANGE

Will insure that all material requisition forms are signed by the Principal prior to any invoices and/or contracts being signed or products being ordered.

2. FINDING

In one instance, the fund raising report was dated and activity began before the signature of the Principal was received.

PROCEDURE CHANGE

Will insure that all fund raising activity forms are signed by the Principal prior to any collection or sales of any fundraising activity.

Should you have any questions, concerns or need additional information, please feel free to contact myself or Ms. Durham at (904) 547-8763.

Cc: Cathy Skarr, Finance Department

245 MEADOWLARK LANE
SAINT AUGUSTINE, FL 32092

PHONE
(904) 547-8760

WEB
WWW-PBM.STJOHNS.K12.FL.US

FAX
(904) 547-8765

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: PONTE VEDRA HIGH SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/27/2010

Rating	Issues	Recommendation	Management Response
High	1	Authorization of Disbursements	
New	During our testing of disbursements, we noted check #2373 and 2374 had only one signature. Checks being disbursed with only one signature could result in misappropriation of funds.	The Internal Accounts Handbook states that all transactions must have two signatures. (District Internal Accounts Handbook, Section 5.02) We recommend this policy be followed without exception.	See School Response following the School Findings
High	2	Authorization of Expenditures	
Recurring	During our test of disbursements, we were unable to verify the material requisition approval timeliness for checks #2128 and #2368, as the materials requisition principal/designee did not date their approval. Disbursements that do not have approval prior to the purchase could result in overspending of the budget or misappropriations of funds.	We recommend that all disbursements have materials requisition/check request forms have documented approval with date of approval by the principal/designee approving the expenditure to ensure that material requisitions/check request are properly approved before the expenditures are made.	See School Response following the School Findings

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: PONTE VEDRA HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/27/2010

Rating	Issues	Monies Collected	Recommendation	Management Response
Moderate	3	Monies Collected Forms		
New	During our testing of cash receipts, we noted cash or check is not listed next to each amount collected on the monies collected form #1840 and #1841. Without a listing of cash or check for each amount collected, it is difficult to verify if the correct amount of cash is being deposited.	We recommend cash or check is written by the person collecting the funds next to all collections on the monies collected form, in order for persons to verify the total cash and checks being deposited from the Moneys Collected Form to the deposit slip.		See School Response following the School Findings
Rating Low	4	Yearbook		
New	During our testing of the yearbook inventory, we noted the following: <ul style="list-style-type: none"> The school was not familiar with the yearbook inventory process as required by the District. An inventory/reconciliation was not prepared for the yearbook account. <p>We were able to perform a reconciliation within reason based on the requested documentation obtained from the bookkeeper and yearbook sponsor.</p> <p>Without the proper controls surrounding yearbook sales, inventory, cash collections and items to be sold could be misappropriated.</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.	See School Response following the School Findings	



August 10, 2010

RSM McGladrey, Inc.
Attn: Clara Ewing
7351 Office Park Place
Melbourne, FL 32940

Dear Ms. Ewing:

Please accept the following as my response for Ponte Vedra High School's audit findings covering FY 2009-2010:

- 1. Two checks had only one signature.**
Response: An oversight by the bookkeeper caused the checks to go out with the Principal's signature only.
The bookkeeper will ensure all checks have two signatures.
ECD: Immediate
- 2. Two materials requisitions were signed but not dated.**
Response: Two Requests for Purchase approvals were not dated. However, they were signed by the Principal/designee.
The bookkeeper will ensure all requests are dated properly.
ECD: Immediate
- 3. Two Monies Collected Forms were not listed as cash or check.**
Response: The cash box did not have an "X" on two of the Monies Collected Forms. The money listed for those items did balance.
The bookkeeper will ensure all Monies Collected Forms are filled out properly.
ECD: Immediate
- 4. Yearbook inventory was not reconciled.**
Response: Sales will be done on-line this year. The yearbook sponsor will maintain a list of sales and inventory. The bookkeeper will ensure the inventory is reconciled.
ECD: Immediate

Sincerely,

Craig Speziale, Principal
460 Davis Park Road
Ponte Vedra, Florida 32081
(904) 547-7350
(904) 547-7355
www-pvhs.stjohns.k12.fl.us

8-10-10
Date

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: PVPV - RAWLINGS ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2010

Rating	Issues	Extended Day Collections	Recommendation	Management Response
High	<p>1</p> <p>During our test of cash receipts, we noted one receipt for extended day services that could not be verified as collected in advance of the child's participation in the activity.</p> <p>Non advanced receipt of extended day program fees can result in lost revenues due to the school and the inability to properly fund the costs of the program.</p>	<p>Extended Day Collections</p> <p>The Internal Accounts Handbook (Section 3.01 (g)(iii)) 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>The Internal Accounts Handbook (Section 3.01 (g)(x)) states "Pre-numbered receipts shall be issued by the Extended Day program to parents/guardians when money is collected."</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>Recommendation</p>	<p>Management Response</p> <p>See School Response following the School Findings</p>
Moderate	<p>2</p> <p>During our test of returned checks, we noted 2 NSF checks totaling \$220, were not transferred to the general fund at year-end.</p>	<p>Returned Checks</p> <p>The Internal Accounts Handbook (Section 6.05) states that NSF checks outstanding at year-end shall be transferred to the General Fund in accordance with the School Board Internal Accounts Chart of Accounts as not to overstate the year-end cash balance in the related account collecting the funds.</p>	<p>Recommendation</p>	<p>Management Response</p> <p>See School Response following the School Findings</p>

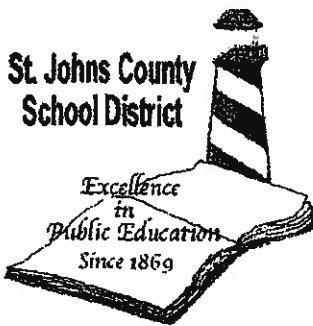
ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: PVPV - RAWLINGS ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2010

Rating	Issues	Monies Collected Forms	Recommendation	Management Response
High	3			
New	During our testing of cash receipts, we noted cash or check is not listed properly next to each amount collected on the monies collected form #394655 and #394657. Without a listing of cash or check for each amount collected, it is difficult to verify if the correct amount of cash is being deposited.	Monies Collected Forms	We recommend cash or check is written by the person collecting the funds next to all collections on the monies collected form, in order for persons to verify the total cash and checks being deposited from the Monies Collected Form to the deposit slip.	See School Response following the School Findings
Rating	Issues	Safe Combination	Recommendation	Management Response
Moderate	4			
New	Section 2.08(c) of the Internal Accounts Handbook states, "The combination shall be changed whenever there is a change in administrative personnel and/or bookkeeper or at the end of every third year." Per discussion with the bookkeeper, the safe combination has not been changed in at least the last three years.	Safe Combination	We recommend the school contact a locksmith to have the combination changed in accordance with Section 2.08(c) of the Handbook, and monitor the changes going forward to ensure compliance and safeguarding of assets.	See School Response following the School Findings



PVPV/RAWLINGS Elementary School

Kathleen Furness, PRINCIPAL
610 Highway A1A North
Ponte Vedra Beach, Florida 32082

August 23, 2010

Ms. Clara M. Ewing
RSM McGladrey, Inc.
7351 Office Park Place
Melbourne, FL 32940

Dear Ms. Ewing:

Thank you for the opportunity to respond to the finding of our Internal Funds Audit for the school year of July 1, 2009 to June 30, 2010. Please consider this our formal response.

1. Extended Day not using pre-numbered receipts - This procedure has been discussed with our Extended Day Coordinator and pre-numbered receipts will be used for all monies collected. All funds due will be received and recorded to show that they were collected prior to the students attending extended day. The receipts used for the audited year were from Quick Book Pro and were dated but not pre-numbered. All monies collected will be receipted when collected.
2. Returned Checks not transferred to the general fund at year end - These checks were from the month of June and CheckRedi was to reimburse us. The CheckRedi reimbursement did not come in until after the close of the fiscal year. All checks will be transferred to the general fund at the end of the year even when a reimbursement is pending.
3. Monies Collected Forms not filled out properly - We will review the proper way to fill out the Monies Collected Forms with the staff at the beginning of the school year. Properly listing cash and checks will be stressed.
4. The combination to the safe has not be changed every third year - We have been in contact with Village Key to schedule the changing of the combination of the school safe.

We appreciate the way our audit was conducted in a professional and timely manner.

Sincerely,

Kathleen Furness
Principal

Belinda Rawson
Bookkeeper

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: GAMBLE ROGERS MIDDLE SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/12/2010

Rating	1	Issues	Ticket Sales	Recommendation	Management Response
High					
New		<p>During our test of ticket sales, we noted that a Ticket Sales Report was completed incorrectly as there appeared to be less money collected, \$10, than what should have been collected based on the ticket price and number sold on the ticket sales report.</p> <p>Completing the ticket sales report incorrectly and not properly reconciling cash collected to the number of tickets sold could result in missing tickets and/or misappropriation of funds.</p>	<p>Per the Internal Accounts Handbook, <i>Sale of Tickets</i> section, (4.04(a)(v)), "The bookkeeper shall reconcile the cash collected to the number of tickets sold, sign off on the Report of Tickets Sold and Report of Monies Collected, update the ticket inventory for sold tickets, and follow School Board policies for receipting and depositing funds." We recommend that this policy be followed without exception.</p>		<p>See School Response following the School Findings</p>
Rating	2	Issues	Completion of Monies Collected Forms	Recommendation	Management Response
High					
New		<p>During our testing of cash receipts, we noted cash or check is not listed next to each amount collected on the monies collected form # 344141 and 344207. Without a listing of cash or check for each amount collected, it is difficult to verify if the correct amount of cash is being deposited.</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. We recommend the above policy be followed without exception.</p>		<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: **GAMBLE ROGERS MIDDLE SCHOOL - CONTINUED**

DATE OF ON-SITE VISIT AT THE SCHOOL: **8/12/2010**

Rating	3	Issues	Documentation of Disbursement	Recommendation	Management Response
High		<p>During our testing of cash disbursements, we noted that Check # 6654 was not supported by a detailed receipt. We were therefore unable to review the detail of the items purchased or verify that sales tax was not paid.</p> <p>Disbursements without supporting documentation could result in misappropriation of funds.</p>	<p>The Internal Accounts Handbook (Section 5.01(b)) states "Supporting Material Requisition/Check Request form, invoice or receipt substantiating purchase, and check stub shall be maintained on file for all disbursements".</p>		<p>See School Response following the School Findings</p>
Rating	4	Issues	Returned Checks	Recommendation	Management Response
Moderate		<p>During our test of returned checks, we noted three NSF checks totaling \$275, were not transferred to the general fund at year-end.</p>	<p>The Internal Accounts Handbook (Section 6.05) states that NSF checks outstanding at year-end shall be transferred to the General Fund in accordance with the School Board Internal Accounts Chart of Accounts as not to overstate the year-end cash balance in the related account collecting the funds.</p>		<p>See School Response following the School Findings</p>
New					

Gamble Rogers Middle School

6250 US1 South • St. Augustine, Florida 32086
Telephone (904) 547-8700 • Fax (904) 547-8705
www-grms.stjohns.k12.fl.us

Beverly Gordon
Principal

Endolyn Davis
Assistant Principal

September 1, 2010

RSM McGladres, Inc.
7351 Office Park Place
Melbourne, FL 32940

To: Clara M. Ewing,

Re: In response to the audit findings for Gamble Rogers Middle School for the 2009/2010 school year:

Issue 1-Ticket Sales

We will reconcile the cash collected to the number of tickets sold. 4.04

Issue 2-Completion of Monies Collected Forms

We have reviewed the monies collected form with all staff emphasizing the importance of listing the check number or checking the cash box. 4.0

Issue 3- Documentation of Disbursement


This check was issued to Publix Supermarket; Publix sends out monthly invoices. The invoice was attached to support the check along with the check requisition. The actual cash register receipt was not attached; we will keep the receipts and attach to the statements. 5.01

Issue 4-Returned Checks

We will transfer the NSF checks to the General Fund as directed in the Internal Handbook, prior to the end of the fiscal year. 6.05

Sincerely,


Beverly Gordon
Principal


Dawn Wynn
Bookkeeper

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: SEBASTIAN MIDDLE SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2010

Rating	Issues	Recommendation	Management Response
High	<p>1</p> <p>During our testing of outside organizations, we noted three donations received from the school's PTO (receipt 3, 19, and 56).</p> <p>Prior approval by the District Chief Financial Officer was not obtained for these transactions.</p>	<p>Recommendation</p> <p>The Internal Accounts Handbook states that any and all transactions with school support organizations (PTA, PTO, & Booster Clubs) must have prior approval of the District Chief Financial Officer. (District Internal Accounts Handbook, Section 3.01vii and Article X). We recommend this policy be followed without exception.</p>	<p>Management Response</p> <p>See School Response following the School Findings</p>
High	<p>2</p> <p>During our testing of cash receipts, we noted the following:</p> <ul style="list-style-type: none"> Cash or check is not listed next to each amount collected on monies collected forms # 6, 15, 36, 118, 120 and 186. The cash amount on the deposit slip for monies collected forms #118-120 was not mathematically correct. In total, the amount agreed to the monies collected forms. <p>Without a listing of cash or check for each amount collected, it is difficult to verify if the correct amount of cash is being deposited. Inaccuracy of monies collected could result in misappropriation of funds.</p>	<p>Recommendation</p> <p>We recommend cash or check is written by the person collecting the funds next to all collections on the monies collected form, in order for persons to verify the total cash and checks being deposited from the Monies Collected Form to the deposit slip.</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>Management Response</p> <p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: SEBASTIAN MIDDLE SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2010

Rating		Issues	Recommendation	Management Response
Moderate	3	<p>Sales Tax</p> <p>During our testing of disbursements, we noted that check # 2008 which was for items for resale purchased from an out-of-state vendor did not include sales tax. Furthermore, the sales tax was not paid to the Florida Department of Revenue. The School Board is subject to sales tax when items purchased are for resale; therefore sales tax should have been paid.</p>	<p>We recommend the bookkeeper review the sales tax policy in the Internal Accounts Handbook, which states, "All items purchased for resale are subject to Florida Sales Tax unless specifically exempted. For purchases for resale from out-of-state suppliers that do not add Florida sales tax to the purchase price, schools shall file Form DR-15MO Use Tax on Out-of-State Purchases with the Florida Department of Revenue. This form shall be used to transmit the sales tax calculated on the purchase price of the resale item" (Section 5.05(b)).</p>	<p>See School Response following the School Findings</p>
Low	4	<p>Contract Authorization</p> <p>During our testing of the yearbook, we noted that the yearbook agreement was 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>See School Response following the School Findings</p>

SEBASTIAN MIDDLE SCHOOL

Kelly Battell, Principal
Debra Allred, Assistant Principal

Lorena Hernandez, Bookkeeper
Jeff Baldwin, Maintenance Manager

August 25, 2010

Clara Ewing
RSM McGladrey, Inc.
7351 Office Park Place
Melbourne, FL 32940

Dear Ms. Ewing:

As per your request, below you will find our response to the four audit findings for Sebastian Middle School for 2009 – 2010 school year.

1. Regarding donations from outside organizations, there were three instances where the PTO reimbursed the school's internal accounts for purchases they made without prior approval: **Ms. Hernandez did receive verbal approval from the District Chief Financial Officer for reimbursement to the school's internal account. In the future, we will request approval in writing. ECD: 08/25/2010**
2. Regarding cash receipts not listing cash/checks on the monies collected form: **Returning Staff have been reminded of this procedure. New Teachers will receive individual training on procedures for all receipts and disbursements. Each staff member has received a handbook which includes a section on the "how to" procedures for all monies. ECD: 08/18/2010**
3. Regarding the disbursement (check #2008) which was for items purchased with the intent to resale, vendor did not charge sales tax: **This was an isolated incident and has been addressed with the sponsor involved. ECD: 08/18/2010**
4. Regarding notation that the yearbook agreement was signed by the Assistant Principal and not the Principal: **The Assistant Principal is our primary contact for the yearbook, therefore they sign the contract, and in addition the Principal will also sign the contract. Both have signed the 2010 - 2011 contracts. ECD: 07/01/2010**

Please do not hesitate to contact me or Ms. Hernandez should you have any further questions or concerns.

Sincerely,



Kelly Battell

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: SOUTH WOODS ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/12/2010

Rating	Issues	Recommendation	Management Response
High	<p>1</p> <p>Disbursements Authorization and Completion of Forms</p> <p>During our test of disbursements, we noted the following:</p> <ul style="list-style-type: none"> The Materials Requisition/Check Request form did not include the internal account to be used. Check #2397 and 2399 were not substantiated by the required District authorized field trip form. <p>Disbursements without proper supporting documentation could result in misappropriation of funds.</p>	<p>We recommend that all disbursements have the proper forms completely filled out and approved by the principal before the expenditures are made.</p> <p>The Internal Accounts Handbook, Section 5.02(a) states the general provisions of the Materials Requisition/Check Request form.</p> <p>The Internal Accounts Handbook, Section 4.06 notes the requirements of pre approval for all field trips.</p> <p>We recommend the above policies be followed without exception.</p>	<p>See School Response following the School Findings</p>
High	<p>2</p> <p>Segregation of Duties</p> <p>We noted the bookkeeper occasionally opens the mail, prepares the Report of Monies Collected, and deposit slips, issues receipts, and prepares the bank reconciliation.</p> <p>As the bookkeeper's duties include bank deposits, posting monies collected in the computer and bank reconciliation, there is not an appropriate level of segregation of duties if they are also the initial collector of monies and preparer of the monies collected forms. Without the proper segregation of duties and controls surrounding cash, there is an increased likelihood of errors, misappropriation of funds or other types of irregularities to occur without being detected within an acceptable timeframe.</p>	<p>In accordance with section 4.02(c), "Monies shall be collected only by persons authorized by the principal. The bookkeeper cannot be designated as the primary recipient of original receipts. An alternative recipient should be designated by the principal. Acceptable designees include school principal, assistant principal, receptionist, teachers, coaches, or directors."</p> <p>We recommend a person other than the bookkeeper be the initial collector of all funds and the initial preparer of the monies collected forms. Once the funds are collected and documented on a monies collected form they are then submitted to the bookkeeper. The bookkeeper will verify the count, sign and date the form and return a copy to the person responsible for the collection of the funds.</p>	<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: SOUTH WOODS ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/12/2010

Rating	Issues	Fundraising Activity	Recommendation	Management Response
High	3	During our testing of fund raising activities we noted that the School had a candy sale to raise money for the 5 th grade class, but did not utilize the fundraising activity form nor the fundraiser checklist to document the fundraiser. Without the proper controls surrounding fundraising activity, cash collections and items to be sold could be misappropriated.	Section 4.05(g) of the Internal Accounts Handbook states that, "All fund raising requests shall be documented on a District authorized fund raising activity form accompanied by a supporting fund raising checklist." We recommend that the school complete the proper forms to document pre-approval and the overall financial results of the fund raiser after completion.	See School Response following the School Findings
Moderate	4	Issues	Safeguarding Forms	Management Response
New	We observed that the blank checks are locked in a filing cabinet, but blank deposit slips are not maintained in a locked area. Lack of safeguarding of forms related to deposit could result in misappropriation of funds or inaccurate recordkeeping.		The Internal Accounts Handbook (Section 2.08(b)) lists the following items allowable to be stored outside of the safe: blank check stock, official receipt books, tickets, and deposit slips; It further states "those items must remain locked in a filing cabinet, desk, or credenza if not maintained in the safe."	See School Response following the School Findings

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: SOUTH WOODS ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/12/2010

Rating	Issues	Yearbook	Recommendation	Management Response
Moderate	5			
New	<p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> The school was not familiar with the yearbook inventory process as required by the District. An inventory/reconciliation was not prepared for the yearbook account. <p>We were able to perform a reconciliation within reason based on the requested documentation obtained from the bookkeeper and yearbook sponsor.</p> <p>Without the proper controls surrounding yearbook sales, inventory, cash collections and items to be sold 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>See School Response following the School Findings</p>	
Moderate	6			
New	<p>Section 1.01(vi) of the Internal Accounts Handbook states, "Funds collected during the late afternoon or for evening activities shall be placed in a safe or school night depository." Section 2.08(e) of the Internal Accounts Handbook also states, "The safe must have a built-in slot for night depository."</p> <p>Per discussion with the bookkeeper, there is no night depository.</p>	<p>School Night Depository</p> <p>We recommend the school add a school night depository and refer to Section 4.03(c) of the Internal Accounts Handbook for further guidance on procedures.</p>	<p>See School Response following the School Findings</p>	



South Woods Elementary School
4750 State Road 206 West
Elkton, Florida 32033
(904) 547-8610; Fax (904) 547-8615
<http://www-swe.stjohns.k12.fl.us/>

Brian McElhone, Principal
Mary Davis, Assistant Principal
Michelle Serrano, Exec. Bookkeeper/Secretary
Bennie Witt, Maintenance Coordinator
Doris Humphrey, Registrar

Clara M Ewing
RSM McGladrey, Inc.
7351 Office Park Place
Melbourne, FL 32940

Dear Ms. Ewing:

The following are the responses to the Audit review:

Issue #1: Disbursements Authorization & Completion of Forms:

Materials Requisition/Check Request form did not include the internal account to be used.

Response: Account number is placed on form.

Check# 2397 & 2399 were not substantiated by the required District authorized field trip form.

Response: All required Field trip forms shall be attached to each check issued.

Issue#2: Segregation of Duties:

Noted the bookkeeper occasionally opens the mail, prepares the Report of Monies Collected and deposit slips, issues receipts and prepares the Bank Reconciliation.

Response: Receptionist opens all mail and submits and Monies collected form for all monies received through mail.

Issue #3: Fundraising Activity:

During the testing of fund raising activities we noted that the School had a candy sale to raise money for the 5th grade class, but did not utilize the fundraising activity form or the fundraiser checklist to document the fundraiser.

Response: All required Fund raising forms shall be used and kept on file.

Issue#4: Safe guarding Forms:

Observed that the blank checks are locked in a filing cabinet, but blank deposit slips are not maintained in a locked area.

Response: Blank deposit forms are locked in same locked filing cabinet as blank checks.



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Audit Response continues:

Issue#5: Year Book:

During the testing of the Year Book Inventory, we noted the following: The School was not familiar with the Year Book process as required by the District and An Inventory/reconciliation was not prepared for the Year Book Account.


Response: Procedures are in placed to properly prepare & perform a Year Book Reconciliation according to the Internal Funds Procedure Manual.

Issue#6: School Night Deposit

No Night Depository.

Response: Night Depository will be installed outside of Bookkeeper's office.

Sincerely:


Brian McElhone, Principal

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: ST. AUGUSTINE HIGH SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/28/2010

Rating	Issues	Authorization of Disbursements	Recommendation	Management Response
High	1	Authorization of Disbursements During our testing of disbursements, we noted check #'s 11855, 11854, 11876, 11918, 11921, 11923, 11924, 11925, 11926, 11927, 11957, 11956, and 11965 having only one signature, by either the principal or the bookkeeper. Checks being disbursed with only one signature could result in misappropriation of funds.	The Internal Accounts Handbook, Section 5.01(a), states that, "All checks written must be signed with two signatures." We recommend that this policy be followed without exception.	See School Response following the School Findings
High	2	Issues During our test of cash receipts, we noted the following: <ul style="list-style-type: none"> The deposit prepared on 8/11/09 (monies collected forms 376835-376838) in which money was prepared for deposit on 8/11/09, but not picked up by the courier until 8/21/09. Monies collected form 376979, for which money was collected on 10/1/09, but not remitted to the bookkeeper until 10/2/09. Deposits not made within 5 business days result in inaccurate records and could be the result of misappropriated funds.	Frequency of Deposits The Internal Accounts Handbook, Section 4.02 (f) states "All funds collected and supporting Report of Monies Collected shall be delivered to the bookkeeper on the day of collection." We recommend this policy be followed without exception. 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 this policy be followed without exception.	See School Response following the School Findings

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: ST. AUGUSTINE HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/28/2010

Rating	Issues	Recommendation	Management Response
High	3 The school has an investment account at a financial institution that is not a qualified public depository.	Non-qualified Depository The Internal Accounts Handbook, Section 2.02, states that, "Depositories in which internal funds are kept must be a Florida qualified public depository and an institution authorized by the District." We recommend that school personnel consult with the District prior to opening any other bank accounts to obtain authorization for the depository in which the account is opened.	See School Response following the School Findings
High	4	Segregation of Duties During our testing, we noted three instances within our sample where the bookkeeper was the initial preparer of monies collected forms (Monies collected forms # 376838, 376821, and 377155). Bookkeeper duties include bank deposits, posting monies collected in the computer and bank reconciliation, as such, there is not an appropriate level of segregation of duties if they are also the initial collector of monies and preparer of the monies collected forms. Without the proper segregation of duties and controls surrounding cash, there is an increased likelihood of errors, misappropriation of funds or other types of irregularities to occur without being detected within an acceptable timeframe.	See School Response following the School Findings

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: ST. AUGUSTINE HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/28/2010

Rating	5	Issues	Completion of Monies Collected Forms	Recommendation	Management Response
High					
New		<p>During our testing of cash receipts, we noted cash or check is not listed next to each amount collected on monies collected forms for the deposits on 8/11/09 and 11/30/09 (receipt numbers 377121-377122 and 376830 respectively), thus we were unable to agree the cash and checks deposited. Without a listing of cash or check for each amount collected, it is difficult to verify if the correct amount of cash is being deposited.</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. We recommend the above policy be followed without exception.</p>		<p>See School Response following the School Findings</p>
Rating	6	Issues	Ticket Sales	Recommendation	Management Response
High					
New		<p>During our test of ticket sales, we were unable to account for all of the tickets, as the starting ticket number per the ticket roll was not in sequence of the ending ticket number per the control sheet. Unaccountable tickets could be the result of misappropriated funds.</p>	<p>The Internal Accounts Handbook, Section 4.04(a)(i)(4), states that written ticket inventory records should include "any tickets that not have been accounted for, including notations about the ticket numbers." We recommend that the ticket inventory records be reviewed by the person responsible for ticket inventory to ensure this information is documented when ticket records are received. We recommend the above policy be followed without exception</p>		<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: ST. AUGUSTINE HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/28/2010

Rating	Issues	Yearbook Sales	Recommendation	Management Response
High	7	<p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> The school was not familiar with the yearbook inventory process as required by the District. A listing of individuals who purchased yearbooks, including the sale amount and number of yearbooks purchased was not maintained. A listing of individuals who received complimentary yearbooks was not maintained. An inventory/reconciliation was not prepared for the yearbook account. <p>We were unable to perform a reconciliation due to the above. Without the proper controls surrounding yearbook sales, inventory, cash collections and items to be sold 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>See School Response following the School Findings</p>
Low	8	<p>Fundraiser Activities</p> <p>During our testing of fundraisers, we noted the following:</p> <ul style="list-style-type: none"> Approval by the principal on the fund raising activity form was not dated, so we were unable to determine if prior approval was obtained for the activity. The fundraising checklist was not included with the supporting documentation. <p>Without the proper controls surrounding fundraising activity, cash collections and items to be sold could be misappropriated.</p>	<p>We recommend that the fund raiser activity form be completed in accordance with Internal Accounts Handbook, Section 4.05(g). The Principal should date all of her approvals to evidence timeliness. We recommend the above policy be followed without exception.</p>	<p>See School Response following the School Findings</p>



St. Augustine High School

3205 Varella Avenue
St. Augustine, Florida 32084
904-547-8530

Cathy Mittelstadt
Principal
Dawn Sapp
Assistant Principal
Dr. Craig Davis
Assistant Principal
Joan Salzburg
Career Specialist

DATE: August 23, 2010

TO: Clara Ewing
Consulting-Risk Management

FROM: Cathy Mittelstadt
Principal

Dawn Sapp for Cathy Mittelstadt

RE: Internal Funds Review

In response to the findings from the SAHS Internal Funds review the following actions will occur to ensure a quality assurance for the upcoming school year 2010-2011.

Issue #1 Authorization of Disbursements. The Principal will ensure that all disbursements have the required two signatures as required by section 5.01(a) of the Internal Funds Procedure Manual.

Issue #2 Frequency of Deposits. The Principal will ensure that all monies collected are delivered to the bookkeeper on the day of collection and deposited within the 5 business day requirement as required by Section 4.02 (f) and 4.03. To ensure this occurs the Principal's Executive Secretary serve as a back-up in case the bookkeeper is absent from work.

Issue #3 Non-qualified Depository. The Principal did seek District Approval from CEO Conley Weiss before opening a trust account with Raymond James.

Issue #4 Segregation of Duties. The Principal will ensure the bookkeeper is not the designated primary recipient of original receipts, in accordance with section 4.02(c).

Issue #5 Completion of Monies Collected Forms. The Principal will ensure that the depositor record all cash or check numbers with each student's name to verify the correct cash being deposited, in accordance with section 4.01 (a) (iv) of the Internal Funds Procedures Manual.

Issue #6 Ticket Sales. The Principal will ensure the designee for ticket sales accounts for all tickets in sequential order. Any unaccounted tickets will result in an investigation by a designee determined by the Principal. This will ensure section 4.04(a)(i)(4) is met with fidelity.

Issue #7 Yearbook Sales. The Principal will ensure the Yearbook sponsor follows all district required procedures. Information regarding sales is kept in the Yearbook sponsor's office. The yearbook sponsor lists each student, the Check number or Cash, and the dollar amount paid on the Report of

Monies Collected forms that are submitted with the amounts to be deposited in the account. SAHS also receives a report from Herff Jones that lists on line purchases with the student name, number of yearbooks purchased and the amount paid. The students must sign for their books when picked up. Beginning 2010-2011, a file with all required documentation and a reconciliation will be kept on file in the Bookkeeper's office.

Issue #8 Fund Raiser Activities. All Fund raiser activities will be properly dated by the Principal to ensure all request had prior approval.

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: ST. JOHNS TECHNICAL HIGH SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/29/2010

Rating	Issues	Returned Checks	Recommendation	Management Response
Moderate	1			
New	<p>During our test of returned checks, we noted the returned checks are incorrectly posted to the general ledger upon redeposit. The June 30, 2010 balance should have been \$0, however was shown as \$341 on the ledger.</p> <p>In addition, the bank reconciliation for the period showed \$25 in returned checks, which should have been an indication to the bookkeeper that something was not correct in the ledger.</p> <p>Per Section 6.05 of the Internal Accounts Handbook, NSF checks outstanding at year-end shall be transferred to the General Fund in accordance with the School Board Internal Accounts Chart of Accounts as not to overstate the year-end cash balance in the related account collecting the funds.</p>	<p>We recommend the bookkeeper review the Internal Accounts Handbook Section 6.05 related to Returned Checks and verify the correct process with the District office.</p>		<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: ST. JOHNS TECHNICAL HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/29/2010

Rating	Issues	Segregation of Duties	Recommendation	Management Response
<p>High</p>	<p>2</p> <p>We noted the bookkeeper opens the mail, prepares the Report of Monies Collected, and deposit slips, issues receipts, and prepares the bank reconciliation. She also occasionally collects funds directly from students.</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 understand this is a small school with ~250 students and one resource that serves as both secretary and bookkeeper. We also understand that the majority of payments come in through the mail and are in check format (for driver's education).</p> <p>However, we recommend that the principal work with the District to identify an adequate way to segregate the duties of initiating, authorizing, recording and custody over cash assets at the school utilizing existing staff resources.</p>	<p>See School Response following the School Findings</p>	<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: ST. JOHNS TECHNICAL HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/29/2010

Rating	Issues	Yearbook Reconciliation	Recommendation	Management Response
High	3	<p>We noted there was no reconciliation prepared for the Yearbook account. We were unable to perform reconciliation as there was no listing of persons who purchased the yearbooks and at what sales price, nor was there a listing of persons who received complimentary yearbooks.</p> <p>We noted a substantial number of unsold yearbooks at year-end.</p> <p>Without the proper controls surrounding yearbook sales, inventory, cash collections and items to be sold could be misappropriated.</p>	<p>We recommend the procedures at Section 9.04 Yearbook Inventory of the Internal Accounts Procedure Manual be followed and a final reconciliation of the yearbook account be performed as of year-end.</p>	<p>See School Response following the School Findings</p>
Rating	Issues	Safe Combination	Recommendation	Management Response
Moderate	4	<p>Section 2.08(c) of the Internal Accounts Handbook states, "The combination shall be changed whenever there is a change in administrative personnel and/or bookkeeper or at the end of every third year."</p> <p>Per discussion with the bookkeeper, the safe combination has not been changed in at least the last two years, although there was a Principal change during FY2008/2009.</p>	<p>We recommend the school contact a locksmith to have the combination changed in accordance with Section 2.08(c) of the Handbook, and monitor the changes going forward to ensure compliance and safeguarding of assets.</p>	<p>See School Response following the School Findings</p>



St. Johns Technical High School

2980 Collins Ave., Bldg. E
St. Augustine, Florida 32084

Joy Taylor
Principal

Phone: 904-547-8500 Fax: 904-547-8505
website: www.sjth.stjohns.k12.fl.us

Kim Dugger
Turnaround Specialist

August 23, 2010

To Whom It May Concern:

I am writing in reference to the audit report generated for St. Johns Technical High School for the 2009-2010 school year.

In regard to the first cited issue, returned checks, the bookkeeper has reviewed the internal funds manual related to this issue. In the future required procedures will be followed.

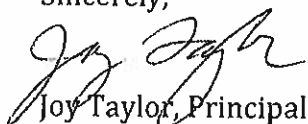
In regard to the segregation of duties recommendation, we have planned for two identified individuals to assist the bookkeeper with the collecting, initialing, authorizing, recording and custody of cash and receipts. This will insure the separation of tasks related to the collection of funds.

In regard to the yearbook reconciliation, suggestion was made to follow procedure to insure that final reconciliation of the yearbook account be performed as of year-end. In response to the recommendation, I have appointed a new yearbook sponsor who will be trained in the correct yearbook inventory procedures. Records will be reviewed regularly by the principal to insure accurate records reflecting all sales.

Finally, in regard to the recommendation related to our safe combination, our maintenance coordinator has contracted with SAFE, a security business, to reset the combination to our school safe. The combination will be reset by Friday, August 27, 2010,

Please let us know if you have further concerns. We appreciate your support.

Sincerely,



Joy Taylor, Principal

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: SWITZERLAND POINT MIDDLE SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2010

Rating	Issues	Authorization of Disbursements	Recommendation	Management Response
High	1	<p>Authorization of Disbursements</p> <p>During our test of disbursements, we noted check # 2029 had a materials requisition/check request form that was prepared after the date of purchase commitment.</p> <p>Disbursements that do not have approval prior to the purchase could result in overspending of the budget or misappropriations of funds.</p>	<p>We recommend that all disbursements have the proper forms prepared and signed by the teacher/sponsor requesting the expenditure and approved by the principal before the expenditures are made.</p> <p>The Internal Accounts Handbook, Section 5.01 states the general provisions of expenditures. We recommend the above policies be followed without exception.</p>	<p>See School Response following the School Findings</p>
High	2	<p>Issues</p> <p>Yearbook</p> <p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> The school was not familiar with the yearbook inventory process as required by the District. A listing of individuals who purchased yearbooks, including the sale amount and number of yearbooks purchased was not maintained. An inventory/reconciliation was not prepared for the yearbook account. <p>We were unable to perform a reconciliation based on the above. Without the proper controls surrounding yearbook sales, inventory, cash collections and items to be sold could be misappropriated.</p>	<p>Recommendation</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>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: SWITZERLAND POINT MIDDLE SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2010

Rating	Issues	Recommendation	Management Response
High	3	Bank Reconciliation	
New	<p>During our review of the year-end bank reconciliation, we noted an unreconciled balance of \$60 for which a description of the reason for the unreconciled amount was not listed.</p> <p>A bank reconciliation offers checks and balances for the school's accounting and the bank's accounting. Bank reconciliations are a means to detect errors and misappropriation of funds.</p>	<p>We recommend that unreconciled items on the reconciliation be researched and documented within a timely basis and included with the principal's review of the monthly bank reconciliation.</p>	<p>See School Response following the School Findings</p>
Rating	Issues	Recommendation	Management Response
High	4	Monies Collected Forms	
New	<p>During our testing of cash receipts, we noted cash or check is not listed next to each amount collected on monies collected form # 390354. Without a listing of cash or check for each amount collected, it is difficult to verify if the correct amount of cash is being deposited.</p>	<p>We recommend cash or check is written by the person collecting the funds next to all collections on the monies collected form, in order for persons to verify the total cash and checks being deposited from the Monies Collected Form to the deposit slip.</p>	<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: SWITZERLAND POINT MIDDLE SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2010

Rating	Issues	Recommendation	Management Response
Moderate New	5 Safeguarding Forms We observed that the blank deposit slips are not maintained in a locked area. Lack of safeguarding of forms related to deposit and disbursement preparation could result in misappropriation of funds or inaccurate recordkeeping.	The Internal Accounts Handbook (Section 2.08(b)) lists the following items allowable to be stored outside of the safe: blank check stock, official receipt books, tickets, and deposit slips; It further states "those items must remain locked in a filing cabinet, desk, or credenza if not maintained in the safe."	See School Response following the School Findings
Moderate New	6 Chart of Accounts During our testing of cash receipts we noted that the school's general ledger chart of accounts numbering is not in alignment with the District prescribed chart of accounts numbering system.	We recommend the school utilize the District's established chart of accounts as outlined May 2008, without exception.	See School Response following the School Findings
Low New	7 Fundraising Activity During our testing of fundraising activities, we were unable to verify prior approval of one selected fundraiser as the principal approval was not dated.	We recommend that the principal date her approvals to evidence timeliness.	See School Response following the School Findings



Switzerland Point Middle School

777 Greenbriar Road
Saint Johns, Florida 32259-8336
(904) 547-8650
Fax (904) 547-8645
www-raider.stjohns.k12.fl.us

August 30, 2010

Clara Ewing
RSM McGladrey, Inc.
7351 Office Park Place
Melbourne, FL 32940

In response to the findings of the Switzerland Point Middle School 09-10 audit please be advised:

1. During test of disbursements, it was noted that there was a materials requisition /check request form that was prepared after the date of purchase commitment.

Response: All disbursements will have proper forms prepared and signed by teacher/sponsor and approved by Principal prior to expenditures being made. In the above instance, a contract had been signed by the Principal with pricing and payment obligation detailed prior to purchase commitment.
2. During Yearbook inventory, it was noted that a listing of individuals who purchased yearbooks, including the sale amount and number of yearbooks purchased was not maintained. An inventory/reconciliation was not prepared for the yearbook account.

Response: School will follow yearbook procedure as listed in the Internal Funds Manual. Sponsor will maintain required records and reconciliation will be prepared. Swiss Point will be moving to an online only ordering payment system. This procedure will require the yearbook company to maintain records and provide reconciliation to school.
3. During review of year-end bank reconciliation, an unreconciled balance of \$60 for which a description of the reason for the unreconciled amount was not listed.

Response: Unreconciled items will be researched and documented within a timely manner. The item in question is a bad check that was not collected. This item has been on the books for at least 2 years. This will be resolved.
4. During testing of cash receipts, it was noted cash or check is not listed next to the amount collected on a monies collected form.

Response: Teachers/ Sponsors have been reminded to clearly fill out Monies collected forms identifying all items collected as cash or check. Bookkeeper will verify that this being completed properly.
5. Observed that blank deposit slips are not maintained in a locked area.

Response: Blank deposit slips have been moved to locked area.

6. Was noted that the school's general ledger chart of accounts numbering is not in alignment with The District prescribed chart of accounts numbering system.

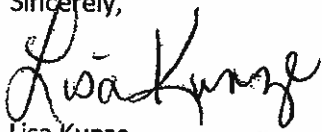
Response: We will align numbering system at year end roll over.

7. During testing of fundraising activities, were unable to verify prior approval of activity as the principal's approval was undated.

Response: Principal will date her approvals to evidence timeliness. Bookkeeper will check for dated signature

If you have any additional questions, please do not hesitate to call me.

Sincerely,



Lisa Kunze
Principal



Valerie Canepa
Bookkeeper

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: **TIMBERLIN CREEK ELEMENTARY SCHOOL**

DATE OF ON-SITE VISIT AT THE SCHOOL: **8/9/2010**

Rating	Issues	Returned Checks	Recommendation	Management Response
<p>Moderate</p> <p>New</p>	<p>1</p> <p>During our test of returned checks, we noted 7 NSF checks totaling \$486.95, were not transferred to the general fund at year-end.</p>	<p>Returned Checks</p> <p>The Internal Accounts Handbook (Section 6.05) states that NSF checks outstanding at year-end shall be transferred to the General Fund in accordance with the School Board Internal Accounts Chart of Accounts as not to overstate the year-end cash balance in the related account collecting the funds.</p>		<p>See School Response following the School Findings</p>

Timberlin Creek Elementary

Catherine Hutchins, *Principal*

Christy Slater, *Assistant Principal*



555 Pine Tree Lane
St. Augustine, Florida 32092

August 16, 2010

Ms. Clara M. Ewing
Consulting – Risk Management
7352 Office Park Place
Melbourne, FL 32940

Dear Ms. Ewing:

Please accept the following as our response to the draft of the formal audit finding covering FY 2009-2010 for Timberlin Creek Elementary School:

- **Issue:** - “During our test of returned checks, we noted 7 NSF checks totaling \$486.95, were not transferred to the general fund at year end.”
 - **Response** – Each month we will follow the process in the accounting software when dealing with any returned checks. This will ensure that account balances are not overstated on a monthly basis or at year-end in accordance with the School Board Internal Accounts Chart of Accounts.

Thank you for your assistance. If you have any questions or require additional information, please contact me at (904) 547-7400.

Sincerely,

A handwritten signature in black ink that reads "Catherine A. Hutchins".

Catherine Hutchins
Principal

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: WARDS CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2010

Rating		Issues	Extended Day Collections	Recommendation	Management Response
High	1	<p>During our test of cash receipts, we noted three instances where credit was extended for extended day services.</p> <p>Non advanced receipt of extended day program fees can result in lost 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>See School Response following the School Findings</p>	
High	2	<p>During our test of disbursements, we noted the supporting documentation for check # 1556 did not agree to the payment amount.</p> <p>Disbursements without complete and accurate supporting documentation could result in misappropriation of funds.</p>	<p>Documentation for Disbursements</p> <p>The Internal Accounts Handbook (Section 5.01 (b)) states that 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 this policy be followed without exception.</p>	<p>See School Response following the School Findings</p>	

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: WARDS CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2010

Rating	Issues	Accuracy of Monies Collected Forms	Recommendation	Management Response
High New	<p>3</p> <p>During our testing of the match accuracy of the deposits, we noted the following in regards to cash receipts:</p> <ul style="list-style-type: none"> • Cash or check was not listed next to each amount collected on the monies collected form #392678. Without a listing of cash or check for each amount collected, it is difficult to verify if the correct amount of cash is being deposited. • On monies collected forms 392675 and 392753, the monies collected was not totaled. • Receipt number 392180 had 3 separate monies collected forms. • Receipt number 392365 had 2 separate monies collected forms. One form was marked as 392365 in error. <p>Inaccuracy of monies collected could result in misappropriation of fund and without proper controls over cash collections, there is an increased chance of theft.</p>	<p>Accuracy of Monies Collected Forms</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>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>We also recommend that each monies collected forms be numbered separately for each collector to enhance reconciling and receiving by the bookkeeper is by each collector.</p>	<p>Recommendation</p> <p>The Internal Accounts Handbook states that any and all transactions with school support organizations (PTA, PTO, & Booster Clubs) must have prior approval of the District Chief Financial Officer. (District Internal Accounts Handbook, Section 3.01vii and Article X). We recommend this policy be followed without exception.</p>	<p>Management Response</p> <p>See School Response following the School Findings</p>
High New	<p>4</p> <p>During our testing of outside organizations, we noted a PTO donation (receipt 392669) was made to the school on 12/15/09. The PTO donation did not have prior approval by the District Chief Financial Officer.</p>	<p>Outside Organizations</p> <p>The Internal Accounts Handbook states that any and all transactions with school support organizations (PTA, PTO, & Booster Clubs) must have prior approval of the District Chief Financial Officer. (District Internal Accounts Handbook, Section 3.01vii and Article X). We recommend this policy be followed without exception.</p>	<p>Recommendation</p> <p>The Internal Accounts Handbook states that any and all transactions with school support organizations (PTA, PTO, & Booster Clubs) must have prior approval of the District Chief Financial Officer. (District Internal Accounts Handbook, Section 3.01vii and Article X). We recommend this policy be followed without exception.</p>	<p>Management Response</p> <p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: WARDS CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2010

Rating	Issues	Yearbook	Recommendation	Management Response
High	<p>5</p> <p>During our testing of the yearbook inventory, we noted that a listing of individuals who purchased yearbooks, including the sale amount and number of yearbooks purchased was not maintained by the school or the third party yearbook vendor.</p> <p>We were unable to perform a reconciliation based on the above. Without the proper controls surrounding yearbook sales, inventory, cash collections and items to be sold 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>See School Response following the School Findings</p>

WARDS CREEK ELEMENTARY



6555 State Road 16
St. Augustine, Florida 32092
904-547-8730
Don Campbell, Principal

August 19, 2010

To Whom It May Concern,

I would like to thank RSM McGladrey Inc. for their time and effort on behalf of Wards Creek Elementary School. In response to their findings:

- 1- **Credit Extended to Three Parents for Extended Day-** *This is a concern of our school, however; all efforts are made to ensure timely collection of fees. We will continue to emphasize the necessity of prompt payments. This will be an ongoing correction.*
- 2- **Supporting Check not Matching Documentation-** *The transaction in question was a check sent to the school board to fund a budget line for an emergency purchase for our P.E. department on the credit card. Unfortunately, not all items were available. The money is still available on the budget line for the P.E. Department. This is a one-time event.*
- 3- **Cash Receipts-** *Our bookkeeper will continue to counsel teachers on the importance of filling monies collected forms out correctly. This will be an ongoing correction.*
- 4- **PTO Donation received before District Permission-** *In future events the district will be notified before any money is received by the school. This item is already considered corrected.*
- 5- **Yearbook-** *This year Wards Creek had an outside vendor collect all money for yearbooks. It was then discovered when the yearbooks came in that the vendor had not been keeping track of individual payments. This situation has already been corrected by choosing a different vendor for next year that offers on-line tracking of payments.*

Sincerely,



Don Campbell
Principal

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: THE WEBSTER SCHOOL ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2010

Rating	Issues	Segregation of Duties	Recommendation	Management Response
High	1	<p>During our testing of segregation of duties, we noted the bookkeeper primarily opens the mail, on occasion someone at the front desk, and then gives the checks to the responsible person collecting the funds.</p> <p>As the bookkeeper's duties include bank deposits, posting monies collected in the computer and bank reconciliation, there is not an appropriate level of segregation of duties if they are also the initial collector of monies. 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>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>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>See School Response following the School Findings</p>
Moderate	2	<p>Safe Combination</p> <p>Section 2.08(c) of the Internal Accounts Handbook states, "The combination shall be changed whenever there is a change in administrative personnel and/or bookkeeper or at the end of every third year."</p> <p>Per discussion with the bookkeeper, the safe combination has not been changed in at least the last 10 years.</p>	<p>Safe Combination</p> <p>We recommend the school contact a locksmith to have the combination changed in accordance with Section 2.08(c) of the Handbook, and monitor the changes going forward to ensure compliance and safeguarding of assets.</p>	<p>See School Response following the School Findings</p>

ST. JOHNS COUNTY SCHOOL DISTRICT

INTERNAL ACCOUNTS

SCHOOL: THE WEBSTER SCHOOL ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2010

Rating	Issues	Recommendation	Management Response
Moderate	3	School Night Depository	
New	<p>Per observation at the school, there is no night depository.</p> <p>Funds are required to be held in the safe each night. A night deposit slot facilitates safeguarding of funds that are collected when the bookkeeper and principal are not present.</p>	<p>Per the Internal Accounts Handbook (Section 2.08(e)), "The safe must have a built-in slot for night depository." We recommend the district evaluate the need for a built-in night depository slot and document an exception to policy for this school if deemed appropriate.</p>	<p>See School Response following the School Findings</p>



The Webster School

420 North Orange Street
St. Augustine, Florida 32084
Main Office 904-547-3871
Fax 904-547-3865

George R. Leidigh – Principal
Andrea Bernhard – Assistant Principal

August 30, 2010

To: Clara Ewing

Internal Audit Findings

Re: Segregation of Duties

Ms. Witt will not open the mail the receptionist will take over that duty immediately.

Re: Safe Combination

The combination to the safe is going to be changed the week of August 30, 2010.

Re: School Night Depository

Mr. Leidigh will contact Mr. Weiss and maintenance coordinator to discuss the direction of installing a night drop.

A handwritten signature in cursive script, appearing to read "George Leidigh".

George Leidigh
Principal
The Webster School

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.

Training

Observation

Annual and New Bookkeeper Training

The District provides annual training to all bookkeepers; however, attendance at the training is not currently mandatory. We noted, through inquiries, some of the bookkeepers indicated they were not aware of specific policies provided in the Internal Accounts Procedures Manual, nor were they utilizing the manual as a resource for answers to their questions. Often, procedures were performed based on how they had been done in the past or as they were communicated by the District outside of the Internal Accounts Procedures Manual.

Similarly, new bookkeeper training is currently offered, but attendance is not mandatory.

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

Recommended Action

We recommend the following:

- The District expand the areas of focus within the existing training agenda to specific target areas of the Internal Accounts Procedures Manual and emphasize utilization of and reference to the manual.
- The District enforce the annual and new bookkeeper training as mandatory.

Areas where inconsistencies or issues were noted include, but are not limited to, the following:

Yearbook Sales

We noted for 23 of 27 (85%) schools that handled yearbook sales through internal accounts had findings related to controls over yearbook inventory. Although Section 9.04 of the Internal Accounts Procedures Manual provides that if yearbooks are sold by a school, then the yearbook class sponsor shall maintain certain required information, as outlined in the procedures manual, many bookkeepers indicated they were unaware of these provisions.

Safe Combination

We noted for 14 of 33 (42%) schools, the combination of the safe (where cash and checks are stored) is not consistently changed after turnover or changes in the bookkeeper, assistant principal and/or principal position(s), nor as required every third year in accordance with Section. 2.08(c) of the Internal Accounts Procedures Manual.

Both training programs should utilize the results of this audit to ensure the focus of the training is on the high risk, high volume areas.

District Level Observations - continued

Policies and Procedures

Observation

During our testing, we noted areas where it may benefit the District to review the Internal Accounts Procedures Manual and consider updates or additional clarification to provide additional detail to assist in guiding the bookkeepers to perform functions in compliance with the District's policies. Without additional guidance, policies and procedures may be misinterpreted and lead to inconsistencies.

Areas for consideration include:

- Principal's Review of the Bank Reconciliation
- Sale of Tickets and Pricing
- Adjusting Entries
- Safe Combination
- Individual Receipts
- Recording of Interest Income
- Yearbook Sales

Recommended Action

Principal's Review of the Bank Reconciliation

The District's current policies require the principal to review the completed bank reconciliation if the reconciliation is prepared by the bookkeeper (which is most often the case). We recommend the Internal Accounts Procedures Manual be updated to include specific steps to be completed as part of the review process. The principal's monthly review of the bank reconciliation should include the following:

- Comparing the bank balance per the reconciliation to the bank statement;
- Comparing the general ledger balance per the bank reconciliation to the fund summary report.
- Comparing outstanding checks and deposits in transit to supporting documentation generated from the Heritage software.
- Any differences should be investigated and the results of such follow-up should be documented. Additionally, any unreconciled difference should be identified on the bottom of the reconciliation.

Sale of Tickets and Pricing

To provide for consistency and to establish parameters, we suggest the Internal Accounts Procedures Manual be updated to include District-recommended event pricing, including pricing distinguishing between adult and student prices for the event, if applicable.

Adjusting Entries

Currently, the District's policies do not require the principals to review and approve adjusting entries to the internal accounts general ledger. We recommend the Internal Accounts Procedures Manual be updated to include such a policy and to establish procedures for principal review and approval of all adjusting entries to accounts. The policy should include a listing of transactions for which an adjusting entry can be utilized for posting into the general ledger, e.g., recording of interest income, recording of bank service charges, correction of posting errors, etc.

Safe Combination

We recommend the District implement a policy that requires each school to maintain a current log of all individuals with access to the safe. Additionally, Section 2.08(c) of the Internal Accounts Procedures Manual states, "The combination shall be changed whenever there is a change in administrative personnel and/or bookkeeper or at the end of every third year." This policy is not currently being uniformly applied by the schools.

District Level Observations - continued

Policies and Procedures - continued

Recommended Action – continued

Individual Receipts

To provide for enhanced control over cash receipts, we recommend the District consider requiring the schools to issue pre-numbered receipts to individuals (student/parent) to substantiate cash receipts over a certain dollar threshold. Issuance of individual receipts provides the Schools with additional documentation and support in situations in which a cash receipt is questioned by an individual (student/parent) and becomes supporting documentation for the monies collected form.

Interest Income

We recommend the Internal Accounts Procedures Manual be updated to include a policy requiring the recording of interest income from interest-bearing accounts on at least a quarterly basis.

Yearbook Sales

To provide for improved controls related to yearbook sales, we recommend the District consider the following:

- Enhance Section 9.04 of the Internal Accounts Procedures Manual to include the requirement for a reconciliation of yearbook sales activity be performed each year via completion of a standardized yearbook reconciliation form.
- The reconciliation form should include, at a minimum:
 - The reconciliation date
 - Yearbook purchase details
 - Yearbook sales details
 - Profit / Loss details
 - Summary details
 - The teacher/sponsor signature and date indicating completion of form
 - The principal signature and date after review of the completed form
 - The bookkeeper signature and date after review of accuracy and comparison to the general ledger. The general ledger report should be printed and attached to the reconciliation.
 - Copies of all supporting documentation should be attached to the form, including invoices, purchase orders, etc.
- Include the newly developed yearbook reconciliation form as an appendix to the Internal Accounts Procedures Manual.
- Provide communication and training to the principals and bookkeepers regarding revised policies and procedures.

Employee Bonding

Observation

Currently, all District employees and volunteers are to be covered under the District's insurance bond policy, which includes a \$500,000 cap per loss and \$25,000 deductible per loss.

Article I Section 1.02 (f) of the Internal Accounts Procedures Manual states "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."

Recommended Action

We recommend the District ensure that the employee bonding coverage, practices and procedures are current, appropriate and in line with the stated policy per the Internal Accounts Procedures Manual Article I Section 1.02 (f).

District Level Observations - continued

Process Enhancements Upon System Implementation

Observation

During the completion of our site visits, we noted the following inconsistencies between the policies and procedures in the Internal Accounts Procedures Manual and actual practice:

Extended Day Bookkeeping and Record Keeping

Currently 13 of the 17 (77%) elementary schools in the District provide extended day care services. We noted inconsistent recordkeeping practices amongst the elementary schools with regards to extended day care. The schools either utilized manual logs, QuickBooks and/or Microsoft Excel to track/document extended day care transactions and records.

Non-standardized procedures and practices could lead to errors in extended day care accounting recordkeeping and monitoring.

Bank Reconciliation

Currently, 25 of 33 (76%) of schools perform manual monthly bank reconciliations in lieu of utilizing the system-based bank reconciliation functionality within the Heritage software.

The preparation of a manual bank reconciliation increases the opportunity for falsification of reconciling amounts and increases the risk of human error on the monthly bank reconciliation.

Recommended Action

We recommend the following policy changes be considered in the implementation of the new financial system, SunGard:

Extended Day Bookkeeping and Record Keeping

- Establish consistent standardized procedures and practices for each elementary school with extended day care by utilizing SunGard for the extended day care bookkeeping and record keeping.

Bank Reconciliation

- Require all schools to utilize the system-based bank reconciliation function in the SunGard software.

We also recommend that the District mandate the following:

- SunGard user training for all bookkeepers.
- Limitations on user access for bookkeeper pending completion of the required training.