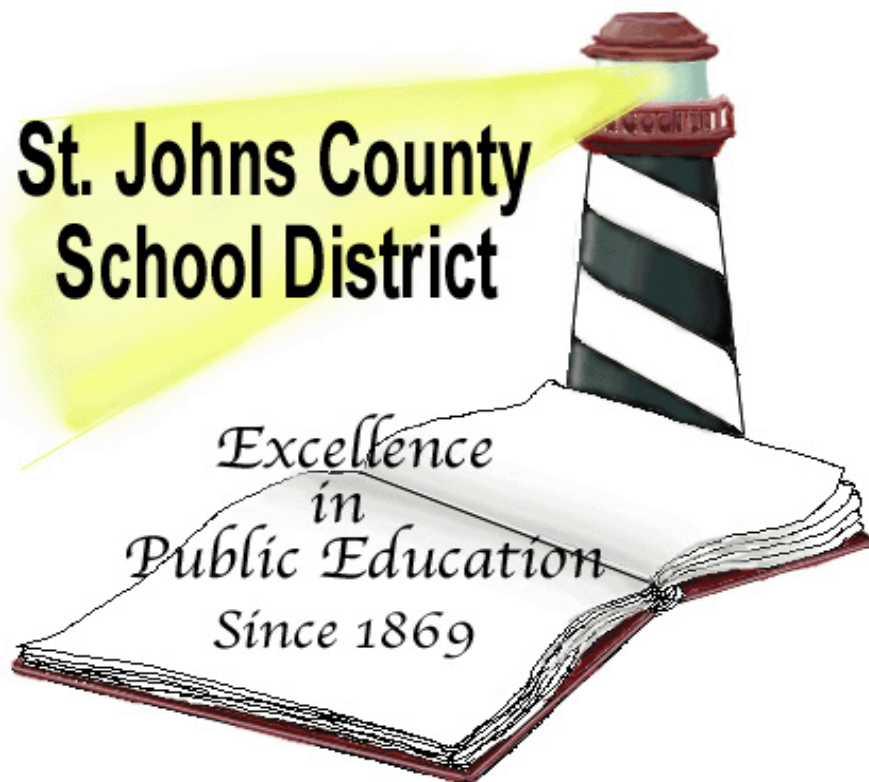


St. Johns County School District



Internal Audit of Internal Accounts October 11, 2011

Prepared By:



RSM McGladrey, Inc

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October 11, 2011

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

Pursuant to the arrangement letter, we hereby submit our internal audit report of the Internal Accounts of the St. Johns County School Board, Florida ("District"). We will be presenting this report to the Audit Committee during the next scheduled meeting on November 1, 2011.

Our report is organized in the following sections:

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

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

Respectfully Submitted,

INTERNAL AUDITORS

RSM McGladrey, Inc.

Background

Background

What are school internal account funds?

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

Pursuant to Chapter 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 2010-2011 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, 2011

	Cash Balance July 1, 2010	Receipts	Disbursements	Cash Balance June 30, 2011
Total	<u>\$ 3,188,098</u>	<u>\$ 10,292,025</u>	<u>\$ 10,458,154</u>	<u>\$ 3,021,969</u>

Summary of Certain Provisions of the Internal Accounts Handbook

Pre-numbered Documents

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

Sale of Tickets

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

Fund Raising Activity

Internal Accounts Handbook Article IV Section 4.05 states that each fundraising activity shall be planned to finance a specific objective. All fund raising requests are required to be documented on a District-authorized Fund Raising Activity form accompanied by a Fund Raising Checklist. Prior approval by the principal is required for all fund raising activities conducted by the school, by any group within, connected with, or in the name of the school. Fund Raising Activity forms provide documentation for approval of legitimate fundraisers and provide additional documentation for collections and expenditures. Internal Accounts Handbook Article VI Section 6.09 and Article IX 9.03 require that reconciliations of all monies collected and disbursed be performed for each fund raising activity, including a reconciliation of items/inventory purchased and sold.

Bank Reconciliations

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

Background - continued

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

Contracts

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

Report of Monies Collected Forms and Deposit Records

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

Yearbook Sales

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

Support Groups/Booster Clubs

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

Extended Day

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

Objectives and Approach

Objectives and Approach

Objectives

Objectives of the internal audit of the school internal accounts include the following:

- Perform the annual audit of the District's school internal accounts as required by the Red Book regulations. Section 4.2 of the Red Book regulations state the following:
 - The school board shall provide for an annual audit of internal funds.
 - In accordance with Rule 6A-1.087(2), FAC, the signed, written report of the audit shall include notations of any failure to comply with Florida Statutes, State Board of Education Rules and rules of the school board. The report, which must also provide commentary as to financial management and irregularities, shall be presented to the school board while in session and filed as a part of the public record.
- Gain an understanding of the District's policies and procedures related to school internal accounts.
- Determine whether an adequate system of internal controls at each school is maintained around high risk cash handling processes in order to safeguard the assets of the school internal accounts.
- Determine whether each school is in compliance with both internal accounts District policies and Red Book regulations.

Approach

Our audit approach consisted of three phases:

Understanding of the Process

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

Detailed Testing

The purpose of this phase was to test compliance and controls around internal accounts. Our fieldwork testing was conducted at the school sites utilizing sampling and other auditing techniques to meet our audit objectives outlined above. Findings identified are included in the issues and recommendations section of this report. We conducted on-site school visits at all 33 District schools and performed testing of the following areas:

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

Reporting

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

Individual School Comments

SCHOOL: BARTRAM TRAIL HIGH SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/2/2011

Rating	Issues		Recommendation	Management Response
High	1	Daily Cash Collection		
New	<p>During our testing of cash receipts, we noted that either the Report of Monies Collected ("RMC") is not being properly completed or the cash collected is not being remitted back to the bookkeeper the day of collection as required. The supporting documentation for RMC 717 indicated the monies were collected by the teacher/sponsor on 11/23/2010; however, the certified date of monies remitted to the bookkeeper as documented on the RMC was 11/30/2010.</p> <p>Cash not remitted to the bookkeeper on a daily basis for deposit could result untimely deposits, inaccurate records and could be the result of misappropriated funds. Inaccurate records limits the School's ability to properly monitor that money is being remitted back to the bookkeeper on the day of collection.</p>		<p>The Internal Accounts Handbook, Section 4.02 (f) states that all funds collected and the supporting RMC shall be delivered to the bookkeeper on the day of collection. Any exception to this policy must be specifically authorized by the principal. We recommend the above policy be followed without exception.</p>	<p>Response: All faculty and staff who collect money attended an informational meeting and received a packet of instruction which emphasized that money must be delivered to the bookkeeper on the day of collection</p> <p>ECD: August 19, 2011</p>

Rating	Issues		Recommendation	Management Response
High	2	Accuracy of Report of Monies Collected (RMC) Form		
New	<p>During our testing of deposits, we noted inconsistencies with regards to cash receipts reported on the deposit slip for bag #197798707. Per the RMC's, the net checks were more and net cash was less than reported on deposit slip. In total, the amount on the deposit slip agreed to the RMC's.</p> <p>Inconsistencies between the RMC's and the deposit slip could be an indication that monies are not being deposited intact or as collected from the teachers/sponsors.</p>		<p>The Internal Accounts Handbook, Section 4.02 (g) states that the bookkeeper shall reconcile the monies collected to the report of monies collected, document the pre-numbered electronic receipt number, sign off, and issue a carbon copy of the RMC to the teacher/sponsor remitting the monies. We recommend the above policy be followed without exception.</p>	<p>Response: The bookkeeper will total all of the cash and then all of the checks when reconciling the monies collected report to be sure that cash and checks are recorded properly.</p> <p>ECD: July 1, 2011</p>

SCHOOL: BARTRAM TRAIL HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/2/2011

Rating	Issues	Recommendation	Management Response
High	3	Bank Reconciliation	
New	<p>During our review of the year-end bank reconciliation, we re-performed the reconciliation noting a \$60 unidentified reconciling item.</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 or potential misappropriation of funds.</p>	<p>We recommend that unreconciled items on the reconciliation be researched and documented on a timely basis and included with the principal's review of the monthly bank reconciliation.</p>	<p>Response: We are working with the District office to reconcile. There is a technical issue that continues to carry forward an old unreconciled balance.</p> <p>ECD: November 2011</p>

Rating	Issues	Recommendation	Management Response
High	4	Change Fund	
New	<p>The school withdrew \$2,500 cash from the athletic fund at the beginning of the school year for use as a change fund at athletic events.</p>	<p>The Internal Accounts Handbook, Section 3.01 (f) (iii) 1) states that the athletic start-up change funds shall be withdrawn from the Internal Accounts bank account under written authorization by the principal or designee as needed, not to exceed a cumulative of \$2,000 for the fiscal year. Amounts in excess of \$2,000 require written approval from the District CFO. The athletic start-up change funds are the responsibility of the principal. We recommend the above policy be followed without exception.</p>	<p>Response: A memo will be submitted each year to the District CFO to request the additional change funds. Approval for the 2011-2012 school year has been secured.</p> <p>ECD: September 1, 2011</p>

SCHOOL: BARTRAM TRAIL HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/2/2011

Rating	Issues		Recommendation	Management Response
Low	5	Yearbook		
New	<p>During our review of the yearbook reconciliation we noted the following:</p> <ul style="list-style-type: none"> Fifty-four yearbooks were documented as on-hand, and only 52 yearbooks had an identified location per the yearbook reconciliation prepared by the school. <p>Without the proper controls surrounding yearbook sales, inventory, and cash collections could be misappropriated.</p>		<p>We recommend the sponsor in charge of yearbook sales ensure the continuous inventory of books is kept up to date, in accordance with the Internal Accounts Manual.</p>	<p>Response: A new inventory system is being implemented for yearbooks. We are providing support to the sponsor to manage the system.</p> <p>ECD: September 1, 2011</p>

SCHOOL: CREEKSIDE HIGH SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/27/2011

Rating	Issues	Recommendation	Management Response
High	1	Authorization of Expenditures	
Recurring	<p>During our test of disbursements, we noted that check 2421 was paid for items invoiced on 8/5/2010 but the materials request was not approved by the principal until 9/2/2010.</p> <p>We were also unable to verify the timeliness of the approval of the material requisition form for check #2332, as the principal's designee did not date their approval.</p> <p>Disbursements that do not have proper approval prior to the purchase could result in overspending of the budget or misappropriation of funds.</p>	<p>We recommend that all disbursements have materials requisition/check request forms that provide for documented approval with date of approval by the principal/designee approving the expenditure to ensure that material requisitions/check request are properly approved before the expenditures are made.</p> <p>The Internal Accounts Handbook, Section 5.01 states the general provisions of expenditures. We recommend the above policies be followed without exception.</p>	<p>Response: This issue was identified by the current bookkeeper and written guidelines were provided to staff to ensure all purchases have prior approval.</p> <p>ECD: This was addressed with coaches on January 12, 2011 and followed up again with all staff during round robin style training on August 16th, 2011.</p>

Rating	Issues	Recommendation	Management Response
Moderate	2	Yearbook	
Recurring	<p>During our testing of the yearbook reconciliation, we were unable to agree the yearbook sales amounts per the yearbook reconciliation documentation to the general ledger, as there was no differentiation between yearbook and ad sales posted to the general ledger.</p> <p>Without the proper controls surrounding yearbook sales, inventory, and cash collections could be misappropriated.</p>	<p>The Internal Accounts Handbook (Section 9.04) states that if yearbooks are sold by a school, then the yearbook class sponsor shall maintain specified required information. We recommend that this policy be followed without exception.</p>	<p>Response: Guidelines for the yearbook reconciliation have been reviewed and discussed with the new yearbook sponsor, including separation of ad sales vs books. There will be another party involved to receive the yearbooks prior to their distribution to verify quantity received and sold.</p> <p>ECD: The principal and bookkeeper addressed this concern with the new yearbook sponsor August 18, 2011. We will continue to review procedures periodically and monitor the reconciliation process. The final reconciliation will occur around the first week of June, 2012.</p>

SCHOOL: CREEKSIDE HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/27/2011

Rating	Issues	Recommendation	Management Response
High	3	Completion of Report of Monies Collected (RMC) Forms	
New	<p>During our testing of cash receipts, we noted the following:</p> <ul style="list-style-type: none"> Cash or check was not listed next to each amount collected on RMC 288057. We were unable to agree to the cash and checks as deposited. Without a listing of cash or check for each amount collected, it cannot be verified whether monies collected are being deposited intact. Error corrections on two RMC's (387827, 288057) were not made in accordance with the Internal Funds Handbook. 	<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 4.01(a) (iii) also states that "any erroneous information must be invalidated by the originator of the entry by lining through such information, entering the correct information above or below the error and initialing."</p> <p>We recommend the above policies be followed without exception.</p>	<p>Response: While cash or check may not have been able to be distinguished, the deposit total was verified and matched the deposit slip. However, to follow handbook guidelines, the bookkeeper will review monies collected forms to ensure the source of collection is clearly marked with "cash" or "check number" and that any corrections have been initialed by the appropriate parties.</p> <p>ECD: This concern should be immediately resolved, the topic was included in discussions with all staff during round robin style training on August 16th, 2011.</p>

Rating	Issues	Recommendation	Management Response
High	4	Fundraising Activity	
New	<p>During our testing of fund raising activities, we noted the following:</p> <ul style="list-style-type: none"> The cost of goods sold amount per the fund raiser reconciliation did not agree to the general ledger. The sponsor and principal did not sign off on final approval of reconciliation section. <p>Failure to completely follow District policies related to the use of fund raiser reconciliations could result in an inability to ensure the fund raising activity is fully and accurately captured in the internal accounts fund.</p>	<p>The Internal Accounts Handbook contains the District authorized Fund Raising Activity Form, which should be fully completed, including the Final Approval of the Reconciliation section, and should be signed by the teacher/sponsor, principal, and the bookkeeper.</p>	<p>Response: The sponsor will reconcile the fund raising activity which will then be reviewed by the bookkeeper and forwarded to the principal. All parties will sign and date accordingly.</p> <p>ECD: This is expected to be resolved completely this fiscal year. This was addressed with all staff during round robin style training on August 16th, 2011. It will be reviewed frequently by the bookkeeper.</p>

SCHOOL: CREEKSIDE HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/27/2011

Rating	Issues	Recommendation	Management Response
High	5	Bank Reconciliation	
New	<p>During our review of the year-end bank reconciliation, we reperformed the reconciliation noting a \$776 unidentified reconciling item.</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 or potential misappropriation of funds.</p>	<p>We recommend that unreconciled items on the reconciliation be researched and documented on a timely basis and included with the principal's review of the monthly bank reconciliation.</p>	<p>Response: All bank reconciliations since November 2011 were performed by the current bookkeeper. Each was in balance and provided to the District office on a timely monthly basis. There were no discrepancies reported. The \$776 discrepancy will be researched and reported accordingly.</p> <p>ECD: Bank reconciliations are completed monthly. It should be noted however, due to the new software system's inability to perform reconciliations, these will have to be done manually until the District IT Department resolves the issue. The \$776 discrepancy should be researched and resolved by September 30, 2011.</p>

SCHOOL: CREEKSIDE HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/27/2011

Rating	Issues	Recommendation	Management Response
Moderate	6	Filing Procedures	
New	During our testing of cash disbursements, we noted that one month's bank statement with cancelled check images was not maintained on file.	The Internal Accounts Handbook (Section 5.02(b)(vi)) states that "cancelled check images provided in monthly bank statements shall be maintained on file." We recommend that the bookkeeper maintain required forms, including cancelled check images, on file in accordance with this policy.	<p>Response: This appears to have occurred during the time after the previous bookkeeper transferred and prior to the start of the current bookkeeper. The current bookkeeper has maintained all bank statements and cancelled check images as directed by the internal account handbook.</p> <p>ECD: Already corrected. The missing bank statement was requested and delivered via fax from Bank of America during the in house audit.</p>

SCHOOL: CREEKSIDE HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/27/2011

Rating	Issues	Recommendation	Management Response
Low	7	Frequency of Disbursements	
New	<p>During our testing of cash disbursements we noted the following:</p> <ul style="list-style-type: none"> • Check # 2332 was paid 31 days after the invoice due date. • Check # 2658 was paid 33 days after the invoice due date. 	<p>We recommend that payments be made within 45 days of the invoice date or by the due date stipulated by the vendor in order to avoid possible late penalties and/or take advantage of any possible discounts offered by the vendor.</p>	<p>Response: RE Check #2332: Timeliness of payments by the previous bookkeeper is a moot point, however the issue is duly noted and every effort will be made to follow the recommended guidelines.</p> <p>RE Check #2658: This payment to Baker's Sporting Goods was held, along with all other payments to this vendor, until proper purchasing guidelines were reviewed personally with the company owner, Josh Baker. The company was filling orders based on estimates before receiving a purchase order from the school. The District office, CFO, Purchasing Department and legal counsel were all consulted regarding this issue. The proper procedures were discussed and rectified. All payments with the vendor were then processed and the account was in good standing.</p> <p>ECD: Resolved December 16, 2010.</p>

SCHOOL: CROOKSHANK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/8/2011

Rating	Issues		Recommendation	Management Response
High	1	Completion of Report of Monies Collected (RMC) Forms		
New	<p>During our testing of cash receipts, we noted "cash" or "check" is not listed next to each amount collected on RMC #375222.</p> <p>Without a listing of cash or check for each amount collected, it cannot be verified whether monies collected are being deposited intact.</p>		<p>The Internal Accounts Handbook, Section 4.01 (a) (iv) states that cash or check number must be listed with the student's name. We recommend the above policy be followed without exception.</p>	<p>Response: We acknowledge this finding and have made corrections to ensure that receipt preparers mark the correct boxes when collecting funds.</p> <p>ECD: 9-1-11</p>

Rating	Issues		Recommendation	Management Response
High	2	Authorization of Disbursements		
New	<p>During our testing of disbursements, we noted checks #7116 and 7176 were not substantiated by the required District authorized field trip form.</p> <p>Disbursements without proper supporting documentation could result in misappropriation of funds.</p>		<p>The Internal Accounts Handbook, Section 4.06(c) states a copy of the field trip form shall be attached to all Materials Requisition/Check Request forms related to field trip expenditures.</p> <p>We recommend the above policies be followed without exception.</p>	<p>Response: We acknowledge this finding and will ensure that the field trip forms are attached to the check numbers for field trips.</p> <p>ECD: 9-1-11</p>

SCHOOL: CUNNINGHAM CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/28/2011

Rating	Issues		Recommendation	Management Response
High	1	Extended Day Collections		
Recurring	<p>During our test of extended day cash receipts, we noted a receipt for extended day services that was not collected in advance of the child's participation in the activity.</p> <p>Not obtaining receipt of extended day program fees in advance of providing services can result in loss of revenues due to the school and the inability to properly fund the costs of the program.</p>		<p>The Internal Accounts Handbook (Section 3.01 (g) (ii)) states that "All fees for student participation in the Extended Day program must be paid in advance prior to the child's attendance in the related session. Failure to collect fees in advance of providing services is contrary to the Constitution of the State of Florida, Article VII, Section 10."</p> <p>We recommend that the principal review this requirement with the extended day coordinator to ensure that all fees are paid in advance of student participation in any extended day activities.</p>	<p>Response: The principal has reviewed this requirement with the Extended Day Coordinator. We do not expect this to reoccur.</p> <p>ECD: Oct. 2, 2011</p>

Rating	Issues		Recommendation	Management Response
High	2	Outside Organizations		
Recurring	<p>During our testing of cash receipts and disbursements, we noted one donation from the Durbin Creek Elementary School PTO (receipt 380885) was made to the school and did not have prior approval by the District Chief Financial Officer.</p> <p>We also noted one disbursement (check 6183) to the Swiss Point Elementary School PTO that did not have prior approval by the District Chief Financial Officer.</p>		<p>The Internal Accounts Handbook states that any and all transactions with school support organizations (PTA, PTO, & Booster Clubs) must have prior approval of the District Chief Financial Officer. (District Internal Accounts Handbook, Section 3.01vii and Article X). We recommend this policy be followed without exception.</p>	<p>Response: Each of these incidents were and oversight on the principals part. A review of the Internal Accounts Handbook has been completed to prevent such future oversights.</p> <p>ECD: Oct. 5, 2011</p>

SCHOOL: CUNNINGHAM CREEK ELEMENTARY SCHOOL- CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/28/2011

Rating	Issues	Recommendation	Management Response
High	3	Authorization of Expenditures	
Recurring	<p>During our test of disbursements, we noted the following:</p> <ul style="list-style-type: none"> • Check 6164 was paid for items invoiced on 9/21/2010 but the materials request was not approved by the principal until 9/28/2010. • Check # 6117 was paid for items invoiced on 10/13/2010 but the materials request was not approved by the principal until 10/18/2010. • The total on the supporting documents for check # 6139 exceeded the authorized amount per the materials requisition/check request form. <p>Disbursements that do not have proper approval prior to the purchase could result in overspending of the budget or misappropriations of funds.</p>	<p>We recommend that all disbursements have materials requisition/check request forms that provide for documented approval with date of approval by the principal/designee approving the expenditure to ensure that material requisitions/check request are properly approved before the expenditures are made.</p> <p>The Internal Accounts Handbook, Section 5.01 states the general provisions of expenditures. We recommend the above policies be followed without exception.</p>	<p>Response: These issues have been addressed and all staff members have been reminded of the policy. The principal will also double check the dates prior to approving requests. With these steps and the new SunGard system the District has put in place we do not feel these will be issues any more.</p> <p>ECD: Overview on Sept. 31, 2011, process is ongoing</p>

Rating	Issues	Recommendation	Management Response
High	4	Expenditure Support	
New	<p>During our test of disbursements, we noted the following:</p> <ul style="list-style-type: none"> • Checks # 6293 and 6164 were not substantiated by the required District authorized field trip form. • One of the receipts supporting check # 6117 was not dated so we could not verify that the purchase was pre-approved. <p>Disbursements without proper supporting documentation could result in misappropriation of funds.</p>	<p>The Internal Accounts Handbook, Section 4.06(c) states that a copy of the field trip form shall be attached to all Materials Requisition/Check Request forms related to field trip expenditures. We also recommend that supporting documentation be reviewed to ensure it includes the date of the purchase.</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: All documentation will be reviewed prior to final approval for accuracy and completion.</p> <p>ECD: Process began Sept. 1, 2011 and is ongoing</p>

SCHOOL: CUNNINGHAM CREEK ELEMENTARY SCHOOL- CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/28/2011

Rating	Issues	Recommendation	Management Response
High	5	Manual Check	
New	<p>During our test of disbursements, we noted one of the checks in our sample was prepared as a manual check rather than through the use of an electronic check processed in the accounting system (check 6088).</p> <p>Purchases made in this manner could result in overspending of the budget or misappropriations of funds.</p>	<p>The Internal Accounts Handbook, Section states the following procedures for generating checks: "The bookkeeper shall prepare an electronic check in the accounting system, which will automatically post to the Internal Accounts general ledger. The system will assign a check number to the electronic check."</p> <p>We recommend that this procedure be followed without exception.</p>	<p>Response: This was a result of a change in the check writing system. An audit of funds was completed prior to the check being written. This was an unavoidable issue as there was no other way to write a check at the time.</p> <p>ECD: Aug. 1, 2011</p>

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2011

Rating	Issues		Recommendation	Management Response
High	1	Financial Reports		
Recurring	<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 June 2011 monthly fund summary was reviewed by the principal, as the document did not have documented review and approval by the principal. The June 2011 bank reconciliation was not signed and dated by the principal. <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>Response: Durbin Creek Elementary has a new principal that is aware of the Internal Handbook (Section 2.07) and will be reviewing the fund summary for each month and a signature will be obtained.</p> <p>All bank reconciliations will be reviewed and signed by the principal from here forth.</p> <p>ECD: July 2011</p>

Rating	Issues		Recommendation	Management Response
High	2	Authorization of Transfers/Adjustments		
Recurring	<p>During our testing of transfers, we were unable to test the two transfers selected as the supporting documentation could not be located.</p> <p>Unauthorized adjustments could result in errors in the general ledger or be an indication of potential misappropriation of funds.</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>We also recommend that the School provide due care in the retention of internal accounts documentation.</p>	<p>Response: Per the Internal Handbook, all transfers will have prior approval and proper documentation will be kept to support the transfers.</p> <p>ECD: July 2011</p>

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2011

Rating	Issues		Recommendation	Management Response
High	3	Authorization of Disbursements		
Recurring	<p>During our testing of disbursements, we noted the following:</p> <ul style="list-style-type: none"> • Checks 2240, 2264 and 2204 had material requisition request forms that were approved after the date of the purchase commitment/invoice. • Checks 2177, 2234 and 2190 had material requisitions that were lacking documentation of approval. • For checks 2283, 2300 and 2178, we were unable to determine if prior approval of the purchase was obtained as there was no supporting invoice provided to compare to the material requisition form. <p>Disbursements that do not have approval prior to the purchase and proper approval could result in overspending of the budget or misappropriation of funds.</p>		<p>We recommend that all disbursements have materials requisition/check request forms that provide for documented approval with date of approval by the principal/designee approving the expenditure to ensure that material requisitions/check request are properly approved before the expenditures are made.</p> <p>The Internal Accounts Handbook, Section 5.01 states the general provisions of expenditures. We recommend the above policies be followed without exception.</p>	<p>Response: All material requisition forms will be reviewed and approved prior to purchases being made.</p> <p>Invoices will be obtained to support all material requisition dates and payments made.</p> <p>ECD: July 2011</p>

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2011

Rating	Issues	Recommendation	Management Response
High	4	Yearbook	
Recurring	<p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> A complete yearbook reconciliation, including costs and sales, was not performed, only a reconciliation of yearbooks received and sold was maintained. Sixty-nine yearbooks were sold at the School, but we were unable to determine the general ledger account to which these cash receipts were posted. The number of yearbooks received per the vendor packing slip amounted to 566 and the number of yearbooks received per the School prepared yearbook inventory amounted to 563, an unaccounted for difference of 3 yearbooks. The listing of individuals purchasing yearbooks did not include date paid and payment method (cash or check number). <p>We were able to perform an estimated reconciliation based on the above. Without the proper controls surrounding yearbook sales, inventory, and cash collections could be misappropriated.</p>	<p>The Internal Accounts Handbook (Section 9.04) states that if yearbooks are sold by a school, then the yearbook class sponsor shall maintain specified required information. We recommend that this policy be followed without exception.</p>	<p>Response: The yearbook sponsor will keep records in accordance with the Internal Accounts Handbook (Section 9.04)</p> <p>A reconciliation will be kept to include cost and sales as well as received and sold.</p> <p>A listing of individuals purchasing yearbooks will include the date paid as well as the method of payment.</p> <p>In response to the unaccounted 3 yearbooks- these yearbooks were given to administration; however, signatures were not obtained.</p> <p>In response to the sixty-nine yearbooks that were sold, the money collected for these books was placed in the safe after the required date for monies collected to be turned in. The bookkeeper discovered this money after the summer consolidation. This money will be deposited to the yearbook account for this fiscal year.</p> <p>ECD: July 2011</p>

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2011

Rating	Issues	Recommendation	Management Response
High	5	Completion of Report of Monies Collected (RMC) Forms	
Recurring	<p>During our testing of cash receipts, we noted the following:</p> <ul style="list-style-type: none"> Cash or check is not listed next to each amount collected on RMC #394064 and 394216. RMC 39372 did not include a listing of the student's name, nor was the RMC totaled. <p>Without a listing of cash or check for each amount collected, it cannot be verified whether monies collected are being deposited intact.</p>	<p>The Internal Accounts Handbook, Section 4.01 (a) (iv) states that cash or check number must be listed with the student's name.</p> <p>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>Response: In accordance with Internal Accounts Handbook, section 4.01, cash or check will be marked on all monies collected forms and student names will be listed with each amount listed.</p> <p>ECD: July 2011</p>

Rating	Issues	Recommendation	Management Response
Moderate	6	Returned Checks	
Recurring	<p>During our test of returned checks, we noted that as of June 30, 2011, the NSF checks amounted to \$3,154.50 and the balance per the general ledger amounted to \$3,634.99, a \$480.40 overstatement of the returned check account.</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. We recommend that this policy be followed without exception.</p>	<p>Response: In accordance with Internal Accounts Handbook, Section 6.05, all outstanding returned checks will be transferred to the General Fund. The \$480.40 overstatement in this case was due to the bookkeeper transferring a portion of the returned checks to the General Fund. The bookkeeper was unable to determine which account each returned check may have been originally intended for.</p> <p>ECD: End of Fiscal Year</p>

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2011

Rating	Issues		Recommendation	Management Response
High	7	Extended Day Collections		
New	<p>During our test of extended day cash receipts, we noted a receipt for extended day services that was not collected in advance of the child's participation in the activity.</p> <p>Not obtaining receipt of extended day program fees in advance of providing services can result in loss of revenues due to the school and the inability to properly fund the costs of the program.</p>		<p>The Internal Accounts Handbook (Section 3.01 (g) (ii)) states that "All fees for student participation in the Extended Day program must be paid in advance prior to the child's attendance in the related session. Failure to collect fees in advance of providing services is contrary to the Constitution of the State of Florida, Article VII, Section 10."</p> <p>We recommend that the principal review this requirement with the extended day coordinator to ensure that all fees are paid in advance of student participation in any extended day activities.</p>	<p>Response: In accordance with Internal Accounts Handbook, Section 3.01, all efforts will be made to collect payments for child services in advance. In addition the new principal will be reviewing the monthly payments with the Extended Day Coordinator.</p> <p>ECD: July 2011</p>

Rating	Issues		Recommendation	Management Response
High	8	Daily Cash Collection		
New	<p>During our testing of extended day cash receipts, we noted that the date entered on the RMC is the day the cash collections are handed over to the bookkeeper by the teacher/sponsor rather than the date the receipts were actually collected; this was confirmed by the bookkeeper.</p> <p>Cash not remitted to the bookkeeper on a daily basis for deposit could result untimely deposits, inaccurate records and could be an indication of misappropriated funds. Inaccurate records limit the School's ability to properly monitor that money is being remitted to the bookkeeper on the day of collection.</p>		<p>The Internal Accounts Handbook, Section 4.02 (f) states that all funds collected and supporting RMC shall be delivered to the bookkeeper on the day of collection. Any exception to this policy must be specifically authorized by the principal. We recommend the above policy be followed without exception.</p>	<p>Response: In accordance with Internal Accounts Handbook, Section 4.02, all money collected will be dated and turned in the day of receipt by the Extended Day Coordinator. The bookkeeper will deposit within 5 days as stated in the Internal Accounts Handbook.</p> <p>ECD: July 2011</p>

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2011

Rating	Issues		Recommendation	Management Response
High	9	Expenditure Support		
New	<p>During our test of disbursements, we noted the supporting documentation for check numbers 2177, 2290, 2283, 2300 and 2178 was not from an actual vendor receipt. As such, we were unable to determine prompt payment and whether sales tax was appropriately paid/not paid.</p> <p>Disbursements without proper supporting documentation could result in misappropriation of funds.</p>		<p>The Internal Accounts Handbook (Section 5.01(b)) states that the "Supporting Material Requisition/Check Request form, invoice or receipt substantiating purchase, and check stub shall be maintained on file for all disbursements."</p>	<p>Response: In accordance with Internal Accounts Handbook, Section 5.01(b), proper documentation will be obtained and kept as documentation to support checks written.</p> <p>ECD: July 2011</p>

Rating	Issues		Recommendation	Management Response
High	10	Manual Checks		
New	<p>During our test of disbursements, we noted numerous manual checks were issued rather than electronic checks during fiscal year 2011.</p> <p>Purchases made in this manner could result in overspending of the budget or misappropriations of funds.</p>		<p>The Internal Accounts Handbook, Section states the following procedures for generating checks: "The bookkeeper shall prepare an electronic check in the accounting system, which will automatically post to the Internal Accounts general ledger. The system will assign a check number to the electronic check."</p> <p>We recommend that this procedure be followed without exception.</p>	<p>Response: Manual checks will not be issued.</p> <p>ECD: July 2011</p>

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2011

Rating	Issues	Recommendation	Management Response
High	11	Bank Reconciliation	
New	<p>We reperformed the bank reconciliation noting that the general ledger balance should be \$75,987, as opposed to \$78,072, a \$2,085 reconciling item resulting in an overstatement of the general ledger. This reconciling item was a duplicate deposit posted by the bookkeeper in error during June 2011. The correcting entry was not posted in the general ledger until fiscal year 2012.</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 on a timely basis and included with the principal's review of the monthly bank reconciliation.</p>	<p>Response: Proper steps will be taken to reconcile and balance each month. All necessary adjustments will be made in a timely manner.</p> <p>ECD: July 2011</p>

Rating	Issues	Recommendation	Management Response
High	12	Filing Procedures	
New	<p>We noted the following missing documentation during our testing:</p> <ul style="list-style-type: none"> • The May 2011 bank statement with cancelled check images. As such, we were unable to validate timeliness of the deposit for RMC's 394295 and 394388. • The supporting documentation for the \$4,051.26 deposit on 11/3/2010. • Transfer documentation for reference numbers 339 and 63 made in December 2010 and September 2010, respectively. • Signature authority card. 	<p>We also recommend that the School provide due care over retention of internal accounts documentation as required by the Internal Accounts Handbook.</p>	<p>Response: All bank statements and supporting documentation will be kept in monthly files for review.</p> <p>Supporting documentation for transfers and deposits will be kept as well.</p> <p>In addition, signature card authority was provided to the auditor at the time of Durbin Creek's on-site audit.</p> <p>ECD: July 2011</p>

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2011

Rating	Issues	Recommendation	Management Response
Moderate	13	Frequency of Disbursements	
New	<p>During our testing of cash disbursements we noted the following:</p> <ul style="list-style-type: none"> Supporting documentation for check # 2240 details invoice dates of 10/25/10 and 11/3/10, but not paid until 2/1/11. Supporting documentation for check # 22014 detailed and invoice date of 7/21/10, but not paid until 10/1/10. 	<p>We recommend that payments be made within 45 days of the invoice date or by the due date stipulated by the vendor in order to avoid possible late penalties and/or take advantage of any possible discounts offered by the vendor.</p>	<p>Response: Every effort will be made to pay all invoices within 45 days.</p> <p>ECD: July 2011</p>

Rating	Issues	Recommendation	Management Response
Moderate	14	Property Purchase Reporting	
New	<p>During our cash disbursements testing, we noted one purchase for a treadmill for which the purchase amount was equal to the District's \$1,000 capitalization threshold (check 2264).</p> <p>The District was not notified of the purchase nor did they receive the supporting documentation. The property was not recorded into the School's property inventory and was not tagged with an identification tag from the District.</p> <p>Property purchases must be in accordance with District guidelines to minimize risk of misappropriation and to ensure the assets are added to the District-wide inventory records accurately.</p>	<p>Per the Internal Accounts Handbook (Section 8.01(b)), "For property purchases or donations exceeding the District's capitalization threshold, notification to the District office is required and is the responsibility of the school principal or property custodian. A full description of any equipment or property must be given, including make, model, serial number, acquisition date, and total cost or fair market value of donated property. A supporting purchase order and invoice must also be provided for property purchases."</p> <p>Additionally, Section 8.01(e) states that, "The school principal or property custodian is responsible for ensuring that District issued identification tags are properly affixed to all acquired property."</p> <p>We recommend that the above policies be followed without exception.</p>	<p>Response: In accordance with Internal Accounts Handbook, Section 8.01(b), proper authorization will be requested from the District Office prior to purchasing items that exceed the authorized limit.</p> <p>ECD: July 2011</p>

SCHOOL: DURBIN CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2011

Rating	Issues		Recommendation	Management Response
Moderate	15	Authorized Check Signers		
New	<p>During our review of disbursements, we were unable to verify that the check signers were properly authorized as the school was unable to provide an authorized check signer document filed with the bank.</p> <p>Improper cash disbursements authorization access could lead to misappropriation of assets.</p>	<p>Internal Accounts Handbook Section 2.04 states: "The principal of each school shall designate two persons in addition to him/herself who shall be authorized to sign checks and withdraw funds from checking, savings, or other investment accounts...These names shall be kept on file for audit." We recommend that this policy be followed without exception.</p>	<p>Response: In accordance with Internal Accounts Handbook, Section 2.04, the principal has designated two additional people to be authorized check signers and proper documentation has been obtained. This documentation was available at Durbin Creek's on-site audit as well.</p> <p>ECD: July 2011</p>	

Rating	Issues		Recommendation	Management Response
Moderate	16	Sales Tax		
New	<p>During our testing of disbursements, we noted that the school erroneously reimbursed the PTO for sales tax paid.</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>Response: Sales Tax will be handled in accordance with Internal Accounts Handbook, Section 5.05.</p> <p>The bookkeeper processed this reimbursement to the PTO under the assumption that they were paying the sales tax involved.</p> <p>ECD: July 2011</p>	

SCHOOL: FRUIT COVE MIDDLE SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2011

Rating	Issues		Recommendation	Management Response
High	1	Yearbook		
Recurring	<p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> • The yearbook reconciliation was not completely documented. • The listing of individuals purchasing yearbooks did not include date paid, amount paid and payment method (cash or check number). • The listing of online yearbook sales was not included with the supporting documentation. <p>We were able to perform an estimated reconciliation based on the above. Without the proper controls surrounding yearbook sales, inventory, and cash collections could be misappropriated.</p>		<p>The Internal Accounts Handbook (Section 9.04) states that if yearbooks are sold by a school, then the yearbook class sponsor shall maintain specified required information. We recommend that this policy be followed without exception.</p>	<p>Response: In response to yearbook sales, we will have complete documentation on all yearbooks sold at Fruit Cove School and Online.</p> <p>ECD: Our yearbook sponsor will make sure he has complete documentation when collecting money for yearbooks. There will also be complete information for yearbooks sold online.</p>

Rating	Issues		Recommendation	Management Response
Moderate	2	Returned Checks		
Recurring	<p>During our test of returned checks, we noted 3 NSF checks totaling \$98. The returned check balance per the general ledger was \$25. The total returned checks were 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. We recommend that this policy be followed without exception.</p>	<p>Response: In response to returned checks, they will be properly transferred to the general fund at the end of the year.</p> <p>ECD: With the new SunGard system we have to put all redeposits into our internal accounts so that will no longer be an issue</p>

SCHOOL: FRUIT COVE MIDDLE SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/26/2011

Rating	Issues		Recommendation	Management Response
High	3	Expenditure Support		
New	<p>During our test of disbursements, we noted the following:</p> <ul style="list-style-type: none"> Check # 5368 was paid from a receipt form and not an actual invoice of goods/services. As such we were unable to determine if sales tax was properly excluded from payment. <p>Disbursements without proper supporting documentation could result in misappropriation of funds.</p>		<p>The Internal Accounts Handbook (Section 5.01(b)) also states that the "Supporting Material Requisition/Check Request form, invoice or receipt substantiating purchase, and check stub shall be maintained on file for all disbursements." We recommend the above policy be followed without exception.</p>	<p>Response: In response to check #5368, being paid from a receipt, I will make sure I have an actual invoice. When I called the company to ask for one, this is all they would give me.</p> <p>ECD: I will make sure immediately that I always pay from an invoice.</p>

SCHOOL: GAINES ALTERNATIVE CENTER

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2011

Rating	Issues	Recommendation	Management Response
Moderate	1	Chart of Accounts	
Recurring	The school's general ledger chart of accounts numbering is not in alignment with the District prescribed chart of accounts numbering system. The principal's discretionary fund is numbered 3.W.04.	<p>We recommend the school utilize the District's established chart of accounts as outlined May 2008, without exception.</p> <p>The chart of accounts requirements state that the numbering of the principal's discretionary fund should be uniform for all schools (Account number 3.R.02).</p>	<p>Response: Bookkeeper thought all chart of account numbers were numbered correctly.</p> <p>ECD: Change chart of accounts numbering immediately to reflect proper account</p>

Rating	Issues	Recommendation	Management Response
High	2	Expenditure Support	
New	<p>During our testing of cash disbursements, we noted that for check 1149, the total of the supporting receipts did not agree to the amount of the check. The total of the receipts to be reimbursed was \$35.51, while the reimbursement check was for \$38.51.</p> <p>Lack of review of supporting documentation prior to disbursements could result in misappropriation of funds or inaccurate payments.</p>	<p>The Internal Accounts Handbook, Section 5.01 states that the supporting material requisition/check request form, invoice or receipt substantiating purchase, and check stub shall be maintained on file for all disbursements. Section 5.02(iii) further states that, "The bookkeeper should review invoices prior to writing a check." We recommend that the bookkeeper review all supporting documentation in detail to ensure disbursements are supported by appropriate documentation and made for the correct amounts.</p>	<p>Response: Check amount was added incorrectly due to tax on original receipt.</p> <p>ECD: Addition and reimbursement will be verified more thoroughly by bookkeeper.</p>

SCHOOL: GAINES ALTERNATIVE CENTER - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2011

Rating	Issues	Recommendation	Management Response
High	3	Manual Check	
New	<p>During our test of disbursements, we noted one of the checks in our sample was prepared as a manual check and not issued by the system (check 1138).</p> <p>Purchases made in this manner could result in overspending of the budget or misappropriations of funds.</p>	<p>The Internal Accounts Handbook, Section states the following procedures for generating checks: "The bookkeeper shall prepare an electronic check in the accounting system, which will automatically post to the Internal Accounts general ledger. The system will assign a check number to the electronic check."</p> <p>We recommend that this procedure be followed without exception.</p>	<p>Response: Bookkeeper was not aware that checks could not be manually written.</p> <p>ECD: Manual checks will not be written in SunGard.</p>

Rating	Issues	Recommendation	Management Response
High	4	Authorization of Disbursements	
New	<p>During our testing of disbursements, we noted check 1138 had only one signature. Checks being disbursed with only one signature could result in misappropriation 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 these policies be followed without exception.</p>	<p>Response: Only other signer on account had a medical emergency and was not able to sign.</p> <p>ECD: Added new signer on account plus another additional signer for the 2011-2012 school year.</p>

SCHOOL: GAINES ALTERNATIVE CENTER - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2011

Rating	Issues	Recommendation	Management Response
Moderate	5	Authorized Check Signers	
New	<p>Per review of the authorized signers listing from the bank, we noted that only two authorized signers were listed.</p> <p>Improper cash disbursements authorization access could lead to misappropriation of assets.</p>	<p>We recommend that the bookkeeper update the authorized signers listing with the bank to ensure compliance with the following requirements in the Internal Accounts Handbook (Section 2.04): "The principal of each school shall designate two persons in addition to him/herself who shall be authorized to sign checks and withdraw funds from checking, savings, or other investment accounts...These names shall be kept on file for audit."</p>	<p>Response: Previous supervisor only wanted two individuals signing checks.</p> <p>ECD: Added another signer for the 2011.2012 school year.</p>

SCHOOL: W.D. HARTLEY ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2011

Rating	Issues		Recommendation	Management Response
High	1	Completion of Report of Monies Collected (RMC) Forms		
Recurring	<p>During our testing of cash receipts, we noted cash or check is not listed next to each amount collected on RMC #579.</p> <p>Without a listing of cash or check for each amount collected, it cannot be verified whether monies collected are being deposited intact.</p>		<p>The Internal Accounts Handbook, Section 4.01 (a) (iv) states that cash or check number must be listed with the student's name. We recommend the above policy be followed without exception.</p>	<p>Response: Section 4.01 (a)(iv) will be followed without exception beginning immediately. All monies collected will reflect "cash" or "check" next to each amount.</p> <p>ECD: Immediately</p>

Rating	Issues		Recommendation	Management Response
High	2	Authorization of Disbursements		
Recurring	<p>During our test of disbursements, we noted the following:</p> <ul style="list-style-type: none"> • Check #1763 was not substantiated by the required District authorized field trip form. • Checks #1598 and 1763 did not have prior approval by the principal; nor were they substantiated by a materials requisition form noting the amount of the purchase. • Check #1734 was not substantiated by the required check request. • Check #1722 included reimbursement for an item not pre-approved. Additionally, the supporting receipts totaled \$26.33 which did not agree to the check amount. <p>Disbursements that do not have proper approval prior to the purchase could result in overspending of the budget or misappropriations of funds. Disbursements without accurate detailed supporting documentation could result in misappropriation of funds or inaccurate payments.</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 supporting material requisition/check request form, invoice or receipt substantiating purchase, and check stub shall be maintained on file for all disbursements. We recommend all disbursements have proper documentation to support the expenditure made.</p> <p>We recommend the above policies be followed without exception.</p>	<p>Response: No disbursements will be processed in the future without prior approval and detailed supporting documentation. Communications with staff will reiterate the importance of following this policy.</p> <p>ECD: Immediately</p>

SCHOOL: W.D. HARTLEY ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2011

Rating	Issues	Recommendation	Management Response
Moderate	3	Night Depository	
Recurring	<p>We observed that the safe does not have a built-in slot for night deposits.</p> <p>Funds are required to be held in the safe each night. A night deposit slot facilitates safeguarding of funds that are collected when the bookkeeper and principal are not present.</p>	<p>Per the Internal Accounts Handbook (Section 2.08(e)), "The safe must have a built-in slot for night depository." We recommend the District evaluate the need for a built-in night depository slot and document an exception to policy for this school if deemed appropriate.</p>	<p>Response: A safe is being installed which will feature a slot for night deposits.</p> <p>ECD: September 30, 2011</p>

Rating	Issues	Recommendation	Management Response
High	4	Fundraising Activity	
New	<p>During our testing of fundraisers, we noted the following:</p> <ul style="list-style-type: none"> We were unable to verify prior approval of the fundraiser, as the principal did not sign and date approval on 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. <p>Failure to completely follow District policies related to the use of fund raiser reconciliations could result in an inability to ensure the fund raising activity is fully and accurately captured in the internal accounts fund.</p>	<p>We recommend that the fund raiser activity form be completed in accordance with Internal Accounts Handbook, Section 4.05(g). The principal should approval all fundraisers.</p> <p>We recommend all fundraising activities maintain the required documentation related to pre-sales in accordance with the Internal Accounts Handbook, (Section 9.03) <i>Fund Raising Inventory</i>.</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: For any and all fundraisers planned in the future, required documentation related to pre-sales will be maintained. Communications with staff will reiterate the importance of following required procedures.</p> <p>ECD: Immediately</p>

SCHOOL: HICKORY CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/2/2011

Rating	Issues	Recommendation	Management Response
High	1	Completion of Report of Monies Collected (RMC) Forms	
Recurring	<p>During our testing of cash receipts, we noted cash or check was not listed next to each amount collected on RMC #s 2418, 2603, and 2791. We were unable to agree the cash and checks deposited.</p> <p>Without a listing of cash or check for each amount collected, it cannot be verified whether monies collected are being deposited intact.</p>	<p>The Internal Accounts Handbook, Section 4.01 (a) (iv) states that cash or check number must be listed with the student's name. We recommend this policy be followed without exception.</p>	<p>Response: Every attempt will be made to ensure the cash/check notation is listed on every monies collected form.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
High	2	Accuracy of Report of Monies Collected (RMC) Forms	
Recurring	<p>During our testing of deposits, we noted that the cash amounts on the deposit slips for the deposits made on 3/18/2011 (\$13,777.02) and 5/24/2011 (\$ 1,098.23) were not consistent with cash as reported on the RMC's. In total, the deposit amounts agreed to the monies collected forms.</p> <p>Inconsistencies between the RMC's and the deposit slip could be an indication that monies are not being deposited intact or as collected from the teachers/sponsors.</p>	<p>The Internal Accounts Handbook, Section 4.02 (g) states that the bookkeeper shall reconcile the monies collected to the report of monies collected, document the pre-numbered electronic receipt number, sign off, and issue a carbon copy of the report of monies collected to the individual collecting monies. We recommend the above policy be followed without exception.</p>	<p>Response: Each monies collected form is balanced and reconciled with bank amount.</p> <p>ECD: Immediately</p>

SCHOOL: HICKORY CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/2/2011

Rating	Issues		Recommendation	Management Response
Moderate	3	Returned Checks		
Recurring	During our test of returned checks, we noted that NSF checks totaling \$280 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. We recommend that this policy be followed without exception.	Response: The NSF in question has been transferred and in the future, all NSF's remaining at the end of the year will be transferred to the general fund. ECD: Immediately

Rating	Issues		Recommendation	Management Response
Moderate	4	Yearbook		
Recurring	During our testing of the yearbook inventory, we noted the following: <ul style="list-style-type: none"> • There were 15 more yearbooks on hand than shown on the reconciliation. • The number of yearbooks ordered on the reconciliation did not reflect the actual number of yearbooks received. Without the proper controls surrounding yearbook sales, inventory, and cash collections could be misappropriated.		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.	Response: The yearbook sponsor did not inventory the yearbooks at the time of delivery. This may account for the overage. When the 2011-12 yearbooks arrive, books will be inventoried and counts verified. ECD: Immediately

SCHOOL: HICKORY CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/2/2011

Rating	Issues	Recommendation	Management Response
High	5	Segregation of Duties	
New	<p>During our testing of segregation of duties, we noted that the bookkeeper occasionally collects original receipts from students and parents and also opens the mail, including mail receipts.</p> <p>As the bookkeeper's duties include bank deposits, posting monies collected in the computer and bank reconciliation, there is not an appropriate level of segregation of duties if they are also the initial collector of monies and preparer of the monies collected forms. Without the proper segregation of duties and controls surrounding cash, there is an increased likelihood of errors, misappropriation of funds or other types of irregularities to occur without being detected within an acceptable timeframe.</p>	<p>In accordance with section 4.02(c), "Monies shall be collected only by persons authorized by the principal. The bookkeeper cannot be designated as the primary recipient of original receipts. An alternative recipient should be designated by the principal. Acceptable designees include school principal, assistant principal, receptionist, teachers, coaches, or directors."</p> <p>We recommend a person other than the bookkeeper be the initial collector of all funds and the initial preparer of the monies collected forms. Once the funds are collected and documented on a monies collected form they are then submitted to the bookkeeper. The bookkeeper will verify the count, sign and date the form and return a copy to the person responsible for the collection of the funds.</p>	<p>Response: We have new procedure in place to comply with the segregation of duties. No mail is delivered without being first opened. If mail contains checks, envelopes are initialed and dated prior to delivery to bookkeeper or Extended Day Coordinator.</p> <p>ECD: Immediately</p>

SCHOOL: HICKORY CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/2/2011

Rating	Issues	Recommendation	Management Response
High	6	Authorization of Expenditures	
New	<p>During our test of disbursements, we noted that check 2575 reimbursed a purchase made on 1/18/2011 but the materials request was not approved by the principal until 2/17/2011.</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>Response: Every attempt is made to have proper approval prior to disbursements. I will continue to educate staff members regarding pre approvals and spending.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
Moderate	7	Chart of Accounts	
New	<p>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. The school added a new Account Name (Technology – PTO Donation) to the Fund Summary Line Items.</p>	<p>We recommend the school utilize the District's established chart of accounts as outlined May 2008, without exception.</p>	<p>Response: This was an error. Should have been a sub-account under Trust. SunGard does not allow us to set up account so this should not be an issue in the future</p> <p>ECD: Immediately</p>

SCHOOL: HICKORY CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/2/2011

Rating	Issues		Recommendation	Management Response
Moderate	8	Sales Tax		
New	<p>During our testing of disbursements, we noted the following sales tax issues:</p> <ul style="list-style-type: none"> Check # 2312 was for items for resale and did not include sales tax. Furthermore, the sales tax was not paid to the Florida Department of Revenue. Check # 2412 inappropriately reimbursed sales tax. <p>The School Board is not subject to sales tax; therefore sales tax should not be paid or reimbursed unless purchasing items for resale.</p>		<p>The Internal Accounts Handbook (Section 5.05) states all items purchased for resale are subject to Florida Sales Tax unless specifically exempted.</p> <p>The Internal Accounts Handbook (Section 5.01(j) states that, "Purchases are specifically exempted from sales and use tax, except for purchases for resale."</p> <p>We recommend that these policies be followed without exception.</p>	<p>Response: Check 2312 was for student t-shirts. This year we are collecting sales tax we purchase and sell to students. Every attempt will be made to correctly reimburse teachers for expenditures.</p> <p>ECD: Immediately</p>

Rating	Issues		Recommendation	Management Response
Low	9	Outside Organizations		
New	<p>During our testing of cash disbursements, we noted one disbursement (check 2294) to the PTO that did not have prior approval by the District Chief Financial Officer. This \$49 expenditure was to the PTO for a fundraiser.</p>		<p>The Internal Accounts Handbook states that any and all transactions with school support organizations (PTA, PTO, & Booster Clubs) must have prior approval of the District Chief Financial Officer. (District Internal Accounts Handbook, Section 3.01vii and Article X). We recommend this policy be followed without exception.</p>	<p>Response: I misinterpreted the Handbook and understood that donations were the only item that had to be approved by the CFO. In the future, all PTO donations, expenditures, etc. will be approved by the CFO.</p> <p>ECD: Immediately</p>

SCHOOL: R. B. HUNT ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/8/2011

Rating	Issues	Recommendation	Management Response
Moderate	1	Night Depository	
Recurring	<p>We observed that the safe does not have a built-in slot for night deposits.</p> <p>Funds are required to be held in the safe each night. A night deposit slot facilitates safeguarding of funds that are collected when the bookkeeper and principal are not present.</p>	<p>Per the Internal Accounts Handbook (Section 2.08(e)), "The safe must have a built-in slot for night depository." We recommend the District evaluate the need for a built-in night depository slot and document an exception to policy for this school if deemed appropriate.</p>	<p>Response: The school will purchase and install a new night deposit slot safe by the end of October 2011.</p> <p>ECD: October, 2011</p>

Rating	Issues	Recommendation	Management Response
High	2	Accuracy of Report of Monies Collected (RMC) Forms	
New	<p>During our testing of deposits, we noted one deposit for which the cash amount on the deposit slip was not consistent with the cash amount indicated on the RMC (deposit containing RMC # 386891). In total, the deposit amount agreed to the monies collected forms.</p> <p>Inconsistencies between the RMC's and the deposit slip could be an indication that monies are not being deposited intact or as collected from the teachers/sponsors.</p>	<p>The Internal Accounts Handbook, Section 4.02 (g) states that the bookkeeper shall reconcile the monies collected to the report of monies collected, document the pre-numbered electronic receipt number, sign off, and issue a carbon copy of the report of monies collected to the individual collecting monies. We recommend the above policy be followed without exception.</p>	<p>Response: We will ensure that all funds are doubled checked before deposits are made.</p> <p>ECD: Immediately</p>

SCHOOL: R. B. HUNT ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/8/2011

Rating	Issues	Recommendation	Management Response
High	3	Bank Reconciliation	
New	<p>During our review of the year-end bank reconciliation, we reperformed the reconciliation noting a \$544 unidentified reconciling item.</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>Response: The error of reconciliation was the difference in NSF checks not entered in Heritage. All NSF will be reconciled manually moving forward.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
High	4	Frequency of Deposits	
New	<p>During our test of cash receipts, we noted one RMC in which money was collected on 9/17/2010 but not deposited at the bank until 10/1/2010 (deposit containing RMC #386891).</p> <p>Deposits not made within 5 business days result in inaccurate records and could be the result of misappropriated funds.</p>	<p>The Internal Accounts Handbook states funds collected must be deposited within five working days of receipt. (District Internal Accounts Handbook, Section 4.03) We recommend the above policy be followed without exception.</p>	<p>Response: During this time period the school was in transition of bookkeepers. The new bookkeeper was not authorized on the bank account until the end of September 2010.</p> <p>ECD: Immediately</p>

SCHOOL: R. B. HUNT ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/8/2011

Rating	Issues		Recommendation	Management Response
High	5	Extended Day Collections		
New	<p>During our test of extended day cash receipts, we noted a receipt for extended day services that was not collected in advance of the child's participation in the activity.</p> <p>Non advanced receipt of extended day program fees can result in loss of revenues due to the school and the inability to properly fund the costs of the program.</p>		<p>The Internal Accounts Handbook (Section 3.01 (g) (ii)) states that "All fees for student participation in the Extended Day program must be paid in advance prior to the child's attendance in the related session. Failure to collect fees in advance of providing services is contrary to the Constitution of the State of Florida, Article VII, Section 10."</p> <p>We recommend that the principal review this requirement with the extended day coordinator to ensure that all fees are paid in advance of student participation in any extended day activities.</p>	<p>Response: The Extended Day Supervisor will make all efforts to collect dues and fees in advance of providing services according to the Constitution of the State of Florida, Article VII, Section 10."</p> <p>ECD: Immediately</p>

Rating	Issues		Recommendation	Management Response
High	6	Expenditure Support		
New	<p>During our test of disbursements, we noted the following:</p> <ul style="list-style-type: none"> • Check # 6904 was not substantiated by the required District authorized field trip form. • The supporting receipt for check # 6798 was not fully legible. We were unable to test for agreement to supporting documentation, sales tax testing, or math accuracy of the supporting documentation. <p>Disbursements without proper supporting documentation could result in misappropriation of funds.</p>		<p>The Internal Accounts Handbook, Section 4.06(c) states that a copy of the field trip form shall be attached to all Materials Requisition/Check Request forms related to field trip expenditures.</p> <p>The Internal Accounts Handbook (Section 5.01(b)) states that the "Supporting Material Requisition/Check Request form, invoice or receipt substantiating purchase, and check stub shall be maintained on file for all disbursements."</p> <p>We recommend the above policies be followed without exception.</p>	<p>Response: * Copy of authorized Field Trip Form was on file but not attached to the Materials Requisition/Check Request form. Starting immediately all supporting forms will be attached to the Materials Requisition/Check Request form.</p> <p>* The Publix receipt ink was worn off; at recommendation copies of receipt tapes will be copied for our records.</p> <p>ECD: Immediately</p>

SCHOOL: R. B. HUNT ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/8/2011

Rating	Issues		Recommendation	Management Response
High	7	Segregation of Duties		
New	<p>During our testing of segregation of duties, we noted that the bookkeeper occasionally opens the mail and is therefore the initial collector of monies received in the mail.</p> <p>As the bookkeeper's duties include bank deposits, posting monies collected in the computer and bank reconciliation, there is not an appropriate level of segregation of duties if they are also the initial collector of monies and preparer of the monies collected forms. Without the proper segregation of duties and controls surrounding cash, there is an increased likelihood of errors, misappropriation of funds or other types of irregularities to occur without being detected within an acceptable timeframe.</p>		<p>In accordance with section 4.02(c), "Monies shall be collected only by persons authorized by the principal. The bookkeeper cannot be designated as the primary recipient of original receipts. An alternative recipient should be designated by the principal. Acceptable designees include school principal, assistant principal, receptionist, teachers, coaches, or directors."</p> <p>We recommend a person other than the bookkeeper be the initial collector of all funds and the initial preparer of the monies collected forms. Once the funds are collected and documented on a monies collected form they are then submitted to the bookkeeper. The bookkeeper will verify the count, sign and date the form and return a copy to the person responsible for the collection of the funds.</p>	<p>Response: The bookkeeper will no longer be the initial person opening the school mail.</p> <p>ECD: Immediately</p>

SCHOOL: JULINGTON CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/27/2011

Rating	Issues		Recommendation	Management Response
High	1	Completion of Report of Monies Collected (RMC) Forms		
Recurring	<p>During our testing of cash receipts, we noted the following:</p> <ul style="list-style-type: none"> One monies collected did not contain an official receipt number. Cash or check was not listed next to each amount collected on RMC 381979. We were unable to agree the cash and checks deposited. Without a listing of cash or check for each amount collected, it cannot be determined if deposits are being made intact. Error corrections on one RMC (3178) were not made in accordance with the Internal Funds Handbook. 		<p>The Internal Accounts Handbook states the requirements for Monies Collected Forms in Section 4.01(a). These include the following:</p> <ul style="list-style-type: none"> The white copy shall be identified by the corresponding pre-numbered, secured electronic receipt number representing the collection. Cash or check number must be listed with the student's name. Any erroneous information must be invalidated by the originator of the entry by lining through such information, entering the correct information above or below the error and initialing. <p>We recommend the bookkeeper review the requirements for Monies Collected Forms and ensure compliance without exception.</p>	<p>Response:</p> <ul style="list-style-type: none"> Receipt numbers will be assigned to each monies collected form Cash or Check will be selected for each entry All corrections made will be in accordance with the Internal Funds Handbook <p>ECD: Immediately and ongoing review</p>

Rating	Issues		Recommendation	Management Response
Moderate	2	Returned Checks		
Recurring	<p>During our test of returned checks, we noted that NSF checks totaling \$1,505.24 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. We recommend that this policy be followed without exception.</p>	<p>Response:</p> <ul style="list-style-type: none"> Procedures stated in the Internal Accounts Handbook will be followed with regard to returned checks <p>ECD: Immediately and ongoing review</p>

SCHOOL: JULINGTON CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/27/2011

Rating	Issues	Recommendation	Management Response
Moderate	3	Yearbook	
Recurring	<p>During our testing of the yearbook inventory, we were unable to agree the yearbook sales amounts per the yearbook reconciliation documentation to the general ledger.</p> <p>Without the proper controls surrounding yearbook sales, inventory, and cash collections could be misappropriated.</p>	<p>The Internal Accounts Handbook (Section 9.04) states that if yearbooks are sold by a school, then the yearbook class sponsor shall maintain specified required information. We recommend that this policy be followed without exception.</p>	<p>Response: Every effort will be made to communicate the procedures stated in the Internal Accounts Handbook with the yearbook sponsor</p> <p>ECD: Immediately and ongoing review w/ Year Book Sponsor</p>

Rating	Issues	Recommendation	Management Response
High	4	Bank Reconciliation	
New	<p>During our review of the year-end bank reconciliation, we noted the following:</p> <ul style="list-style-type: none"> We identified an unreconciled balance of \$296.54. No follow-up on this difference was performed. The bank reconciliation was updated after the principal's review and sign off, to include a \$5,929 outstanding check as of June 30, 2011. The total sum of outstanding checks was not updated on the bank reconciliation was not updated to include the additional check; as such the ending balance per the bank reconciliation did not agree to the general ledger <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>Response:</p> <ul style="list-style-type: none"> Every effort will be made to ensure that any corrections made on bank reconciliation's are done so appropriately. When this is necessary the principal's signature will be requested <p>ECD: Immediately and year end review</p>

SCHOOL: JULINGTON CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/27/2011

Rating	Issues	Recommendation	Management Response
High	5	Expenditure Support	
New	<p>During our test of disbursements, we noted the supporting documentation for check # 11162 was an order form completed by the sponsor. No evidence of purchase such as invoice or receipt was attached.</p> <p>Disbursements without proper supporting documentation could result in misappropriation of funds.</p>	<p>The Internal Accounts Handbook (Section 5.01(b)) states that the "Supporting Material Requisition/Check Request form, invoice or receipt substantiating purchase, and check stub shall be maintained on file for all disbursements." We recommend that this policy be followed without exception.</p>	<p>Response:</p> <ul style="list-style-type: none"> Invoices and/or receipts will be requested as supporting documentation for purchase. <p>ECD: Immediately and year end review</p>

Rating	Issues	Recommendation	Management Response
High	6	Prior Period Adjustment	
New	<p>During our review of the annual fund summary, we identified that the School made a \$6,739 extended day disbursement to the District on fees collected during FY 2010. When processing this prior year obligation, the bookkeeper adjusted the FY 2010 balance after the general ledger had been closed.</p>	<p>The Internal Accounts Handbook (Section 7.01(c)) states that all amounts held in Internal Accounts for remittance to the District (i.e.: Extended Day fees, fines for lost and damaged textbooks, camps/instructional program fees, rents for facility use) that are not paid to the District by June 30th must be included in accounts payable at year-end. We recommend that this policy be followed without exception.</p>	<p>Response:</p> <ul style="list-style-type: none"> Section 7.01 (c) of the Internal Accounts Handbook will be followed regarding disbursement of fees to the District <p>ECD: Immediately and ongoing review w/ Extend Day Director</p>

SCHOOL: JULINGTON CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/27/2011

Rating	Issues		Recommendation	Management Response
Moderate	7	Frequency of Disbursements		
New	During our testing of cash disbursements we noted the following: <ul style="list-style-type: none"> • Check # 7976 was paid 55 days after the invoice date for an invoice due on receipt. • Check # 8073 was paid 65 days after the invoice due date for an invoice due on receipt. 		We recommend that payments be made within 45 days of the invoice date or by the due date stipulated by the vendor in order to avoid possible late penalties and/or take advantage of any possible discounts offered by the vendor.	Response: <ul style="list-style-type: none"> • All payments will be made within the 45 day time frame as recommended ECD: Immediately and ongoing review

SCHOOL: KETTERLINUS ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/8/2011

Rating	Issues		Recommendation	Management Response
Moderate	1	Night Depository		
Recurring	<p>We observed that the safe does not have a built-in slot for night deposits.</p> <p>Funds are required to be held in the safe each night. A night deposit slot facilitates safeguarding of funds that are collected when the bookkeeper and principal are not present.</p>		<p>Per the Internal Accounts Handbook (Section 2.08(e)), "The safe must have a built-in slot for night depository." We recommend the District evaluate the need for a built-in night depository slot and document an exception to policy for this school if deemed appropriate.</p>	<p>Response: School has a safe combination lock. Night deposits are done by the principal during special night events. The principal will request District's CFO to give procedures for providing a built-in night depository slot or an exception to the policy. CFO will provide a separate written response indicating action on this issue.</p> <p>ECD: Immediately</p>

Rating	Issues		Recommendation	Management Response
High	2	Expenditure Support		
New	<p>During our test of disbursements, we noted one check (3290) was not substantiated by the required District authorized field trip form.</p> <p>Disbursements without proper supporting documentation could result in misappropriation of funds.</p>		<p>The Internal Accounts Handbook, Section 4.06(c) states that a copy of the field trip form shall be attached to all Materials Requisition/Check Request forms related to field trip expenditures.</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: All authorized/ approved field trips forms are kept in a separate file in Assistant principal's office. We will begin this procedure (attaching field trip form) to check disbursement.</p> <p>ECD: Immediately</p>

Rating	Issues		Recommendation	Management Response
Moderate	3	Yearbook		
New	<p>During our testing of the yearbook inventory, we noted that there was one less yearbook on hand than shown on the reconciliation.</p> <p>Without the proper controls surrounding yearbook sales, inventory, and cash collections could be misappropriated.</p>		<p>The Internal Accounts Handbook (Section 9.04) states that if yearbooks are sold by a school, then the yearbook class sponsor shall maintain specified required information. We recommend that this policy be followed without exception.</p>	<p>Response: All yearbooks have been accounted for after the audit.</p> <p>ECD: Immediately</p>

SCHOOL: LANDRUM MIDDLE SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/28/2011

Rating	Issues		Recommendation	Management Response
High	1	Yearbook		
Recurring	<p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> We were not provided with a full listing of individuals purchasing yearbooks, which should include student name, date paid, amount paid and payment method (cash or check number). The listing of online yearbook sales was not included with the supporting documentation. The listing of those receiving complimentary yearbooks was not provided. <p>We were able to perform an estimated reconciliation based on the above. Without the proper controls surrounding yearbook sales, inventory, and cash collections could be misappropriated.</p>		<p>The Internal Accounts Handbook (Section 9.04) states that if yearbooks are sold by a school, then the yearbook class sponsor shall maintain specified required information. We recommend that this policy be followed without exception.</p>	<p>Response: Careful records were kept on Yearbook sales and money collected forms were completed for in-house sales. A complete listing of on-line sales through Leonards was available, a copy will be provided if requested. 13 complimentary books were given out and a list was available at the time of audit. There was a small discrepancy between books delivered and books distributed.</p> <p>ECD: Beginning with yearbook sales in September, 2011, we will keep careful records of all sales, in-house and on-line as well as complimentary books distributed. Our yearbook sponsor for 2012 is aware of the reporting necessary to complete the reconciliation.</p>

Rating	Issues		Recommendation	Management Response
High	2	Outside Organizations		
Recurring	<p>During our testing of outside organizations, we noted one payment to the PTO (check 9962) was made by the school and did not have prior approval by the District Chief Financial Officer.</p>		<p>The Internal Accounts Handbook states that any and all transactions with school support organizations (PTA, PTO, & Booster Clubs) must have prior approval of the District Chief Financial Officer. (District Internal Accounts Handbook, Section 3.01vii and Article X). We recommend this policy be followed without exception.</p>	<p>Response: The PTO ordered and sold planners to students. This payment was for some planners for our guidance department to distribute to students in need and new students who enrolled later in the year.</p> <p>ECD: Beginning immediately the District CFO will be made aware of any transaction between LMS and the PTO.</p>

SCHOOL: LANDRUM MIDDLE SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/28/2011

Rating	Issues		Recommendation	Management Response
High	3	Frequency of Deposits		
Recurring	<p>During our test of cash receipts, we noted one RMC (1851) in which money was collected between 11/11/2010 and 11/15/2010 that was not remitted to the bookkeeper until 11/15/2010.</p> <p>Delays in the collection and recording process result in inaccurate records and could be the result of misappropriated funds</p>	<p>The Internal Accounts Handbook, Section 4.02 (f) states that all funds collected and supporting report of monies collected shall be delivered to the bookkeeper on the day of collection.</p>	<p>Response: Teachers have been instructed to turn in money collected day by day.</p> <p>ECD: Beginning immediately we will instruct teachers to turn in money collected daily.</p>	

Rating	Issues		Recommendation	Management Response
High	4	Completion of Report of Monies Collected (RMC) Forms		
New	<p>During our testing of cash receipts, we noted that cash or check was not listed next to each amount collected on RMCs 1646 and 2241. We were unable to agree the cash and checks deposited.</p> <p>Without a listing of cash or check for each amount collected, it cannot be determined if deposits are being made intact.</p>	<p>The Internal Accounts Handbook states the requirements for Monies Collected Forms in Section 4.01(a). These include the following:</p> <ul style="list-style-type: none"> Cash or check number must be listed with the student's name. <p>We recommend the bookkeeper review the requirements for Monies Collected Forms and ensure compliance without exception.</p>	<p>Response: This was an oversight on the part of the teacher and the bookkeeper.</p> <p>ECD: Beginning immediately careful attention will be paid to the reporting of cash and check collection of money.</p>	

SCHOOL: LANDRUM MIDDLE SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/28/2011

Rating	Issues	Recommendation	Management Response
High	5	Fundraising Activity	
New	<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 principal did not review the final fundraiser reconciliation. • The required fundraising checklist was not included within the supporting documentation of the fundraising activities <p>Failure to completely follow District policies related to the use of fund raiser reconciliations could result in an inability to ensure the fund raising activity is fully and accurately captured in the internal accounts fund.</p>	<p>The Internal Accounts Handbook, (Section 9.03) <i>Fund Raising Inventory</i>, states that the following information should be documented for all pre-sale fund raising activities:</p> <ol style="list-style-type: none"> 1) Name of student selling items. 2) Amount of money turned in. 3) Names of individuals purchasing items. 4) Method of payment. 5) The items and number of units purchased. 6) Completed order forms, which may include some or all of the information listed above. 7) Records indicating items were received by the individual purchaser. 8) 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>Response: Fundraising activities will need more careful monitoring.</p> <p>ECD: Beginning September 2011 each fundraising sponsor will need to submit documents for approval prior to the event. A reconciliation will be performed after the event.</p>

SCHOOL: LANDRUM MIDDLE SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/28/2011

Rating	Issues		Recommendation	Management Response
High	6	Expenditure Support		
New	<p>During our test of disbursements, we noted the following:</p> <ul style="list-style-type: none"> • One check (10240) was not substantiated by the required District authorized field trip form. • The supporting documentation for check 10090 was an email from the sponsor and copy of purchase order detail. No evidence of purchase such as invoice or receipt is attached. • The supporting documentation for check 9962 was not dated so we could not verify that the purchase was pre-approved. It also did not agree to the payment amount. • The supporting invoice for check 9946 was not mathematically accurate. <p>Disbursements without proper supporting documentation could result in misappropriation of funds.</p> <p>Lack of review of supporting documentation prior to disbursements could result in misappropriation of funds or inaccurate payments.</p>		<p>The Internal Accounts Handbook, Section 4.06(c) states that a copy of the field trip form shall be attached to all Materials Requisition/Check Request forms related to field trip expenditures.</p> <p>The Internal Accounts Handbook (Section 5.01(b)) also states that the "Supporting Material Requisition/Check Request form, invoice or receipt substantiating purchase, and check stub shall be maintained on file for all disbursements." Section 5.02(iii) further states that, "The bookkeeper should review invoices prior to writing a check." We recommend that the bookkeeper review all supporting documentation in detail to ensure disbursements are supported by appropriate documentation and made for the correct amounts.</p> <p>We recommend the above policies be followed without exception.</p>	<p>Response: Check 10240 was accompanied by a letter from principal King to Dr. Joyner outlining the type of field trip and the authorization.</p> <p>Check 9962 was a purchase of scrip for a Band Fundraiser. The PO for the scrip was attached which itemized the purchase and the amounts. I should have requested a paid receipt from the company.</p> <p>Check 9946 was paid from the total on the Sales Proposals I should have requested a new invoice which reflected the correct total.</p> <p>ECD: Beginning immediately I will be careful to match the invoice to the check written.</p>

SCHOOL: LANDRUM MIDDLE SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/28/2011

Rating	Issues		Recommendation	Management Response
Moderate	7	Returned Checks		
New	During our test of returned checks, we noted 1 NSF checks totally \$80. The returned check balance per the general ledger was \$174. The total returned checks were not properly 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. We recommend that this policy be followed without exception.	<p>Response: This is an ongoing issue with the way NSF checks were recorded in the Heritage Software.</p> <p>ECD: By the end of this fiscal year I will clear up the NSF checks in the SunGard program.</p>

Rating	Issues		Recommendation	Management Response
Low	8	Authorization of Transfers and Adjustments		
New	During our testing of adjustments, we noted that School is not utilizing the District developed transfer form.		The Internal Accounts Handbook Appendix II Exhibit 3 entails the transfer form developed by the District. We recommend this form be utilized without exception.	<p>Response: New form is now in use.</p> <p>ECD: New form will be used beginning immediately.</p>

SCHOOL: LIBERTY PINES ACADEMY

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/2/2011

Rating	Issues	Recommendation	Management Response
Moderate	1	Sales Tax	
New	During our testing of disbursements, we noted that check #1602 which was for items for resale did not include sales tax. Furthermore, the sales tax was not paid to the Florida Department of Revenue. The District is subject to sales tax when items purchased are for resale; therefore sales tax should have been paid.	The Internal Accounts Handbook (Section 5.05) states all items purchased for resale are subject to Florida Sales Tax unless specifically exempted. We recommend that this policy be followed without exception.	<p>Response: When purchasing items for resale we will be sure that sales tax is included.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
Low	2	Year-end Ticket Inventory	
New	<p>During testing of ticket sales, the proper records for ticket inventory are not maintained, but we were able to determine year-end tickets on hand from the ticket sales reports.</p> <p>Inaccurate recordkeeping of ticket sales and ticket inventory could result in missing tickets and/or misappropriation of funds.</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>Response: We will review the proper way to maintain ticket inventory and begin keeping more accurate records.</p> <p>ECD: Immediately</p>

SCHOOL: OTIS A MASON ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2011

Rating	Issues		Recommendation	Management Response
High	1	Yearbook		
Recurring	<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, and cash collections could be misappropriated.</p>		<p>The Internal Accounts Handbook (Section 9.04) states that if yearbooks are sold by a school, then the yearbook class sponsor shall maintain specified required information. We recommend that this policy be followed without exception.</p>	<p>Response: The yearbook had a new sponsor this year that was not familiar with all the required record keeping and reconciliation process. This was reviewed with her in the audit review. Yearbook policy will be followed and proper reconciliation will be completed for the 2011-12 year.</p> <p>ECD: 2011-12 School Year.</p>

Rating	Issues		Recommendation	Management Response
High	2	Daily Cash Collection		
New	<p>During our test of cash receipts, we noted monies collected forms in which money was collected on 10/05/10 and 3/1/11 that was not remitted to the bookkeeper until 10/06/10 and 3/2/11, respectively.</p> <p>Delays in the collection and recording process result in inaccurate records and could be the result of misappropriated funds</p>		<p>The Internal Accounts Handbook, Section 4.02 (f) states that all funds collected and supporting report of monies collected shall be delivered to the bookkeeper on the day of collection. We recommend that this policy be followed without exception.</p>	<p>Response: All monies collected and recorded from Extended Day will be deposited on the same day as collected.</p> <p>ECD: August 15, 2011</p>

SCHOOL: OTIS A MASON ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2011

Rating	Issues	Recommendation	Management Response
High	3	Segregation of Duties	
New	<p>During our testing of segregation of duties, we noted the bookkeeper primarily opens the mail, (on occasion, someone at the front desk will open the mail) and then gives the checks to the principal or assistant principal to prepare the monies collected form.</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>Response: The assistant principal will be the initial collector of funds coming through the mail from outside sources. He will document on a monies collected form and submit them to the bookkeeper for processing.</p> <p>ECD: August 15, 2011</p>

Rating	Issues	Recommendation	Management Response
High	4	Fundraising Activity	
New	<p>During our testing of fund raising activities we noted that the School had a cake sale to raise money for a Relay for Life event, but did not utilize the fundraising activity form or the fundraiser checklist to document the fundraiser.</p> <p>Failure to completely follow District policies related to the use of fund raiser reconciliations could result in an inability to ensure the fund raising activity is fully and accurately captured in the internal accounts fund.</p>	<p>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>Response: Fund raising activities to include Relay for Life will be documented on the District forms and utilize the fund raising checklist.</p> <p>ECD: August 15, 2011</p>

SCHOOL: OTIS A MASON ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2011

Rating	Issues		Recommendation	Management Response
Moderate	5	Expenditure Support		
New	<p>During our test of disbursements, we noted the following checks #2303 and 2375 were not substantiated by the required District authorized field trip form.</p> <p>Disbursements without proper supporting documentation could result in misappropriation of funds.</p>		<p>The Internal Accounts Handbook, Section 4.06(c) states a copy of the field trip form shall be attached to all Materials Requisition/Check Request forms related to field trip expenditures. We recommend the above policy be followed without exception.</p>	<p>Response: Field trip authorization forms will be submitted and kept with all requisitions and check request related to field trip expenditures.</p> <p>ECD: August 15, 2011</p>

SCHOOL: PEDRO MENENDEZ HIGH SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2011

Rating	Issues	Recommendation	Management Response
High	1	Completion of Report of Monies Collected (RMC) Forms	
Recurring	<p>During our testing of cash receipts, we noted that student names were not listed next to each amount collected on RMCs 392463 and 392702.</p> <p>Monies collected forms must list student names so that they represent a full record of monies provided by each student.</p>	<p>The Internal Accounts Handbook, Section 4.01 (a) (iv) states that (iv) for collections from students, the student's name must be listed on the Monies Collected Form. We recommend this policy be followed without exception.</p>	<p>Response: PMHS Response Item 1: We have advised staff members of the importance of listing students names so that they represent a full record of monies provided. We will monitor more closely to correct this problem.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
Moderate	2	Yearbook	
Recurring	<p>During our testing of the yearbook inventory, we noted the following:</p> <ul style="list-style-type: none"> • There were 12 more yearbooks on hand than shown on the reconciliation. • The number of yearbooks ordered on the reconciliation did not reflect the actual number of yearbooks received. • No support for the number of yearbooks returned to the vendor was available. <p>Without the proper controls surrounding yearbook sales, inventory, and cash collections could be misappropriated.</p>	<p>The Internal Accounts Handbook (Section 9.04) states that if yearbooks are sold by a school, then the yearbook class sponsor shall maintain specified required information. We recommend that this policy be followed without exception.</p>	<p>Response: PMHS Response Item 2: We will follow your recommendation as it pertains to yearbook inventory</p> <p>ECD: Immediately (and as sales inventory arrives)</p>

SCHOOL: PEDRO MENENDEZ HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2011

Rating	Issues	Recommendation	Management Response
High	3	Expenditure Support	
New	<p>During our test of disbursements, we noted a difference of \$676 from the supporting documentation for an expenditure as compared to the actual check disbursement (check #11121). Not all supporting documentation was initially available upon request. Subsequent documentation was submitted to us for review, which identified the above difference of \$676.</p> <p>Disbursements without proper supporting documentation could result in misappropriation of funds.</p> <p>Lack of review of supporting documentation prior to disbursements could result in misappropriation of funds or inaccurate payments.</p>	<p>The Internal Accounts Handbook (Section 5.01(b)) also states that the "Supporting Material Requisition/Check Request form, invoice or receipt substantiating purchase, and check stub shall be maintained on file for all disbursements." Section 5.02(iii) further states that, "The bookkeeper should review invoices prior to writing a check." We recommend that the bookkeeper review all supporting documentation in detail to ensure disbursements are supported by appropriate documentation and made for the correct amounts.</p> <p>We recommend the above policies be followed without exception.</p>	<p>Response: PMHS Response: Item 3: We will be sure to have all supporting documentation prior to issuing a check, including final costs to insure the disbursements are made in the correct amount.</p> <p>ECD: Immediately</p>

SCHOOL: MILL CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/1/2011

Rating	Issues	Recommendation	Management Response
High	1	Completion of Report of Monies Collected (RMC) Forms	
Recurring	<p>During our testing of cash receipts, we noted the following:</p> <ul style="list-style-type: none"> One RMC contained the incorrect receipt number (395911). Error corrections on two RMCs (395977 and 396443) were not made in accordance with the Internal Funds Handbook. Multiple RMCs were numbered the same (monies collected form 397343). The monies collected were performed by varying teachers. 	<p>The Internal Accounts Handbook states the requirements for Monies Collected Forms in Section 4.01(a). These include the following:</p> <ul style="list-style-type: none"> Cash or check number must be listed with the student's name. The white copy shall be identified by the corresponding pre-numbered, secured electronic receipt number representing the collection. Any erroneous information must be invalidated by the originator of the entry by lining through such information, entering the correct information above or below the error and initialing. <p>We recommend the bookkeeper review the requirements for Monies Collected Forms and ensure compliance without exception.</p> <p>We also recommend that each monies collected forms be numbered separately for each collector to enhance reconciling and receipting by the bookkeeper is by each collector.</p>	<p>Response: 395911-395977- A teacher changed the amount of the check that was deposited, from 140 to 80, she wrote over the amount and initialed next to the correction, her addition was correct.</p> <p>396443-Looks like the teacher may have changed the date by just correcting the number. I have been working with the teachers on the correct process for turning in money collected from and have continued the incentive program with them.</p> <p>397343- Multiple receipts, two different signers, receipts are for the same account/project. This was done for time management needs, and in consideration of the amount of cash that was coming in.</p> <p>ECD: December 16, 2011</p>

SCHOOL: MILL CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/1/2011

Rating	Issues		Recommendation	Management Response
High	2	Accuracy of Report of Monies Collected (RMC) Forms		
Recurring	<p>During our testing of deposits, we noted the following:</p> <ul style="list-style-type: none"> One deposit for which money totaled on the RMCs was \$1 less than the deposit amount (deposit on 10/11/2010 for \$3,095.51). The cash total on the RMCs was also \$1 less than the cash amount on the deposit slip for this deposit. <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>Response: I have looked at this deposit several times, both with the auditor and alone and can't explain my error.</p> <p>ECD: December 16, 2011</p>

Rating	Issues		Recommendation	Management Response
High	3	Returned Checks		
Recurring	<p>During our test of returned checks, we noted 12 NSF checks totaling \$662.60. The returned check balance per the general ledger was (\$1570.75).</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. We recommend that this policy be followed without exception.</p>	<p>Response: As stated in the previous audit there were items (NSF) listed from previous year, even prior to my term at bookkeeper, and prior to check-redi. The process in Heritage didn't allow for individual yearly listings. Over the summer I was able to clear up most of the NSF's with Check Redi with the exception of the oldest on the books which are being held by the attorney.</p> <p>ECD: December 16, 2011</p>

SCHOOL: MILL CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/1/2011

Rating	Issues	Recommendation	Management Response
Moderate	4	Fundraising Activity	
Recurring	<p>During our testing, we noted that monies were collected for the Mother's Day cake fund raising activity prior to the principal's approval.</p> <p>Failure to completely follow District policies related to the use of fund raiser reconciliations could result in an inability to ensure the fund raising activity is fully and accurately captured in the internal accounts fund.</p>	<p>The Internal Accounts Handbook Section 4.05(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 fundraising activities should be documented on the Fund Raising Activity Form.</p>	<p>Response: I have discussed with the sponsor and with the staff the importance of proper and timely request filing.</p> <p>ECD: December 16, 2011</p>

Rating	Issues	Recommendation	Management Response
High	5	Authorization of Disbursements	
New	<p>During our testing of disbursements, we noted check #8120 had only one signature. Checks being disbursed with only one signature could result in misappropriation of funds.</p> <p>We were also unable to verify that two of the checks in our sample (7976 and 7980) were properly authorized with dual signatures, as the cancelled check images were not maintained on file.</p>	<p>The Internal Accounts Handbook, Section 5.01(a), states that, "All checks written must be signed with two signatures." We recommend that these policies be followed without exception.</p>	<p>Response: I noticed that missing signature when I pulled that request and was shocked, Mrs. Ford and I worked together to make sure that we are both on track.</p> <p>Also. The July statement NEVER arrived at either Nease, our consolidated site, or our home school. When I talked to the auditor about it I realized that I could have printed out the cleared checks for audit purposes.</p> <p>ECD: December 16, 2011</p>

SCHOOL: MILL CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/1/2011

Rating	Issues		Recommendation	Management Response
High	6	Frequency of Deposits		
New	<p>During our test of cash receipts, we noted two monies collected forms in which money was collected on 9/8/2010 that was not remitted to the bookkeeper until 9/13/2010. Delays in the collection and recording process result in inaccurate records and could be the result of misappropriated funds</p>		<p>The Internal Accounts Handbook, Section 4.02 (f) states that all funds collected and supporting report of monies collected shall be delivered to the bookkeeper on the day of collection.</p>	<p>Response: Unfortunately from time to time teachers and or sponsors fill out a money collected for with the intention of turning it in and then they don't get around to doing it until the next day or even the day after that. The 8th was a Wednesday, the 13th a Monday. I can only assume that the money was turned in late on Friday and I collected it from the safe Monday morning. This is another issue that has been discussed with the teachers during our staff meeting, and will continue to be addressed.</p> <p>ECD: December 16, 2011</p>

Rating	Issues		Recommendation	Management Response
High	7	Outside Organizations		
New	<p>During our testing of outside organizations, we noted one donation from the PTO (receipt 395681) was made to the school and did not have prior approval by the District Chief Financial Officer.</p>		<p>The Internal Accounts Handbook states that any and all transactions with school support organizations (PTA, PTO, & Booster Clubs) must have prior approval of the District Chief Financial Officer. (District Internal Accounts Handbook, Section 3.01vii and Article X). We recommend this policy be followed without exception.</p>	<p>Response: This rule was misunderstood by myself, we thought it had already been raised to \$3000.</p> <p>ECD: December 16, 2011</p>

SCHOOL: MILL CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/1/2011

Rating	Issues	Recommendation	Management Response
High	8	Expenditure Support	
New	<p>During our test of disbursements, we noted the following:</p> <ul style="list-style-type: none"> Two checks (8100 and 8122) were not substantiated by the required District authorized field trip form. The supporting documentation for check 8100 was an order form completed by the sponsor. No evidence of purchase such as invoice or receipt is attached. We also noted that the order form was not mathematically accurate. As such we were unable to determine if sales tax was properly excluded from payment. <p>Disbursements without proper supporting documentation could result in misappropriation of funds.</p>	<p>The Internal Accounts Handbook, Section 4.06(c) states that a copy of the field trip form shall be attached to all Materials Requisition/Check Request forms related to field trip expenditures.</p> <p>The Internal Accounts Handbook (Section 5.01(b)) also states that the "Supporting Material Requisition/Check Request form, invoice or receipt substantiating purchase, and check stub shall be maintained on file for all disbursements."</p> <p>We recommend the above policies be followed without exception.</p>	<p>Response: I keep a separate file of field trip forms, and have never in past years attached the field trip form to the check request form. This will be done in the future.</p> <p>I have talked to the 5th grade team leader about the universal trip and told him of the requirement. Also during my absence an additional check was written to make up the difference from the original request. (this check was requested the day my mother was put on comfort care, the day I left for California and just prior to her death).</p> <p>ECD: December 16, 2011</p>

Rating	Issues	Recommendation	Management Response
High	9	Filing Procedures	
New	<p>During our testing of cash disbursements, we noted that one month's bank statement with cancelled check images was not maintained on file.</p>	<p>The Internal Accounts Handbook (Section 5.02(b) (vi)) states that "cancelled check images provided in monthly bank statements shall be maintained on file." We recommend that the bookkeeper maintain required forms, including cancelled check images, on file in accordance with this policy.</p>	<p>Response: I can only assume that you are talking about July 2010 again.</p> <p>As stated above: The July statement never arrived at either Nease, our consolidated site, or our home school.</p> <p>ECD: December 16, 2011</p>

SCHOOL: MILL CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/1/2011

Rating	Issues		Recommendation	Management Response
Moderate	10	Frequency of Disbursements		
New	<p>During our testing of cash disbursements we noted the following:</p> <ul style="list-style-type: none"> • Check # 7976 was paid 55 days after the invoice date for an invoice due on receipt. • Check # 8073 was paid 65 days after the invoice due date for an invoice due on receipt. 		<p>We recommend that payments be made within 45 days of the invoice date or by the due date stipulated by the vendor in order to avoid possible late penalties and/or take advantage of any possible discounts offered by the vendor.</p>	<p>Response: 7976 – National Pen has an issue with not sending invoices with orders and this with the issue here. This happened once before with this. Twice is enough. As I explained to the auditor we are no longer ordering from them.</p> <p>8073 – This was for two Invoices. One service was done just prior to Thanksgiving break, the other just after returning from winter break and we were told by vendor to combine payment since they were for the same meeting/child. I should have requested a new invoice.</p> <p>ECD: December 16, 2011</p>

SCHOOL: R.J. MURRAY MIDDLE SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/28/2011

Rating	Issues	Recommendation	Management Response
High	1	Expenditure Support	
New	<p>During our test of disbursements, we noted that check # 3969 was paid from an order form and not an actual invoice. As such we were unable to verify if sales tax was properly excluded.</p> <p>Disbursements without proper supporting documentation could result in misappropriation of funds.</p>	<p>The Internal Accounts Handbook (Section 5.01(b)) states that the "Supporting Material Requisition/Check Request form, invoice or receipt substantiating purchase, and check stub shall be maintained on file for all disbursements." We recommend that this policy be followed without exception.</p>	<p>Response: Every attempt is made to make sure that orders are paid from actual invoices, this was an over sight. In the future all orders will be paid from invoices only.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
Moderate	2	Property Purchase Reporting	
New	<p>During our cash disbursements testing, we noted one purchase for a student ID card machine, for which the purchase amount exceeded the District's \$1,000 capitalization threshold (check #3653).</p> <p>The District was not notified of the purchase nor did they receive the supporting documentation. The property was not recorded into the School's property inventory and was not tagged with an identification tag from the District.</p> <p>Property purchases must be in accordance with District guidelines to minimize risk of misappropriation and to ensure the assets are added to the District-wide inventory records accurately.</p>	<p>Per the Internal Accounts Handbook (Section 8.01(b)), "For property purchases or donations exceeding the District's capitalization threshold, notification to the District office is required and is the responsibility of the school principal or property custodian. A full description of any equipment or property must be given, including make, model, serial number, acquisition date, and total cost or fair market value of donated property. A supporting purchase order and invoice must also be provided for property purchases."</p> <p>Additionally, Section 8.01(e) states that, "The school principal or property custodian is responsible for ensuring that District issued identification tags are properly affixed to all acquired property."</p> <p>We recommend that the above policies be followed without exception.</p>	<p>Response: This issue has already been addressed and the appropriate paper work filed with the District to obtain a property tag. In the future any capital purchase over \$1,000 from Internal Accounts will be documented properly.</p> <p>ECD: Issue resolved.</p>

SCHOOL: R.J. MURRAY MIDDLE SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/28/2011

Rating	Issues	Recommendation	Management Response
High	3	Completion of Report of Monies Collected (RMC) Forms	
New	<p>During our testing of cash receipts, we noted that cash or check was not listed next to a line item amount collected on RMC 375712. We were unable to agree the cash and checks deposited.</p> <p>Without a listing of cash or check for each amount collected, it cannot be determined if deposits are being made intact.</p>	<p>The Internal Accounts Handbook states the requirements for Monies Collected Forms in Section 4.01(a). Cash or check number must be listed with the student's name. We recommend that this policy be followed without exception.</p>	<p>Response: Every attempt is made to accurately record cash and checks on the monies collected forms. In the future all monies collected forms will be documented correctly.</p> <p>ECD: Immediately</p>

SCHOOL: ALLEN D. NEASE HIGH SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/1/2011

Rating	Issues		Recommendation	Management Response
High	1	Daily Cash Collection		
New	<p>During our testing of cash receipts, we noted that either the monies collected form is not being properly completed or the cash collected is not being remitted back to the bookkeeper the day of collection as required, RMC 379810 was in reference to monies collected during a football game on 9/24/2010. The certified date of monies received by the bookkeeper as noted on the RMC was 9/27/2010.</p> <p>Cash not remitted to the bookkeeper on a daily basis for deposit could result untimely deposits, inaccurate records and could be the result of misappropriated funds. Inaccurate records limits the School's ability to properly monitor that money is being remitted back to the bookkeeper on the day of collection.</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. Any exception to this policy must be specifically authorized by the principal. We recommend the above policy be followed without exception.</p>	<p>Response: In the future, the money will be reconciled and the report of monies collected form will be completed at the time the money is dropped in the safe.</p> <p>ECD: Immediately.</p>

Rating	Issues		Recommendation	Management Response
High	2	Bank Reconciliation		
New	<p>During our review of the year-end bank reconciliation, we reperformed the reconciliation noting a \$158 unidentified reconciling item.</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>Response: The year-end bank reconciliation was performed again and the \$158 unidentified reconciling items were found. Copy of reconciliation attached.</p> <p>ECD: Immediately.</p>

SCHOOL: ALLEN D. NEASE HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/1/2011

Rating	Issues		Recommendation	Management Response
Moderate	3	Yearbook		
New	<p>During our review of the yearbook reconciliation we noted the following:</p> <ul style="list-style-type: none"> The yearbook reconciliation payments to vendor section included payments that were applied to FY 2010 and FY 2009. We counted 82 yearbooks on-hand as opposed to the 85 yearbooks listed on the yearbook reconciliation, we reperformed with the bookkeeper. <p>Without the proper controls surrounding yearbook sales, inventory, and cash collections could be misappropriated.</p>		<p>We recommend the sponsor in charge of yearbook sales and the bookkeeper ensure the continuous inventory of books is kept up to date. We also recommend that the School obtain an updated invoice from the Vendor to ensure that the balance owed is proper and paid accordingly.</p>	<p>Response: Proper controls will be set up quarterly to ensure inventory of books. Attached is an updated invoice from the vendor.</p> <p>ECD: Immediately.</p>

SCHOOL: OCEAN PALMS ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/25/2011 & 8/4/2011

Rating	Issues		Recommendation	Management Response
High	1	Completion of Report of Monies Collected (RMC) Forms		
Recurring	<p>During our testing of cash receipts, we noted the following:</p> <ul style="list-style-type: none"> Cash or check was not listed next to each amount collected on RMC 732. We were unable to agree the cash and checks deposited. None of the RMCs in our sample (703, 732, 773, 946, and 991) contained the receipt number. No printed copy of the receipt was attached to any of the forms. Error corrections on one RMC (773) were not made in accordance with the Internal Funds Handbook. There was no signature on one RMC included in the deposit on 12/13/2010 for \$1,449.50. No source of collection was documented. The total of the monies collected for was \$82. One RMC included in the deposit on 12/13/10 for \$1,449.50 was not dated. The total of the monies collected form was \$78. 		<p>The Internal Accounts Handbook states the requirements for Monies Collected Forms in Section 4.01(a). These include the following:</p> <ul style="list-style-type: none"> Cash or check number must be listed with the student's name. The white copy shall be identified by the corresponding pre-numbered, secured electronic receipt number representing the collection. Any erroneous information must be invalidated by the originator of the entry by lining through such information, entering the correct information above or below the error and initialing. The source of collection shall be properly identified as to source for each receipt listed on the form. <p>We recommend the bookkeeper review the requirements for Monies Collected Forms and ensure compliance without exception.</p>	<p>Response: All monies collected forms to be completed as instructed by the District.</p> <ol style="list-style-type: none"> All names listed on each line and cash or check identified. All forms will be given a sequential number and that number is then entered into SunGard. All forms will be signed by collecting individual and receiving individuals. All dates received will be listed on form and entered into SunGard. <p>ECD: 7/1/2011</p>

Rating	Issues		Recommendation	Management Response
High	2	Authorization of Disbursements		
Recurring	<p>During our testing of disbursements, we were unable to verify that one of the checks in our sample was properly authorized with dual signatures, as the cancelled check images were not maintained on file.</p>		<p>The Internal Accounts Handbook, Section 5.01(a), states that, "All checks written must be signed with two signatures." We recommend that these policies be followed without exception.</p>	<p>Response: All Bank Statements to be stored with Internal Accounts monthly disbursements.</p> <p>ECD: 7/1/2011</p>

SCHOOL: OCEAN PALMS ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/25/2011 & 8/4/2011

Rating	Issues	Recommendation	Management Response
High	3	Expenditure Support	
Recurring	<p>During our test of disbursements, we noted one check (1466) for which the supporting documentation was an order form completed by the sponsor. No evidence of purchase such as invoice or receipt is attached.</p> <p>Disbursements without proper supporting documentation could result in misappropriation of funds.</p>	<p>The Internal Accounts Handbook (Section 5.01(b)) also states that the "Supporting Material Requisition/Check Request form, invoice or receipt substantiating purchase, and check stub shall be maintained on file for all disbursements."</p> <p>We recommend the above policies be followed without exception.</p>	<p>Response: All disbursements require a Requisition/Check Request form. These forms will not be signed without proper documentation, nor will the check be cut without invoice attachments.</p> <p>ECD: 7/1/2011</p>

Rating	Issues	Recommendation	Management Response
High	4	Financial Reports	
Recurring	<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 June bank statement and bank reconciliation were reviewed by the principal, as these documents did not have documented review and approval by the principal. The previous months' bank reconciliations were not maintained on file. The previous months' bank statements did not have evidence of principal review. The monthly fund summary reports did not have evidence of principal review. The Annual Fund Detail report was not maintained on file. <p>Without proper review of the financial records on a monthly basis by someone other than the preparer, funds could be posted incorrectly or misappropriated.</p>	<p>The Internal Accounts Handbook (Section 6.01(a)) states that, "The principal shall date and initial the bank statement and bank reconciliation after the reviews are completed."</p> <p>We recommend that the above policy be followed without exception.</p>	<p>Response:</p> <ol style="list-style-type: none"> All bank statements to be signed by principal upon completion. All bank statements and reconciliations to be stored with monthly accounting data. All required reports will have proper signatures – awaiting direction on new required reports from SunGard. Note that all reports/all dates can be run from SunGard, no matter what fiscal month we are in. All reports are stored on the system and are date driven. <p>ECD: 8/1/2011 (1st bank statement received for this fiscal year)</p>

SCHOOL: OCEAN PALMS ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/25/2011 & 8/4/2011

Rating	Issues	Recommendation	Management Response
Moderate	5	Authorized Check Signers	
Recurring	<p>The listing of authorized check signors was not on file. We were therefore unable to test that the authorized check signatures on file with the Bank were updated for turnover of the bookkeeper and principal positions during the year.</p> <p>Improper cash disbursements authorization access could lead to misappropriation of assets.</p>	<p>We recommend that the bookkeeper contact the bank to obtain the current listing of authorized check signors and request appropriate updates to ensure compliance with the following requirements in the Internal Accounts Handbook (Section 2.04): "The principal of each school shall designate two persons in addition to him/herself who shall be authorized to sign checks and withdraw funds from checking, savings, or other investment accounts...These names shall be kept on file for audit."</p>	<p>Response: Requested Signature Card from bank 8/2011.</p> <p>ECD: 9/30/2011</p>

Rating	Issues	Recommendation	Management Response
High	6	Accuracy of Report of Monies Collected (RMC) Forms	
New	<p>During our testing of deposits, we noted the following:</p> <ul style="list-style-type: none"> For four of the RMCs in our sample (703, 732, 946, and 991), the full population of RMCs was not provided. We were therefore unable to test whether checks were exchanged for cash, whether the deposit slip agreed to the total of the forms, and whether the actual amount deposited agreed to the total of the monies collected amounts on all the attached forms. <p>Inconsistencies between the RMC's and the deposit slip could be an indication that monies are not being deposited intact or as collected from the teachers/sponsors.</p>	<p>The Internal Accounts Handbook, Section 4.02 (g) states that the bookkeeper shall reconcile the monies collected to the report of monies collected, document the pre-numbered electronic receipt number, sign off, and issue a carbon copy of the report of monies collected to the individual collecting monies. We recommend the above policy be followed without exception.</p>	<p>Response:</p> <ol style="list-style-type: none"> All monies collected forms are entered into SunGard. Forms are attached to the SunGard Cash Receipt Report. Yellow copy of deposit slip and bank bag number are attached. Yellow copy of RMC returned to money collector. <p>ECD: 7/1/2011</p>

SCHOOL: OCEAN PALMS ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/25/2011 & 8/4/2011

Rating	Issues		Recommendation	Management Response
High	7	Frequency of Deposits		
New	<p>During our test of cash receipts, we noted the following instances of late deposits:</p> <ul style="list-style-type: none"> • Monies collected by the bookkeeper on 4/8/2011 but not deposited at the bank until 4/26/2011 (946). • Monies collected by the bookkeeper on 5/6/2011 but not deposited at the bank until 5/17/2011 (991). • Monies collected by the bookkeeper on 11/18/2010 but not deposited at the bank until 12/13/2010. <p>Deposits not made within 5 business days result in inaccurate records and could be the result of misappropriated funds.</p>		<p>The Internal Accounts Handbook states funds collected must be deposited within five working days of receipt. (District Internal Accounts Handbook, Section 4.03) We recommend the above policy be followed without exception.</p>	<p>Response: During the month of July, 2011, the availability of SunGard prevented us from recording deposits in SunGard timely.</p> <p>Currently, all deposits are made within a week, depending on the schedule of the money courier.</p> <p>ECD: 8/15/2011</p>

Rating	Issues		Recommendation	Management Response
Moderate	8	Returned Checks		
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, 2011 balance should have been \$0, however was shown as \$573 on the general ledger.</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. We recommend that this policy be followed without exception.</p>	<p>Response: New processes have been implemented due to installation of the SunGard system. All returned checks are now entered into SunGard. Journal entries are required to increase AR and decrease the Cash for the amount of the NSF check. We will use the Check number or reference from CheckRedi to identify the NSF in the journal entry.</p> <p>ECD: 7/1/2011</p>

SCHOOL: OCEAN PALMS ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/25/2011 & 8/4/2011

Rating	Issues	Recommendation	Management Response
High	9	Segregation of Duties	
New	<p>During our testing of segregation of duties, we noted evidence that the bookkeeper was the initial collector of monies received in the mail for numerous monies collected forms. There was no other signature on the monies collected form.</p> <p>As the bookkeeper's duties include bank deposits, posting monies collected in the computer and bank reconciliation, there is not an appropriate level of segregation of duties if they are also the initial collector of monies and preparer of the monies collected forms. Without the proper segregation of duties and controls surrounding cash, there is an increased likelihood of errors, misappropriation of funds or other types of irregularities to occur without being detected within an acceptable timeframe.</p>	<p>In accordance with section 4.02(c), "Monies shall be collected only by persons authorized by the principal. The bookkeeper cannot be designated as the primary recipient of original receipts. An alternative recipient should be designated by the principal. Acceptable designees include school principal, assistant principal, receptionist, teachers, coaches, or directors."</p> <p>We recommend a person other than the bookkeeper be the initial collector of all funds and the initial preparer of the monies collected forms. Once the funds are collected and documented on a monies collected form they are then submitted to the bookkeeper. The bookkeeper will verify the count, sign and date the form and return a copy to the person responsible for the collection of the funds.</p>	<p>Response: The bookkeeper will no longer be the initial collector of monies.</p> <p>ECD: 7/1/2011</p>

Rating	Issues	Recommendation	Management Response
Moderate	10	Authorization of Transfers/Adjustments	
New	<p>During our testing of transfers, we noted the following:</p> <ul style="list-style-type: none"> Our two selected transfers (259, 501) were not supported by the District authorized transfer form. There was no evidence of principal approval of the transfers. <p>Unauthorized adjustments could result in errors in the general ledger or be an indication of potential misappropriation of funds.</p>	<p>The Internal Accounts Handbook (Section 6.03(a)) 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. We recommend this policy be followed without exception.</p>	<p>Response: All transfers will be accompanied by the official transfer form and will be supported by a signature from administration.</p> <p>ECD: 7/1/2011</p>

SCHOOL: OCEAN PALMS ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/25/2011 & 8/4/2011

Rating	Issues		Recommendation	Management Response
Moderate	11	Frequency of Disbursements		
New	During our testing of cash disbursements we noted one check # 1492 was paid 153 days after the invoice date for an invoice due on receipt.		We recommend that payments be made within 45 days of the invoice date or by the due date stipulated by the vendor in order to avoid possible late penalties and/or take advantage of any possible discounts offered by the vendor.	<p>Response: The delay of a fully functional SunGard has delayed a few payments in July and August of 2011, but all invoices will be paid dependent on the date the invoice is due.</p> <p>ECD: 8/1/2011</p>

Rating	Issues		Recommendation	Management Response
Moderate	12	Filing Procedures		
New	During our testing of cash disbursements, we noted that one month's bank statement with cancelled check images was not maintained on file.		The Internal Accounts Handbook (Section 5.02(b) (vi)) states that "cancelled check images provided in monthly bank statements shall be maintained on file." We recommend that the bookkeeper maintain required forms, including cancelled check images, on file in accordance with this policy.	<p>Response: All bank statements will be retained with the monthly accounting data.</p> <p>ECD: 8/1/2011</p>

SCHOOL: OSCEOLA ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2011

Rating	Issues		Recommendation	Management Response
High	1	Financial Reports		
Recurring	<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 June 2011 monthly fund summary was reviewed by the principal, as the document did not have documented review and approval by the principal. The June 2011 bank reconciliation was not signed and dated by the principal. <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>Response: Our records indicate that the June Fund Summary and bank statement were signed by the principal; however, the actual bank reconciliation page and the outside bank statement envelope were not signed.</p> <p>ECD: July, 2011</p>

Rating	Issues		Recommendation	Management Response
High	2	Extended Day Collections		
Recurring	<p>During our test of extended day cash receipts, we noted a receipt for extended day services that was not collected in advance of the child's participation in the activity.</p> <p>Non advanced receipt of extended day program fees can result in loss of revenues due to the school and the inability to properly fund the costs of the program.</p>		<p>The Internal Accounts Handbook (Section 3.01 (g) (ii)) states that "All fees for student participation in the Extended Day program must be paid in advance prior to the child's attendance in the related session. Failure to collect fees in advance of providing services is contrary to the Constitution of the State of Florida, Article VII, Section 10."</p> <p>We recommend that the principal review this requirement with the extended day coordinator to ensure that all fees are paid in advance of student participation in any extended day activities.</p>	<p>Response: For safety reasons, Mrs. Little, principal, allowed the child's participation in extended day prior to the parents meeting their financial obligation. Note: There was no loss of revenue as the parent paid on the date promised.</p> <p>ECD: August, 2011</p>

SCHOOL: OSCEOLA ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2011

Rating	Issues		Recommendation	Management Response
Moderate	3	Returned Checks		
Recurring	<p>During our test of returned checks, we noted 1 NSF checks totally \$80. The returned check balance per the general ledger was \$174. The total returned checks were 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. We recommend that this policy be followed without exception.</p>	<p>Response: We acknowledged this error and discussed it with Clara during our audit. We will follow procedure in the future.</p> <p>ECD: With the conclusion of this fiscal year.</p>

Rating	Issues		Recommendation	Management Response
Moderate	4	Night Depository		
Recurring	<p>We observed that the safe does not have a built-in slot for night deposits.</p> <p>Funds are required to be held in the safe each night. A night deposit slot facilitates safeguarding of funds that are collected when the bookkeeper and principal are not present.</p>		<p>Per the Internal Accounts Handbook (Section 2.08(e)), "The safe must have a built-in slot for night depository." We recommend the District evaluate the need for a built-in night depository slot and document an exception to policy for this school if deemed appropriate.</p>	<p>Response: We have previously discussed this and notified the District of this. They told us they were working on a District-wide solve for this problem.</p> <p>ECD: Hopefully by the end of this fiscal year.</p>

SCHOOL: OSCEOLA ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2011

Rating	Issues		Recommendation	Management Response
High	5	Completion of Report of Monies Collected (RMC) Forms		
New	<p>During our testing of cash receipts, we noted cash or check is not listed next to each amount collected on RMC #383373.</p> <p>Without a listing of cash or check for each amount collected, it cannot be determined if deposits are being made intact.</p>		<p>The Internal Accounts Handbook, Section 4.01 (a) (iv) states that cash or check number must be listed with the student's name. We recommend the above policy be followed without exception.</p>	<p>Response: Check numbers were written on the monies collected form to indicate payment was by check. We neglected to mark the corresponding box when cash was collected. This was an oversight by Mrs. Masse, who wrote the monies collected slip, and by our bookkeeper, Mrs. Burney, upon receipt. Both will adhere to this policy in the future.</p> <p>ECD: July, 2011</p>

Rating	Issues		Recommendation	Management Response
High	6	Outside Organizations		
New	<p>During our testing of outside organizations, we noted one payment from the school to the PTO (check # 4768) did not have prior approval by the District Chief Financial Officer.</p>		<p>The Internal Accounts Handbook states that any and all transactions with school support organizations (PTA, PTO, & Booster Clubs) must have prior approval of the District Chief Financial Officer. (District Internal Accounts Handbook, Section 3.01vii and Article X). We recommend this policy be followed without exception.</p>	<p>Response: We were aware of getting prior approval of donations from PTO but not that we needed approval to write a check to PTO.</p> <p>ECD: July, 2011</p>

SCHOOL: PACETTI BAY MIDDLE SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/1/2011

Rating	Issues		Recommendation	Management Response
High	1	Financial Reports		
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 July 2010, March 2011 and June 2011 monthly fund summaries were reviewed by the principal, as the documents did not have documented review and approval by the principal. The June 2011 bank reconciliation was not signed and dated by the principal. <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>Response: Principal will sign all appropriate monthly documents. Although principal did review all documents, we will insure signature is obtained. Accurate finding with the exception of the June 2011 bank statement not being signed by the principal. June 2011 bank reconciliation was signed on 7/6/11 by the assistant principal, Kelly Jacobson.</p> <p>ECD: Immediately</p>

Rating	Issues		Recommendation	Management Response
High	2	Completion of Report of Monies Collected (RMC) Forms		
New	<p>During our testing of cash receipts, we noted the following:</p> <ul style="list-style-type: none"> Cash or check is not listed next to each amount collected on RMC #371453. <p>Without a listing of cash or check for each amount collected, it cannot be determined if deposits are being made intact.</p>		<p>The Internal Accounts Handbook, Section 4.01 (a) (iv) states that cash or check number must be listed with the student's name. We recommend the above policy be followed without exception.</p>	<p>Response: Accurate finding, we will insure that all monies collected forms indicate proper receipt, ie check or cash.</p> <p>ECD: Immediately</p>

SCHOOL: PACETTI BAY MIDDLE SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/1/2011

Rating	Issues	Recommendation	Management Response
High	3	Accuracy of Report of Monies Collected (RMC) Forms	
New	<p>During our testing of cash receipts, we noted the following:</p> <ul style="list-style-type: none"> The deposit slip for RMC 371450 - 371467 was inconsistent with regards to the amount of cash as reported on the RMC's. 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>Inconsistencies between the RMC's and the deposit slip could be an indication that monies are not being deposited intact or as collected from the teachers/sponsors.</p>	<p>The Internal Accounts Handbook, Section 4.02 (g) states that the bookkeeper shall reconcile the monies collected to the report of monies collected, document the pre-numbered electronic receipt number, sign off, and issue a carbon copy of the RMC to the individual collecting monies. We recommend the above policy be followed without exception.</p>	<p>Response: Accurate finding will insure that each deposit accurately reflects all cash and checks according to all monies collected forms.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
Moderate	4	Sales Tax	
New	<p>During our testing of disbursements, we noted that check #2098 which was for items for resale did not include reimbursement for sales tax paid. Furthermore, the sales tax was not paid to the Florida Department of Revenue. The District is subject to sales tax when items purchased are for resale; therefore sales tax should have been paid.</p>	<p>The Internal Accounts Handbook (Section 5.05) 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>Response: Accurate finding will insure that if items are purchased for resale, appropriate tax is refunded to the individual making the purchase or to the State of Florida.</p> <p>ECD: Immediately</p>

SCHOOL: PACETTI BAY MIDDLE SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/1/2011

Rating	Issues		Recommendation	Management Response
Moderate	5	Year-end Ticket Inventory		
New	<p>During testing of ticket sales, the proper records for ticket inventory are not maintained, but we were able to determine year-end tickets on hand from the ticket sales reports.</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>Response: Although our current procedure has been acceptable in the past, we will now create individual ticket inventory sheets for each activity. These inventory sheets will include beginning and ending ticket numbers according to the ticket sale report for each day.</p> <p>ECD: Immediately</p>

SCHOOL: PONTE VEDRA HIGH SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/25/2011

Rating	Issues	Recommendation	Management Response
High	1	Accuracy of Report of Monies Collected (RMC) Forms	
New	<p>During our testing deposits, we noted that cash amounts for 2 deposit slips (8/17/2010 and 1/21/2011) did not agree to the items marked as cash on the RMCs. In total, the amount agreed to the monies collected forms.</p> <p>Inconsistencies between the RMC's and the deposit slip could be an indication that monies are not being deposited intact or as collected from the teachers/sponsors.</p>	<p>The Internal Accounts Handbook, Section 4.02 (g) states that the bookkeeper shall reconcile the monies collected to the report of monies collected, document the pre-numbered electronic receipt number, sign off, and issue a carbon copy of the report of monies collected to the individual collecting monies. We recommend the above policy be followed without exception.</p>	<p>Response: The amount of the deposit was correct. Bookkeeper will be more diligent when preparing deposit slips.</p> <p>ECD: Immediate</p>

Rating	Issues	Recommendation	Management Response
Moderate	2	Outside Organizations	
New	<p>During our testing of outside organizations, we noted donations from outside organizations (receipts 3768 and 2852) were accepted and deposited by the School. The District CFO was notified the day of the acceptance.</p>	<p>The Internal Accounts Handbook states that any and all transactions with school support organizations (PTA, PTO, & Booster Clubs) must have prior approval of the District Chief Financial Officer. (District Internal Accounts Handbook, Section 3.01vii and Article X). We recommend this policy be followed without exception.</p>	<p>Response: In both instances, a memo requesting deposit authority was sent as soon as the donation was received. The deposit was made before formal approval in order to comply with the five day deposit rule from IA. The next available Board date was long after the five day deadline.</p> <p>Added to the request was a note explaining should the Board deny the donation, the funds would be returned.</p> <p>Bookkeeper will hold all donations until formal written approval is given by appropriate authority.</p> <p>EOC: Immediate</p>

SCHOOL: PVPV RAWLINGS ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2011

Rating	Issues	Recommendation	Management Response
High	1	Extended Day Collections	
Recurring	<p>During our test of extended day cash receipts, we noted a receipt for extended day services that was not collected in advance of the child's participation in the activity.</p> <p>Non advanced receipt of extended day program fees can result in loss of revenues due to the school and the inability to properly fund the costs of the program.</p>	<p>The Internal Accounts Handbook (Section 3.01 (g) (ii)) states that "All fees for student participation in the Extended Day program must be paid in advance prior to the child's attendance in the related session. Failure to collect fees in advance of providing services is contrary to the Constitution of the State of Florida, Article VII, Section 10."</p> <p>We recommend that the principal review this requirement with the extended day coordinator to ensure that all fees are paid in advance of student participation in any extended day activities.</p>	<p>Response: We have address that the group leaders should only allow students on their sign-in list to attend the program. All other student who show up will be sent to the front office and Mrs. LaMondie will call the parents. The group sign-in sheet are of the paid participants.</p> <p>ECD: This will be routinely checked.</p>

Rating	Issues	Recommendation	Management Response
High	2	Daily Cash Collection	
New	<p>During our testing of extended day cash receipts, we noted that the date entered on the RMC is the day the cash collections are handed over to the bookkeeper by the teacher/sponsor; this was confirmed by the bookkeeper. The extended day sponsor confirmed that cash collections are not handed over to the bookkeeper on a daily basis as cash is collected.</p> <p>Cash not remitted to the bookkeeper on a daily basis for deposit could result untimely deposits, inaccurate records and could be the result of misappropriated funds. Inaccurate records limits the School's ability to properly monitor that money is being remitted back to the bookkeeper on the day of collection.</p>	<p>The Internal Accounts Handbook, Section 4.02 (f) states that all funds collected and supporting RMC shall be delivered to the bookkeeper on the day of collection. Any exception to this policy must be specifically authorized by the principal. We recommend the above policy be followed without exception.</p>	<p>Response: We will remind all staff that money is to be turned in daily to the bookkeeper.</p> <p>ECD: Immediately.</p>

SCHOOL: PVPV RAWLINGS ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2011

Rating	Issues	Recommendation	Management Response
High	3	Outside Organizations	
New	During our testing of the principal discretionary fund, we noted a donation on 8/20/2010 from the PTO to the school did not have prior approval by the District Chief Financial Officer.	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>Response: The money received from our PTO on August 20th was a reimbursement for the PTO Board's portion of the PV Inn Back to School Meeting. We did not consider it a donation.</p> <p>ECD: All donations in the future will be approved by the proper authorities.</p>

Rating	Issues	Recommendation	Management Response
Moderate	4	Completion of Report of Monies Collected (RMC) Forms	
New	<p>During our testing of cash receipts, we noted that RMC 394941 was lacking documentation of the receipt number on the RMC.</p> <p>Inaccurate recording keeping could lead to misappropriation of assets.</p>	The Internal Accounts Handbook, Section 4.01 (a) (v) states that the white copy shall be identified by the corresponding pre-numbered, secured electronic receipt number representing the collection and filed in numerical sequence.	<p>Response: Receipt numbers should be written on all Monies Collected Forms. The receipt numbers are usually on the forms; this was an oversight.</p> <p>ECD: The bookkeeper will be more diligent in the future to make sure the receipt numbers are on each Monies Collected Form.</p>

SCHOOL: PVPV RAWLINGS ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2011

Rating	Issues		Recommendation	Management Response
Moderate	5	Authorized Check Signers		
New	<p>Per review of the authorized signers listing from the bank, we noted that one of the 4 authorized check signers included a secretary that was employed by the School during FY 2011.</p> <p>Improper cash disbursements authorization access could lead to misappropriation of assets.</p>		<p>We recommend that the bookkeeper update the authorized signers listing with the bank to ensure compliance with the following requirements in the Internal Accounts Handbook (Section 2.04): "The principal of each school shall designate two persons in addition to him/herself who shall be authorized to sign checks and withdraw funds from checking, savings, or other investment accounts...These names shall be kept on file for audit."</p>	<p>Response: New Bank Signature forms were completed on August 1, 2011 and copies furnished to the auditors.</p> <p>ECD: Completed August 1, 2011.</p>

SCHOOL: GAMBLE ROGERS MIDDLE SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2011

Rating	Issues		Recommendation	Management Response
High	1	Ticket Sales		
New	<p>During our test of fundraisers, we noted there was no supporting ticket sales or admissions report completed for the 7th grade dance admissions.</p> <p>Without completing the Report of Tickets Sold/Admissions Collected 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/Admissions Collected 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>Response: We will implement a ticket system for all school dances.</p> <p>ECD: 8/22/11</p>

Rating	Issues		Recommendation	Management Response
High	2	Daily Cash Collection		
New	<p>During our testing of cash receipts monies were collected from 4/4/2011 – 4/8/2011 per RMC 344514, but not submitted to the bookkeeper until 4/13/2011.</p> <p>Cash not remitted to the bookkeeper on a daily basis for deposit could result untimely deposits, inaccurate records and could be the result of misappropriated funds. Inaccurate records limits the School's ability to properly monitor that money is being remitted back to the bookkeeper on the day of collection.</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. Any exception to this policy must be specifically authorized by the principal. We recommend the above policy be followed without exception.</p>	<p>Response: Money Collected was put in the drop safe on the day it was collected. Bookkeeper dated it the day she pulled it from the safe. Delay was a result of her absence.</p> <p>ECD: 8/22/11</p>

SCHOOL: GAMBLE ROGERS MIDDLE SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2011

Rating	Issues	Recommendation	Management Response
Moderate	3	Expenditure Support	
New	<p>During our test of disbursements, we noted the checks #6919 and #6910 were not substantiated by the required District authorized field trip form.</p> <p>Disbursements without proper supporting documentation could result in misappropriation of funds.</p>	<p>The Internal Accounts Handbook, Section 4.06(c) states a copy of the field trip form shall be attached to all Materials Requisition/Check Request forms related to field trip expenditures.</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: All field trips are authorized by District as noted on a District wide listing. We will attach a copy of the appropriate field trip approval form.</p> <p>ECD: 8/22/11</p>

Rating	Issues	Recommendation	Management Response
Low	4	Authorization of Disbursements	
New	<p>During our test of disbursements, we were unable to verify the proper prior approval on the materials requisition as the form did not identify the internal account requesting disbursement.</p> <p>Disbursements that do not identify the account requesting disbursement 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 be completed prior to approval with date of approval by the principal/designee approving the expenditure to ensure that material requisitions/check request accounts are properly identified before the expenditures are made.</p>	<p>Response: All materials requisition forms will have the proper internal account identification. In addition, it will be noted on the check.</p> <p>ECD: 8/22/11</p>

Rating	Issues	Recommendation	Management Response
Moderate	5	Year-end Ticket Inventory	
New	<p>During testing of ticket sales, the proper records for ticket inventory are not maintained, but we were able to determine year-end tickets on hand from the ticket sales reports.</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>Response: We will maintain a master ticket inventory.</p> <p>ECD: 8/22/11</p>

SCHOOL: SEBASTIAN MIDDLE SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2011

Rating	Issues		Recommendation	Management Response
High	1	Frequency of Deposits		
New	<p>During our test of cash receipts, we noted one monies collected form in which money was collected on 9/27/10 but not deposited at the bank until 10/5/10 (deposit containing monies collected form # 396).</p> <p>Deposits not made within 5 business days result in inaccurate records and could be the result of misappropriated funds.</p>		<p>The Internal Accounts Handbook states funds collected must be deposited within five working days of receipt. (District Internal Accounts Handbook, Section 4.03)</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: This was a one-time issue. Bookkeeper was on vacation. We have backup for Dunbar deposit pickup.</p> <p>ECD: We have corrected this, effective July 1, 2011.</p>

Rating	Issues		Recommendation	Management Response
High	2	Ticket Sales		
New	<p>During our test of fundraisers, we noted there was no supporting ticket sales or admissions report completed for the 7th grade dance admissions.</p> <p>Without completing the Report of Tickets Sold/Admissions Collected 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/Admissions Collected 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>Response: We had requested in writing to not sell tickets for dances but did not receive a response.</p> <p>ECD: We have corrected this, effective July 1, 2011.</p>

SCHOOL: SOUTH WOODS ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2011

Rating	Issues	Recommendation	Management Response
Low	1	Night Depository	
Recurring	<p>We observed that the safe does not have a built-in slot for night deposits. A separate locked night drop box is located on the wall next to the bookkeeper's office door. The keys to this box are held by the bookkeeper and the maintenance coordinator holds the duplicate key.</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>We also recommend that the keys to the night drop box be held only by the principal, principal's designee, and bookkeeper, consistent with the Internal Accounts Handbook guidelines over who should have the safe combination.</p>	<p>Response: We are waiting for District Personnel to assist us in solving this issue.</p> <p>ECD: 7.1.12</p>

Rating	Issues	Recommendation	Management Response
Moderate	2	Overdrawn Accounts	
New	<p>We noted that one account was overdrawn at fiscal year-end. Account 2.P.01, Media, had a deficit balance of \$269.74.</p> <p>Accounts with deficit balances indicate possible overspending or inefficient management of cash resources.</p>	<p>The Internal Accounts Handbook 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>Response: Funds were transferred to the account so that the account is not overdrawn.</p> <p>ECD: This action was completed prior to balances being transferred to SunGard.</p>

SCHOOL: SOUTH WOODS ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2011

Rating	Issues	Recommendation	Management Response
High	3	Bank Reconciliation	
New	<p>During our review of the year-end bank reconciliation, we reperformed the reconciliation noting a \$345 unidentified reconciling item.</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>Response: A reconciliation will be performed to identify the transaction/funds. The findings will be included in the monthly bank reconciliation.</p> <p>ECD: Before the end of Fiscal Year.</p>

Rating	Issues	Recommendation	Management Response
High	4	Expenditure Support	
New	<p>During our test of disbursements, we noted the supporting documentation for check # 2598 was a copy of a vendor estimate and delivery notice that did not include dollar amounts. No evidence of purchase such as invoice or receipt is attached.</p> <p>Disbursements without proper supporting documentation could result in misappropriation of funds.</p>	<p>The Internal Accounts Handbook (Section 5.01(b)) states that the "Supporting Material Requisition/Check Request form, invoice or receipt substantiating purchase, and check stub shall be maintained on file for all disbursements."</p>	<p>Response: Bookkeeper will make sure all transactions requiring a check will have a paid Invoice.</p> <p>ECD: Retailer has been contacted for copy of paid Invoice.</p>

SCHOOL: SOUTH WOODS ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2011

Rating	Issues	Recommendation	Management Response
High	5	Accuracy of Report of Monies Collected (RMC) Forms	
New	<p>During our testing deposits, we noted the following:</p> <ul style="list-style-type: none"> • he cash amount on the deposit slip for the deposit containing RMC #374799 did not agree to the cash amount reported on the RMC. The amount agreed in total. • ne RMC #375203 for which the subtotal was not mathematically correct. The amount totaled in totality. <p>In total, the deposit amounts agreed to the monies collected forms.</p> <p>Inconsistencies between the RMC's and the deposit slip could be an indication that monies are not being deposited intact or as collected from the teachers/sponsors.</p>	<p>The Internal Accounts Handbook, Section 4.02 (g) states that the bookkeeper shall reconcile the monies collected to the report of monies collected, document the pre-numbered electronic receipt number, sign off, and issue a carbon copy of the report of monies collected to the individual collecting monies. We recommend the above policy be followed without exception.</p>	<p>Response: Bookkeeper will examine documents more carefully to ensure the accuracy of the forms.</p> <p>ECD: Bookkeeper met Book Fair Committee to ensure accuracy on Monies Collected form on August 23rd.</p>

Rating	Issues	Recommendation	Management Response
High	6	Authorization of Expenditures	
New	<p>During our test of disbursements, we were unable to verify the material requisition approval timeliness for check #2519, as the principal did not date his approval.</p> <p>Disbursements that do not have proper approval prior to the purchase could result in overspending of the budget or misappropriations of funds.</p>	<p>We recommend that all disbursements have materials requisition/check request forms 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>The Internal Accounts Handbook, Section 5.01 states the general provisions of expenditures. We recommend the above policies be followed without exception.</p>	<p>Response: The date was omitted when the requisition was approved. In the future we will be more careful with this issue.</p> <p>ECD: Procedural review between principal and bookkeeper occurred on August 9, 2011.</p>

SCHOOL: SOUTH WOODS ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/9/2011

Rating	Issues		Recommendation	Management Response
Moderate	7	Property Purchase Reporting		
New	<p>During our cash disbursements testing, we noted one purchase for a treadmill for which the purchase amount was equal to the District's \$1,000 capitalization threshold (check 2598).</p> <p>The District was not notified of the purchase nor did they receive the supporting documentation. The property was not recorded into the School's property inventory and was not tagged with an identification tag from the District.</p> <p>Property purchases must be in accordance with District guidelines to minimize risk of misappropriation and to ensure the assets are added to the District-wide inventory records accurately.</p>		<p>Per the Internal Accounts Handbook (Section 8.01(b)), "For property purchases or donations exceeding the District's capitalization threshold, notification to the District office is required and is the responsibility of the school principal or property custodian. A full description of any equipment or property must be given, including make, model, serial number, acquisition date, and total cost or fair market value of donated property. A supporting purchase order and invoice must also be provided for property purchases."</p> <p>Additionally, Section 8.01(e) states that, "The school principal or property custodian is responsible for ensuring that District issued identification tags are properly affixed to all acquired property."</p> <p>We recommend that the above policies be followed without exception.</p>	<p>Response: Bookkeeper has contacted Maintenance to secure that this item is properly documented.</p> <p>ECD: Bookkeeper met Grant Recipient. Grant Recipient has contacted Vendor for a paid invoice in order to properly inventory the item on August 29, 2011.</p>

SCHOOL: ST. AUGUSTINE HIGH SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/8/2011

Rating	Issues	Recommendation	Management Response
High	1	Completion of Report of Monies Collected (RMC) Forms	
Recurring	<p>During our testing of cash receipts, we noted the following:</p> <ul style="list-style-type: none"> Cash or check is not listed next to each amount collected on RMCs #377614, 378105, 378106, 378231, 378238, and 378239. <p>Without a listing of cash or check for each amount collected, it cannot be determined if deposits are being made intact.</p>	<p>The Internal Accounts Handbook, Section 4.01 (a) (iv) states that cash or check number must be listed with the student's name. We recommend the above policy be followed without exception.</p>	<p>Response: Athletic Director met with Auditor to review recurring issues. Bookkeeper has been directed by the principal not to accept any incomplete RMC's. Any discrepancies in this policy are to be reported to principal.</p> <p>ECD: Immediate action has been taken.</p>

Rating	Issues	Recommendation	Management Response
High	2	Segregation of Duties	
Recurring	<p>During our testing of segregation of duties, we noted the bookkeeper is the primary opener of the mail, 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 and preparer of the monies collected forms. Without the proper segregation of duties and controls surrounding cash, there is an increased likelihood of errors, misappropriation of funds or other types of irregularities to occur without being detected within an acceptable timeframe.</p>	<p>In accordance with section 4.02(c), "Monies shall be collected only by persons authorized by the principal. The bookkeeper cannot be designated as the primary recipient of original receipts. An alternative recipient should be designated by the principal. Acceptable designees include school principal, assistant principal, receptionist, teachers, coaches, or directors."</p> <p>We recommend a person other than the bookkeeper be the initial collector of all funds and the initial preparer of the monies collected forms. Once the funds are collected and documented on a monies collected form they are then submitted to the bookkeeper. The bookkeeper will verify the count, sign and date the form and return a copy to the person responsible for the collection of the funds.</p>	<p>Response: Bookkeeper has been directed not to open mail. Executive Secretary will open, initial and date all bank related mail items.</p> <p>ECD: Immediate action has been taken.</p>

SCHOOL: ST. AUGUSTINE HIGH SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/8/2011

Rating	Issues	Recommendation	Management Response
High	3	Yearbook	
Recurring	<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 and when issued was not maintained. A listing of individuals receiving complimentary yearbooks was not maintained. An incomplete inventory/reconciliation was 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, and cash collections could be misappropriated.</p>	<p>The Internal Accounts Handbook (Section 9.04) states that if yearbooks are sold by a school, then the yearbook class sponsor shall maintain specified required information. We recommend that this policy be followed without exception.</p>	<p>Response: All personnel associated with the Yearbook have reviewed and signed the handbook directives regarding Yearbook Inventory. A separate list of complimentary Yearbooks will be created. The Sponsor will reconcile the inventory and account prior to end of school.</p> <p>ECD: Principal met with Yearbook Sponsor and Executive Secretary on 9/2/11. Items above were reviewed and will be revisited quarterly to ensure compliance.</p>

Rating	Issues	Recommendation	Management Response
High	4	Ticket Sales	
Recurring	<p>During our test of ticket sales, we noted that a Ticket Sales Report was completed incorrectly as there appeared to be more money collected, \$264, 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>Response: The bookkeeper will reconcile the cash collected to the total number of tickets sold, sign off on the report and monies collected form then report any discrepancies to principal.</p> <p>ECD: Immediate action taken.</p>

SCHOOL: ST. AUGUSTINE HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/8/2011

Rating	Issues		Recommendation	Management Response
High	5	Accuracy of Report of Monies Collected (RMC) Forms		
New	<p>During our testing of cash receipts, we noted the following:</p> <ul style="list-style-type: none"> The cash amount on the deposit slip for RMCs #377610-377616, 378101-378114, and 378231-378243 did not agree to the amount of cash reported on the RMC's. In total, the amount agreed to the RMCs. <p>Inaccuracy of monies collected could result in misappropriation of funds.</p>		<p>The Internal Accounts Handbook, Section 4.02 (g) states that the bookkeeper shall reconcile the monies collected to the report of monies collected, document the pre-numbered electronic receipt number, sign off, and issue a carbon copy of the RMC to the individual collecting monies. We recommend the above policy be followed without exception.</p>	<p>Response: Response: Athletic Director met with Auditor to review this new issue. Bookkeeper has been directed by the principal not to accept any incomplete RMC's. Any discrepancies in this policy are to be reported to principal.</p> <p>ECD: Immediate action has been taken.</p>

Rating	Issues		Recommendation	Management Response
High	6	Fundraising Activity		
New	<p>During our testing of fund raising activities, we noted a list of the students receiving the items with the amount paid, records indicating items were received by the purchaser, and the number of units purchased was not maintained for cash sales of the fund raiser items.</p> <p>Failure to completely follow District policies related to the use of fund raiser reconciliations could result in an inability to ensure the fund raising activity is fully and accurately captured in the internal accounts fund.</p>		<p>The Internal Accounts Handbook, (Section 9.03) <i>Fund Raising Inventory</i>, should be reviewed by the principal and bookkeeper. We recommend this policy be followed without exception.</p>	<p>Response: We have proper documentation to support our fund raiser procedure. The bookkeeper faxed this to Kerilee 8/28/11.</p> <p>ECD: Faxed evidence of compliance on 8/28/11.</p>

SCHOOL: ST. AUGUSTINE HIGH SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/8/2011

Rating	Issues	Recommendation	Management Response
High	7	Prior Period Adjustment	
New	During our review of the annual fund summary, we identified that the School made a \$703 transfer from the athletics fund to the general fund after the fiscal year end.	We recommend that no adjustments to prior year be made to after the fiscal year end, as it distorts the fund balances.	<p>Response: Principal did not approve any transfers after the fiscal year end. We have researched this item and are not able to determine the \$703 transfer note.</p> <p>ECD: Still investigating.</p>

Rating	Issues	Recommendation	Management Response
Moderate	8	Year-end Ticket Inventory	
New	<p>During testing of ticket sales, the proper records for ticket inventory are not maintained, but we were able to determine year-end tickets on hand from the ticket sales reports.</p> <p>Inaccurate recordkeeping of ticket sales and ticket inventory could result in missing tickets and/or misappropriation of funds.</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>Response: Bookkeeper did not complete the Year End Inventory as required. As recommended Bookkeeper will review the tickets sales inventory quarterly.</p> <p>ECD: Immediate action has been taken.</p>

Rating	Issues	Recommendation	Management Response
Moderate	9	Sales Tax	
New	During our testing of disbursements, we noted that checks #13451 and 13161 which were for items for resale did not include sales tax. Furthermore, the sales tax was not paid to the Florida Department of Revenue. The District is subject to sales tax when items purchased are for resale; therefore sales tax should have been paid.	The Internal Accounts Handbook (Section 5.05) states all items purchased for resale are subject to Florida Sales Tax unless specifically exempted. We recommend that this policy be followed without exception.	<p>Response: Check #13161 was generated by the fund raiser in item 6. Documentation was sent by bookkeeper to Kerilee.</p> <p>Check #13451 was not a fund raiser. It was a check to purchase softball uniforms and was billed correctly by the vendor.</p> <p>ECD: Faxed evidence on 8/31/11.</p>

SCHOOL: ST. JOHN'S TECHNICAL HIGH SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/28/2011

Rating	Issues	Recommendation	Management Response
High	1	Segregation of Duties	
Recurring	<p>During our testing of segregation of duties, we noted that the bookkeeper occasionally opens the mail and is therefore the initial collector of monies received in the mail.</p> <p>As the bookkeeper's duties include bank deposits, posting monies collected in the computer and bank reconciliation, there is not an appropriate level of segregation of duties if they are also the initial collector of monies and preparer of the monies collected forms. Without the proper segregation of duties and controls surrounding cash, there is an increased likelihood of errors, misappropriation of funds or other types of irregularities to occur without being detected within an acceptable timeframe.</p>	<p>In accordance with section 4.02(c), "Monies shall be collected only by persons authorized by the principal. The bookkeeper cannot be designated as the primary recipient of original receipts. An alternative recipient should be designated by the principal. Acceptable designees include school principal, assistant principal, receptionist, teachers, coaches, or directors."</p> <p>We recommend a person other than the bookkeeper be the initial collector of all funds and the initial preparer of the monies collected forms. Once the funds are collected and documented on a monies collected form they are then submitted to the bookkeeper. The bookkeeper will verify the count, sign and date the form and return a copy to the person responsible for the collection of the funds.</p>	<p>Response: The mail will now be opened by the front desk clerk, therefore, the bookkeeper will not be the primary recipient of original receipts.</p> <p>We will assign a sponsor for each club or organization to collect money and write up monies collected forms.</p> <p>ECD: September 2011</p>

Rating	Issues	Recommendation	Management Response
Moderate	2	Returned Checks	
Recurring	<p>During our test of returned checks, we noted that a returned check was incorrectly posted to the general ledger upon redeposit. The June 30, 2011 returned checks account balance should have been \$0, however was shown as \$249 on the ledger.</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. We recommend that this policy be followed without exception.</p>	<p>Response: We will review the Internal/Acct Handbook and follow the process of handling NSF Checks and year-end procedures.</p> <p>ECD: September 2011</p>

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

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/28/2011

Rating	Issues	Recommendation	Management Response
High	3	Expenditure Support	
New	<p>During our testing, we noted the following:</p> <ul style="list-style-type: none"> The supporting invoice for check # 1421 was not dated so we could not verify that the purchase was pre-approved. The invoice also did not contain detailed line items for the services and parts purchased, so we were unable to verify that the invoice was mathematically accurate as well as whether tax was properly paid or not based on the nature of the purchase. <p>Disbursements without accurate detailed supporting documentation could result in misappropriation of funds or inaccurate payments.</p>	<p>The Internal Accounts Handbook, Section 5.01 states that the supporting material requisition/check request form, invoice or receipt substantiating purchase, and check stub shall be maintained on file for all disbursements. We recommend all disbursements have proper documentation to support the expenditure made.</p>	<p>Response: We will make sure that all receipts and invoices have proper documentation printed.</p> <p>ECD: September 2011</p>

Rating	Issues	Recommendation	Management Response
Moderate	4	Completion of Report of Monies Collected (RMC) Forms	
New	<p>During our testing of cash receipts, we noted one RMC (395989) on which error corrections were not made in accordance with the Internal Funds Handbook.</p>	<p>The Internal Accounts Handbook states the requirements for Monies Collected Forms in Section 4.01(a). These include that “any erroneous information must be invalidated by the originator of the entry by lining through such information, entering the correct information above or below the error and initialing.”</p> <p>We recommend the bookkeeper review the requirements for Monies Collected Forms and ensure compliance without exception.</p>	<p>Response: All monies collected forms will be reviewed by bookkeeper to make sure all monies collected forms are filled out correctly.</p> <p>ECD: September 2011</p>

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

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/28/2011

Rating	Issues	Recommendation	Management Response
High	5	Daily Cash Collection	
New	<p>During our test of cash receipts, we noted one monies collected form in which money was collected on 5/4/2011 that was not remitted to the bookkeeper until 5/10/11.</p> <p>Delays in the collection and recording process result in inaccurate records and could be the result of misappropriated funds.</p>	<p>The Internal Accounts Handbook, Section 4.02 (f) states that all funds collected and supporting report of monies collected shall be delivered to the bookkeeper on the day of collection.</p>	<p>Response: The bookkeeper will make sure all money collected is delivered to the office on the same day.</p> <p>ECD: Immediate.</p>

Rating	Issues	Recommendation	Management Response
Moderate	6	Sales Tax	
New	<p>During our testing of disbursements, we noted that check # 1431 inappropriately included sales tax.</p> <p>The School Board is not subject to sales tax; therefore sales tax should not be paid or reimbursed unless purchasing items for resale.</p>	<p>The Internal Accounts Handbook (Section 5.01(j) states that, "Purchases are specifically exempted from sales and use tax, except for purchases for resale."</p> <p>We recommend that this policy be followed without exception.</p>	<p>Response: All invoices and receipts will be reviewed for added tax before checks are issues.</p> <p>ECD: Immediate.</p>

Rating	Issues	Recommendation	Management Response
Moderate	7	Authorized Check Signers	
New	<p>Per review of the authorized signers listing from the bank, we noted that only one authorized signer was listed.</p> <p>Improper cash disbursements authorization access could lead to misappropriation of assets.</p>	<p>We recommend that the bookkeeper update the authorized signers listing with the bank to ensure compliance with the following requirements in the Internal Accounts Handbook (Section 2.04): "The principal of each school shall designate two persons in addition to him/herself who shall be authorized to sign checks and withdraw funds from checking, savings, or other investment accounts...These names shall be kept on file for audit."</p>	<p>Response: The authorized signer form has been updated with all signers signatures.</p> <p>ECD: Immediate.</p>

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

DATE OF ON-SITE VISIT AT THE SCHOOL: 7/28/2011

Rating	Issues		Recommendation	Management Response
Low	8	Contract Authorization		
New	<p>During our testing of the yearbook, we noted that the yearbook agreement was signed by the Sponsor and not the principal.</p> <p>The school pictures contract was not received so we were therefore unable to test that the principal signed the contract.</p>		<p>The Internal Accounts Handbook (Section 4.07) states that the sponsor and principal may contract for school newspapers, yearbooks, and other publications. We recommend that this policy be followed without exception.</p>	<p>Response: The 2010-2011 principal has signed the 2011-2012 contract.</p> <p>ECD: Immediate.</p>

SCHOOL: SWITZERLAND POINT MIDDLE SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/2/2011

Rating	Issues	Recommendation	Management Response
High	1	Fundraising Activity	
New	<p>During our testing of fund raising activities, we noted the following:</p> <ul style="list-style-type: none"> The Fund Raising Activity Form was not fully completed. The "Accounting Summary" section was not completed and the form was not signed as approved by the bookkeeper and the principal. The required information was not maintained for items sold by students in a no pre-sale fund raiser the fund raiser items. We were unable to perform a reconciliation of the number of items issued to students, monies collected, and amount of unsold items. <p>Failure to completely follow District policies related to the use of fund raiser reconciliations could result in an inability to ensure the fund raising activity is fully and accurately captured in the internal accounts fund.</p>	<p>The Internal Accounts Handbook, (Section 9.03) <i>Fund Raising Inventory</i>, states that the following information should be documented for all no pre-sale fund raising activities:</p> <ol style="list-style-type: none"> 1) Name of student receiving items to be sold. 2) Number of individual items given to student for sale. 3) Date items were given to student for sale. 4) Signature of student signifying the student did receive the items as well as the date the student received such items. 5) Date student returned money and/or unsold items to the sponsor. 6) Amount of money returned. 7) Number of unsold items returned. 8) Reconciliation records for differences (if any) between the number of items issued to students and the amount of money collected and/or amount of unsold items returned to the sponsor. <p>The Internal Accounts Handbook (Section 4.05 (g)) states all fund raising requests shall be documented on a District authorized fund raising activity form accompanied by a supporting fund raising checklist.</p>	<p>Response: All fundraising procedures as stated in section 9.03 of the Internal Accounts Handbook will be thoroughly followed.</p> <p>ECD: Immediately</p>

SCHOOL: SWITZERLAND POINT MIDDLE SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/2/2011

Rating	Issues	Recommendation	Management Response
High	2	Outside Organizations	
New	During our testing of the principal's Discretionary Fund, we noted one donation (received on monies collected form 394260) from the PTO that did not have prior approval by the District Chief Financial Officer.	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>Response: Approval from the CFO will be obtained for all donations \$3000 and over as required by the CFO. Donations under \$3000 will be approved by the principal.</p> <p>As stated in revision to Rule 7.052 in the Internal Accounts Handbook.</p> <p>ECD: Immediately</p>

Rating	Issues	Recommendation	Management Response
Moderate	3	Year-end Ticket Inventory	
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>	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>Response: This was due to confusion over the usage of an incorrect form for end of year ticket accounting. A written listing of tickets on hand was recorded on an incorrect form. The correct form will be used in accordance with Internal Accounts Handbook (section 4.04a)</p> <p>ECD: Immediately</p>

SCHOOL: SWITZERLAND POINT MIDDLE SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/2/2011

Rating	Issues		Recommendation	Management Response
Moderate	4	Sales Tax		
New	<p>During our testing of fundraisers, we noted that tax was not paid on the purchase of items for resale (Check # 2359). Furthermore, the sales tax was not paid to the Florida Department of Revenue.</p> <p>The School Board is not subject to sales tax unless purchasing items for resale.</p>		<p>The Internal Accounts Handbook (Section 5.05) states all items purchased for resale are subject to Florida Sales Tax unless specifically exempted.</p> <p>We recommend that these policies be followed without exception.</p>	<p>Response: All fundraising procedures will be followed according to the Internal Accounts Handbook (section 5.05)</p> <p>ECD: Immediately</p>

SCHOOL: TIMBERLIN CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/4/2011

Rating	Issues	Recommendation	Management Response
High	1	Outside Organizations	
New	During our testing of outside organizations, we noted one payment from the school to the PTO (check # 1906) did not have prior approval by the District Chief Financial Officer.	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>Response: We will seek approval of all donations being made by our school.</p> <p>ECD: Effective immediately</p>

Rating	Issues	Recommendation	Management Response
High	2	Extended Day Collections	
New	<p>During our test of extended day cash receipts, we noted a receipt for extended day services that was not collected in advance of the child's participation in the activity.</p> <p>We were also unable to verify that fees for On-Site Day Care were collected in accordance with the fee schedule and in advance of the child's participation in the activity. The fee schedule and attendance records maintained did not contain the information necessary to reconcile to the payments received.</p> <p>Non advanced receipt of extended day program fees can result in loss of revenues due to the school and the inability to properly fund the costs of the program.</p>	<p>The Internal Accounts Handbook (Section 3.01 (g) (ii)) states that "All fees for student participation in the Extended Day program must be paid in advance prior to the child's attendance in the related session. Failure to collect fees in advance of providing services is contrary to the Constitution of the State of Florida, Article VII, Section 10."</p> <p>We recommend that the principal review this requirement with the extended day coordinator to ensure that all fees are paid in advance of student participation in any extended day activities.</p>	<p>Response: Procedures are in place to collect fees in advance of providing services.</p> <p>We now have a new Learning Center (On-Site Day Care) Director. We will take action to make sure proper attendance records are maintained. A fee schedule listing all full-time and part-time fees will be posted and maintained.</p> <p>ECD: Effective Immediately</p>

SCHOOL: TIMBERLIN CREEK ELEMENTARY SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/4/2011

Rating	Issues	Recommendation	Management Response
Moderate	3	Authorized Check Signers	
New	<p>Per review of the authorized signers listing from the bank, we noted that only two authorized signers were listed.</p> <p>Improper cash disbursements authorization access could lead to misappropriation of assets.</p>	<p>We recommend that the bookkeeper update the authorized signers listing with the bank to ensure compliance with the following requirements in the Internal Accounts Handbook (Section 2.04): "The principal of each school shall designate two persons in addition to him/herself who shall be authorized to sign checks and withdraw funds from checking, savings, or other investment accounts...These names shall be kept on file for audit."</p>	<p>Response: This was an oversight on our behalf. Corrective action has been taken to resolve this issue.</p> <p>ECD: On 8/22/11, a third signer was added to our bank account.</p>

SCHOOL: WARDS CREEK ELEMENTARY SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/1/2011

Rating	Issues	Recommendation	Management Response
High	1	Accuracy of Report of Monies Collected (RMC) Forms	
Recurring	<p>During our testing of deposits, we noted that the cash amount on the deposit slip for RMCs 395003 - 395024 did not agree to the cash amount reported on the RMC's. In total, the amount agreed to the RMC.</p> <p>Inconsistencies between the RMC's and the deposit slip could be an indication that monies are not being deposited intact or as collected from the teachers/sponsors.</p>	<p>The Internal Accounts Handbook, Section 4.02 (g) states that the bookkeeper shall reconcile the monies collected to the report of monies collected, document the pre-numbered electronic receipt number, sign off, and issue a carbon copy of the report of monies collected to the individual collecting monies. We recommend the above policy be followed without exception.</p>	<p>Response: We will continue to train our employees on the importance of marking cash or check on the monies collected form, and the need to be accurate as they fill out the form. This was again reinforced during pre-planning.</p> <p>ECD: Immediately</p>

SCHOOL: THE WEBSTER SCHOOL

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2011

Rating	Issues		Recommendation	Management Response
High	1	Authorization of Disbursements		
New	<p>During our test of disbursements, we noted that for one disbursement, the check (1590) 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>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>The Internal Accounts Handbook states that, "If the designee signs the check and the related Material Requisition/Check Request form, then the principal shall be required to sign and date the Material Requisition/Check Request form within five calendar days of returning to the school" (Section 5.01(a)).</p> <p>We recommend the above policy be followed without exception.</p>	<p>Response: Principal is aware of this requirement and will sign these items upon return to building.</p> <p>ECD: 9/6/11</p>

Rating	Issues		Recommendation	Management Response
High	2	Expenditure Support		
New	<p>During our test of disbursements, we were unable to verify the timeliness or accuracy of the payment for check 1560 as no invoice or receipt was not attached to the material requisition/check request form.</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". We recommend the above policy be followed without exception.</p>	<p>Response: Receipt has been located and a copy was sent to the auditor.</p> <p>ECD: 9/6/11</p>

SCHOOL: THE WEBSTER SCHOOL - CONTINUED

DATE OF ON-SITE VISIT AT THE SCHOOL: 8/10/2011

Rating	Issues		Recommendation	Management Response
High	3	Frequency of Deposits		
New	<p>During our test of cash receipts, we noted monies collected by the bookkeeper on 4/18/2011 but not deposited at the bank until 4/26/2011.</p> <p>Deposits not made within 5 business days result in inaccurate records and could be the result of misappropriated funds.</p>		<p>The Internal Accounts Handbook states funds collected must be deposited within five working days of receipt. (District Internal Accounts Handbook, Section 4.03) We recommend the above policy be followed without exception.</p>	<p>Response: Secretary/Bookkeeper will be more diligent in processing all receipts for deposit.</p> <p>ECD: 9/6/11</p>

Rating	Issues		Recommendation	Management Response
Moderate	4	Safe Combination		
New	<p>Per discussion with the bookkeeper, the combination to the safe is known by the principal, the bookkeeper, and the cafeteria manager.</p> <p>The combination should be protected to ensure safeguarding of assets.</p>		<p>The Internal Accounts Handbook states that each school "shall use a safe, vault, or night depository for the protection of money received" and that "Only the principal, bookkeeper, and principal's designee shall have knowledge of the combination" (District Internal Accounts Handbook, Section 2.08(a) and (c))." Typically the designee is an assistant principal. We recommend the above policy be followed without exception.</p>	<p>Response: Principal's designee is the cafeteria manager.</p> <p>ECD: 9/6/11</p>

Rating	Issues		Recommendation	Management Response
High	5	Outside Organizations		
New	<p>During our testing of outside organizations, we noted one donation from the PTO (RMC # 810) was made to the school and did not have prior approval by the District Chief Financial Officer.</p>		<p>The Internal Accounts Handbook states that any and all transactions with school support organizations (PTA, PTO, & Booster Clubs) must have prior approval of the District Chief Financial Officer. (District Internal Accounts Handbook, Section 3.01vii and Article X). We recommend this policy be followed without exception.</p>	<p>Response: New District procedures allow this without prior District approval. Policy reviewed with secretary/bookkeeper.</p> <p>ECD: 9/6/11</p>

District Level Observations

District Level Observations

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

Training

Observation

Annual and New Bookkeeper Training

The District provides annual training to all bookkeepers; however, attendance at the training is not currently mandatory. Per review of the attendance logs of the “Staff Development Day” held on October 22, 2010, 21% (7 of 33) schools were not in attendance.

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 based on the findings of the most recent Internal Accounts Internal Audit.
- 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:

- *Accuracy and/or Completion of Monies Collected Forms* - 79% (26 of 33) of schools had monies collected forms where either cash or check was not indicated for each amount collected on the form, the monies collected forms were missing official receipt numbers, sign off by the bookkeeper and/or the cash or check amount was incorrect on the deposit. Although, the total was in agreement to the deposit, we were unable to agree the total cash and total checks deposited.
- *Expenditure Support* – 52% (17 of 33) of schools had findings regarding proper supporting documentation of purchases.
- *Extended Day* - 46% (6 of 13) elementary schools with extended day care programs had findings related to timely receipt of payment for services and recordkeeping/documentation of payments/disbursements.
- *Yearbook* – 41% (12 of 29) of schools that handled yearbook sales through internal accounts, had yearbook compliance findings related to yearbook activities.
- *Outside Organizations* - 30% (10 of 33) of schools had compliance findings regarding outside organizations.
- *Authorization of Expenditures* – 39% (13 of 33) of schools had disbursements where documented prior approval was either not obtained or we were unable to determine as the disbursement form was not dated.
- *Daily Cash Collection* – 21% (7 of 33) of schools either the RMC is not being properly completed or the cash collected is not being remitted back to the bookkeeper the day of collection as required. The date documented on the Report of Monies Collected represents the day the respective teacher/sponsor collected monies and should be documented by the Teacher/Sponsor.

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:

- Report of Monies Collected
- Outside Organizations
- Principal's Review of the Bank Reconciliation
- Sale of Tickets and Pricing
- Adjusting Entries
- Safe Combination
- Recording of Interest Income
- Yearbook Reconciliation Form

Recommended Action

Report of Monies Collected

To provide for proper compliance with the daily remittance of monies collected by teachers/sponsors, Section 4.02 of the Internal Accounts Procedures Manual, we recommend including verbiage stating that the date documented on the Report of Monies Collected represents the day the respective teacher/sponsor collected monies and require this date be documented by the Teacher/Sponsor on the Report of Monies Collected Form.

Outside Organizations

To provide for enhanced control over gifts, bequests and donations, we recommend the District updated Section 7.052 of the Internal Accounts Procedures Manual to include guidance in situations where the School has received a donation, and has not obtained authorized according to the established threshold as of yet. For example, how long the School should be allowed to "hold on" to the actual donation until approval has been received.

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.

District Level Observations - continued

Policies and Procedures - continued

Recommended Action – continued

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.

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 include the Yearbook Reconciliation Form as an attachment to the Internal Accounts Procedures Manual and require use of the form by all schools.

Internal Accounts Follow-Up

Observation

The number of site-based findings decreased 3% from 187 findings during FY 2010 as compared to 181 findings during FY 2011, and all 33 schools received site-based comments during FYs 2011 and 2010.

Recommended Action

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