



Pasco County Schools

Kurt S. Browning, Superintendent of Schools
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Internal Audit

Mary Tillman, Director

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DATE: February 21, 2017

TO: School Board of Pasco County

FROM: Mary Tillman CPA CIA, Director of Internal Audit

RE: Internal Accounts Audit 2014-15 – Part 1 – Northwest Region

INTERNAL AUDITOR'S REPORT ON FINANCIAL REPORTING

Pursuant to State Board of Education Rule 6A-1.087(2), Florida Administrative Code and School Board Policy #6830, an audit was conducted for the following Pasco County schools for the fiscal year ended June 30, 2015.

This report includes the results of audit for several Pasco County schools for the fiscal year 2014-15. The audits were conducted to determine compliance with certain District policies and procedures as well as good business practices that ensure accurate financial reporting.

Since moving to the ERP system Munis in April 2014, the internal accounts fund does not have a complete set of standard financial statements available. However, there is a Munis report titled *Account Summary Trial Balance* (Report #1) that includes balance sheet amounts. Audit steps were performed to verify material amounts on this report. Only balance sheet amounts are reported for internal accounts on the District's Comprehensive Annual Financial Report. Therefore, I determined that this report was adequate for me to base my opinion that the financial statements referred to above present fairly, in all material respects, the financial position of the Pasco schools' internal accounts for the fiscal year ended June 30, 2015 in conformity with accounting principles generally accepted in the United States of America.

Munis financial statements, including a Balance Sheet and a Statement of Revenues, Expenses and Fund Balances have been developed for monthly use by the schools starting in November 2016.

For more information on the methodology of the audit process please view:

http://www.pasco.k12.fl.us/library/audit/AUDIT_METHODODOLOGY_INTERNAL_ACCOUNTS_2014-15.docx

Financial statements for the schools' internal accounts may be found on page 122-123.

http://www.pasco.k12.fl.us/library/finance/cafr/Final_CAFR_Pasco_Schools_FY15.pdf

Notes to financial statements are found here:

http://www.pasco.k12.fl.us/library/audit/NOTES_TO_FIN_STMTS_INTERNAL_ACCOUNTS_2014-15.docx

A discussion of issues included in this audit report are listed below:

- Athletic Participation Fees
 - Students are required to pay a fee, which is approved annually by the Board, to participate in school athletics. It is the school's responsibility, usually through the athletic director, to make sure that these fees are collected. If the student is financially unable to pay the fee, there are a limited number of sources from which this fee can be paid. The school internal accounts and the school booster clubs may not pay the fee on behalf of a student due to FHSAA rules. Usually the fee has to be paid by a parent or community member on behalf of the student.

- Bank Accounts
 - Schools each have their own checking account. Schools are responsible for updating signature cards whenever there are staff changes to the signers on the bank account. Schools are required to have at least 4 signers, at least 2 must be administrators. Also the bank statements must include the front and back of all cleared checks. All checks must have two signers, one being an administrator.

- Cash Transfers/Adjustments
 - Journal entries are prepared by the bookkeeper to adjust the individual accounts for errors, transfers, bank account interest or other changes. The supporting documentation must include a thorough explanation for the transfer or adjustment and must be signed by the bookkeeper. Supporting documentation that affect the cash balance of an Activity (project) must be reviewed and approved (signed) by the principal and by the employee responsible for the Activity or Activities.

- Change Funds
 - Change funds are issued and used for specific events such as a dance or a sporting event. The change fund is issued via a check to the employee in charge of the event, usually the business manager in the case of sporting events. The bookkeeper and the employee responsible for the change fund both sign a change fund log. When or if the employee responsible for the change fund distributes part of that change fund to other people, those people and the employee responsible for the change fund also sign a change fund sub log. The change fund must be redeposited immediately after the event.

- Coding
 - Account codes for internal accounts are provided by the Florida Department of Education in Chapter 6 of the Financial & Program Cost Accounting & Reporting for Florida Schools, otherwise known as the "Red Book". Using the correct account codes is very important, both for financial review and analysis and for compliance with Department of Education rules.

- Collections
 - It is important for proper internal controls that two employees are involved in all collections. Therefore all collections are made initially by someone other than the bookkeeper. Collection documents are totaled, signed and dated by the employee making the initial collections. Then the collections are verified by the bookkeeper who then signs and dates the collection document. Collection documents are returned to the original collector with an official receipt number so that the original collector can compare the amount recorded and deposited to the amount originally turned in.
 - The collection document must also include pertinent information about the collection including purpose and source.
 - For the voluntary fees collected from students, the registration forms must be retained to support the amounts and types of fees collected.
 - Collections are required to be turned in to the bookkeeper within the same day of initial receipt when at all possible to reduce the risk of loss or theft.

- Collections are required to be deposited to the bank within 5 working days of initial receipt to reduce the risk of loss or theft.
- Donations
 - Donations made to the school by individuals or corporations may be deposited to and spent from the internal accounts of the school as long as there are no subsequent reporting requirements. Donated funds must be spent in accordance with the instructions from the donor.
- Expenditures
 - An employee wanting to make an expenditure from internal accounts must complete a Purchase Order/Check Requisition (MIS #172) which is approved by the principal prior to the purchase being made. Purchases must be approved by the principal in advance so that the bookkeeper can determine that sufficient funds are available and since the principal is responsible for the internal accounts of the school, he must have the opportunity to approve or deny all purchases prior to them being made. If the date of approval is not included, we are unable to determine whether approval was made in advance or not.
 - The Purchase order/check requisition includes information about the purchase such as the items to be purchased, purpose, vendor and cost. After the items are received, the employee who made the purchase verifies that the order was filled correctly and submits the signed receipt or invoice to the bookkeeper.
 - If the actual purchase cost exceeds the approved amount on the Purchase Order/Check Request, the increased amount must be checked by the bookkeeper for sufficient budget and the principal must approve.
 - All purchases must be documented by an original receipt or invoice. Warehouse charges, transportation charges, payroll transactions charged to internal accounts and general journal charges must be documented with a delivery ticket, TERMS transportation requests, internal accounts payroll request and information from Finance re: any general journal charges.
 - The bookkeeper enters the expenditure to the correct account, cancels the receipt or invoice by marking it “paid”. Bookkeepers must pay from an original receipt or invoice so canceling the invoice prevents it from being submitted for payment a second time. The bookkeeper then prints and signs the check and submits the check and the backup documentation to the principal for signature.
 - Reimbursements to employees should be minimal. Many school employees have p-cards and each school has a school-based credit card that can be checked out to an employee for specific purchases. Employees who make purchases made with the expectation of being reimbursed must follow all procedures including obtaining approval in advance, submitting original receipts, using bid vendors if applicable and following sales tax rules.
- Field Trips
 - Field Trip Request forms (MIS #106) must be completed by the teacher organizing the event to document the group attending, the destination, the costs associated and the source(s) of funds to pay the costs, chaperones, and substitutes needed. This form must be approved (signed) by the principal in advance (include date of approval) of the field trip. Depending on the field trip, other approvals may be required.
- Fixed Assets
 - All property items whether purchased through District or internal funds that meet the threshold for capitalization must be tagged and included in the school’s inventory. Any employee who uses property items off campus must complete and sign an Equipment Check Out form. This form is completed annually, includes the employee’s responsibility for the item and is also signed by the school principal.

- Fund Raising Activities
 - The person responsible for the fund raising activity completes a fund raising application, which is approved by the principal prior to the event. The application includes information about the activity including the purpose, dates, whether it is a catalog sale, dance, fair, walk-a-thon or other type of event. The application also includes a budget that shows estimated revenues, expenditures and profit. After the conclusion of the event, the recap portion of the fund raising application must be completed. The recap shows actual revenues, expenditures and profit so that an analysis can be made of the success of the activity.

- Gift Cards
 - Gift cards may not be purchased for employees. The Internal Revenue Service considers gift cards purchased by an employer to be income to the employee. It is not practical for the District to accumulate information on gift cards to employees in order to adjust the employees' W-2s at year end.
 - Gift cards in reasonable amounts may be purchased for students as rewards or incentives. The employee responsible for the gift cards must create a log of all gift cards purchased. The log is then submitted to the bookkeeper. Each student receiving a gift card must sign the log. Any undistributed gift cards must be returned to the bookkeeper for safekeeping.

- Payroll
 - All employees (including administrators) must complete a daily timesheet which shows the time that they start working, when they end the work day and their lunch time if they have an unpaid lunch period. Employees must total their hours worked for the biweekly pay period and sign the timesheet. If an employee takes leave during the pay period, he must note that on the time sheet. The employee responsible for payroll processing must enter the leave taken in Munis.

- P-Card Transactions
 - P-Card purchases must meet requirements set out by Purchasing Services. Signed receipts must be uploaded into Munis. Receipts must be detailed and signed by the purchaser. In some cases, an explanation for the purchase should be included if it is not obvious from the information included in the receipt. Some transactions, such as those from PayPal do not include detailed information such as the vendor and the list of items purchased. If this information is not included on the receipt, the actual invoice or "shopping cart" page should be attached to the transaction in Munis.
 - P-card receipts must be scanned into Munis weekly.

- Sales Tax
 - The District has a Consumer's Certificate of Exemption that also covers the schools. The certificate states that the exemption applies only to purchases made by the schools for educational purposes when using a school check or P-Card. If an employee purchases an item for the school which would have been exempt if a school check or P-Card had been used with personal funds, the employee will not be reimbursed for the tax paid. School employees are encouraged to use P-Cards for exempt purchases. If the employee does not have a P-Card issued to him, there are school based P-Cards available for specific purchases.
 - Tax exempt purchases include purchases for classroom activities and general school use as well as student/teacher recognition and purchases made for extra-curricular activities and events which include but is not limited to student clubs, band, athletics, etc.

- Items purchased with student/parent's personal funds are taxable. Schools cannot collect money from students/parents and use the District's tax exempt certificate when making purchases from vendors.
- Purchases made by Club dues that are increased to cover the cost of an item that the student will keep are not taxable. This is built into the cost of being part of the club and the increase in cost is an incidental portion of the club dues. Club dues should be standard for every student participating.
- If the item purchased is for resale, it will be taxed. This includes items sold at the school store and fundraisers. Schools will pay sales tax when purchasing the items for resale. Items for resale include taxable food, drinks, and serving supplies.
- Items purchased for sale in concession stands are taxable since these items are for resale. Sales tax will be paid when purchasing taxable food, drinks, and serving supplies rather than back the tax out at the point of sale.

- Support Organizations
 - Principals and presidents of support organizations such as booster clubs and PTAs must sign the Support Organization Agreement. Support organizations must complete fund raising applications to document principal approval for activities. Support organizations that operate outside the school internal accounts must submit quarterly financial reports to the school and an audit report at the end of the school year. School staff must not participate in the financial operations of the external support organizations, such as signing checks.

- Tickets/Ticket Logs
 - Pre-numbered tickets act as official receipts for collections for certain types of events such as dances, plays and sporting events. Ticket stock is held by the school bookkeeper. A printer's affidavit is included with newly purchased ticket roles and must be retained to document the ticket numbers received. Tickets are checked out to employees by the bookkeeper via a ticket log. Collections from ticket sales are recorded on a specialized collection document called a Report of Ticket Sold. After the event, the tickets are returned to the bookkeeper and the receipt is entered on the ticket log. At the end of the school year, the bookkeeper completes and inventory of the tickets on hand.

- Voided/Missing Checks
 - Voided checks must be controlled so that the information and format included on the check cannot be used to forge checks against the school's account. Voided checks must be retained with the signature block physically removed and VOID written clearly across the face of the check. Voided checks are retained to provide accountability over all check numbers issued to the school.
 - Generally check numbers are missing from the Munis system when bookkeepers enter the wrong check number. This practice makes it difficult or impossible to account for all check numbers issued to the school. Again, it is important that all data be entered in Munis accurately.

For more information on the audit process, please see the Internal Audit website.

CALUSA ELEMENTARY SCHOOL

- **Field Trip Revenue**
 - Monies Collected form #85470 was for collection of fees for a field trip to MOSI. The form (MIS #106) was missing the following information:
 - Date and signature of the principal;
 - Types of transportation for the trip;
 - Estimated income and expense
 - The payment (check #9687 for \$1,913) to MOSI was based on the quote from MOSI and attendance sheet created by a teacher instead of an invoice from MOSI. Available documentation on file did not provide the detail breakdown that ties to \$1,913 (check #9687).
 - A copy of agreement with MOSI for the field trip was not available at school.
- **Expenditures**
 - Two (2) transactions, check #9668 and #9661, had incomplete Check Requisition/Purchase Order's (MIS #172) on file.
- **Sales Tax Expense**
 - Three (3) sample items had issues with sales taxes. They were purchases made by checks #9668 and #9661 in which sales taxes were erroneously paid to the vendor. These expenses were reimbursed to the employees including sales tax.
- **Quotes, Bids, and Contracts**
 - The term of the contract with MOSI relates to the use of two (2) buses, is three (3) years from the date of the agreement (4/17/2012). Thus the term covers through 4/16/2015. The date of field trip, 5/1/2015, was outside of the contract.

Principal's Response:

Field Trip Revenue:

- More attention will be paid to detail. Teacher in charge of trip is not able to produce an explanation. Teachers have been retrained and receive written instructions on proper field trip procedures.

Expenditures:

- Oversight - More attention will be paid to detail.

Sales Tax Expense:

- More attention will be paid to detail.

Quotes, Bids, and Contracts:

Ultimately, the fee was paid for bus transportation.

Kara Merlin, Principal



CALUSA
ELEMENTARY SCHOOL

CHASCO ELEMENTARY SCHOOL

- Revenue
 - Although the total (footing) of the documents were traced to the MUNIS generated deposit summary sheet, all of the Monies Collected forms (MIS#170) did not have a document number written in the Official Receipt# section of the form.
 - Transaction related to receipt #25064 was coded in error. Since the activity was related to school registration fee, it should have been coded 4915XXXX (Donated Supply Fees) instead of 4922XXXX (Grants and Donations).
- Field Trip Revenue
 - One (1) out of four (4) Monies Collected form (MIS #170) for field trip fee collection did not have Field Trip Request form (MIS #106) on file. The trip was for 5th grade to EPCOT.
- Expenditures
 - Seven (7) out of eleven (11) - 63% -sample items did not have Purchase Order/Check Requisition form (MIS# 172) on file.
 - Four (4) transactions did not have documentation to support the expenditure.
 - One (1) transaction did not have the principal's signature or date of approval on the form.
 - Activity Code for change fund expense (5790XXXX) for check #7107 was coded with 900100 (Principal's Fund) but it should have been coded with Change Fund (111900) instead.
- Cancelled/Missing/Voided Checks
 - Bookkeeper did not maintain a file for missing and voided checks; thus no supporting documentation for sixteen (16) missing checks sampled were available for review.

Principal's Response:

During the 2014-2015 time period we had a bookkeeper that has now retired. I was a brand new principal and was not aware of what should be monitored and how. I will make sure that these comments are addressed and better monitored with our new bookkeeper.

We already have a system in place to ensure that documents are fully completed and coding is double checked for accuracy. Our new bookkeeper has also distributed the new Field Trip Guidelines to ensure that all forms are completed, approved, and kept on file for documentation. I am supporting the planning practices by enforcing fundraiser agreements, approved purchase orders, and accurate monies collected forms. I may still need support to identify coding errors, however, our new bookkeeper assures me that she has a system for attention to detail and accuracy.

Michele Dilorio, Principal



FOX HOLLOW ELEMENTARY SCHOOL

- Revenue
 - There were two (2) out of seven (7) sample items where funds collected were not submitted to the bookkeeper within required 24 hour time frame.
 - Check #12183 in the amount of \$300 was disbursed to the principal from account 900100 (Principals general account) with coding 5510xxxx (Supplies). The Purchase Order states that the fund was a change fund for the Book Fair. Coding change fund with 5510xxxx as Supplies expense is incorrect.

- Expenditures
 - One (1) Due to District check #12176 did not have the Check Request/Purchase Order form MIS#172 on file.
 - Two (2) Due to District payments had a Check Request/Purchase Order (MIS form #172) but they were not dated.

- Cancelled/Missing/Voided Checks
 - Check #12202 was an issued check, however, with check number was entered as “122022 due to data entry error.
 - Five (5) out of fifteen (15) samples did not have supporting documentation on file.

- P- Cards
 - The business purpose of a P Card purchase was not stated on the scanned receipts for one of the transactions on Due to District check #12176.
 - Check #12217 is a P-card transaction and the invoice was scanned into MUNIS, however, the purpose of the purchase was not stated and the card holder’s signature was missing on the scanned invoice. As for Check Requisition/Purchase Order (MIS #172), the signature of the requester was missing on the form.
 - One (1) of the amounts included in the Due to District check #12218 is a supplies purchase from Lakeshore Learning Materials. The P-card statement that was scanned into MUNIS (statement #48542) and states “Math Grant Internal Funds” but the business purpose of the purchase was not stated.
 - Five (5) P Card transactions were not processed through prescribed procedures and lacked required documentation to support the purchase.
 - For P-card statement #40838, the purchase was made during the winter break on 12/30/2014 and no vendor invoice or receipts were on file. The only documents that were available were “Missing Receipt/Invoice Affidavits”. No documentation stating the business purpose of the purchase was available.
 - Statement #35385 was a payment of a utility bill under the ABC program, however, the only documentation available was a “Missing Receipt/Invoice Affidavit”.
 - Statement #36250 is recorded as a purchase from Joey’s NY Pizza without a description entered in MUNIS. The scanned document was for the invoice from “Guitar Center” for a different amount (\$91.)
 - P Card statement #41740 was for the purchase of books from American Reading Company. The vendor document states “Fox Hollow 3rd Grade IRLA Implementation” but the business purpose was not written by the purchaser. No description of service/product was entered in the “Charge Description” field in MUNIS.
 - Note that five (5) out of fifteen (15) sampled items were missing a description in the “Charge Description” field in MUNIS.

Principal's Response:

During this audit period, from July 1, 2014 to June 30, 2015 we were without a bookkeeper to handle the demands of the position. Although district support was provided as much as possible, administration did their best to complete the tasks needed.

Karyn Kinzie, Principal

Fox Hollow Elementary School



GULF HIGHLANDS ELEMENTARY SCHOOL

- Revenue
 - Receipt #39331 for monies collected in the amount of \$259.60 is for monies generated by participating in McGator Night offered by nearby McDonald. This program is one of the fund raising activities listed in “Student Activity; Definitions – Action Codes” issued by the Finance Department. Therefore, the coding should have been 4914xxxx (Fund Raising) rather than 4929xxxx (Other income). The Fund Raising Request and Recap sheets were not on file.
 - Receipt #45279 in the amount of \$72.00 relates to a field trip for kindergarten to Old McMickey’s Farm. Funds collected were not submitted the bookkeeper within required 24 hour window.
 - Receipt #48341 revealed that the field trip fees for a field trip to Busch Gardens were received after the field trip. Field Trip Request form (MIS #106) indicated that a school bus was to be used, however, Astro Bus was paid instead. The bus worksheet was not on file.

- Expenditures
 - Check #4573 in the amount of \$191 was issued to pay for collared shirts for chorus from Gulfside Custom T-Shirts, Inc. The date of the invoice (12/23/2014) is prior to the date of approval by the principal (1/7/2015). Check Requisition/Purchase Order (MIS #172) is missing the breakdown including: Quantity Requested/Description/Unit Price/Total Cost on each line item.
 - Check #4608 in the amount of \$19.88 was issued to reimburse one of the employees for the purchase of Super Soaker (water gun) for a Physical Education carnival. The date of receipt (4/8/2015) is prior to date of approval (4/9/2015) on Check Requisition/Purchase Order (MIS #172).
 - Check #4629 in the amount of \$23.92 was issued for the payment of water cooler rental and supplies to Crystal Springs. The date of the invoice (5/1/2015) was prior to the date of approval (5/22/2015) on Check Requisition/Purchase Order (MIS #172).

- P-Cards
 - P-card statement #38416 in the amount of \$18.99 is for the purchase of classroom supplies. The invoice was not scanned into MUNIS. Hard copy was in P-card folder.
Bookkeeper was reminded that the invoices and receipts for P-card purchases must be scanned into MUNIS.

Principal’s Response:

My Bookkeeper and I have discussed the findings and will make necessary changes.

Judith Cosh, Principal



DR. MARY GIELLA ELEMENTARY SCHOOL

- Revenue
 - Monies collected with form #79374 in the amount of \$42 was not deposited within required five (5) day time frame.
 - Funds collected with Monies Collected form (MIS #170) #85903 indicated that the funds were collected on 5/11/2015 which is one week after the field trip date (5/4/2015).
- Field Trip Revenue
 - Collections made consisting of forms #79374 and #85903 were for a 2nd grade field trip for Dog Loves Books held at Center for the Arts at River Ridge High School. Field trip form (MIS #106) was missing approval signature. No bus worksheet or TERMS printout was on file.
- Expenditures
 - Four (4) checks were issued without Check Requisition/Purchase Orders (MIS#172) being properly completed. They are check #'s 6669, 6679, 6753 and 6796.
- Sales Tax Expense
 - Check #6669, was from several P-card transactions in the amount of \$2,222.06 from June 2014 (prior fiscal year). Although the taxes charged was paid to the District, if the employees used an authorized P-card, taxes would not have been charged in the original transaction.
- Cancelled/Missing/Voiced Checks
 - No documentation was on file for missing checks #5776 through #6662.

Principal's Response:

Collections:

- We have had discussions with secretary about proper procedures.
- Our teachers do collect money from parents after the fact if prior arrangements have been made.

Field Trip Revenue:

- Bookkeeper will attach all signed forms to field trip packet. (Bus Reg., PO's, F/T Approval)

Expenditures:

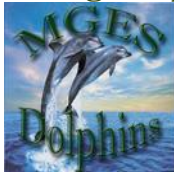
- Will attach MIS 172 to all check requisitions.
- Bookkeeper had never done travel and was unaware of this procedure – will correct for future travel.
- AP thought P-Card could be used that night but was unable so AP purchased with personal funds - therefore did not have prior knowledge of purchase to do MIS 172 before the fact.
- On check #6750, 6751 and 6753 purchases were made for supplies for the PTO Holiday House totaling \$6639.54. No profit was made
- MIS 172 will be attached to all checks and information will be added to MIS 172.

Sales Tax Expense:

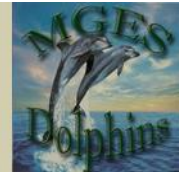
- DTD will be done on a weekly basis.
- We will speak with employees about the importance of not paying tax.

Cancelled/Missing Voiced Checks: No Response.

George Papaemanuel, Principal



**Dr. Mary Giella
Elementary School**



MOON LAKE ELEMENTARY SCHOOL

• Expenditures

- None of the sampled items were processed using prescribed procedure. The transactions are as follows:

<u>Check No.</u>	<u>Amount</u>
1150	\$43.42
1211	706.40
<u>1208</u>	<u>377.36</u>
Total	\$1,127.18

- Check #1150 was a reimbursement to school’s cafeteria for the purchase from FNS. Check Requisition/Purchase Order (MIS #172) was generated on 9/12/2014 AFTER the products were delivered from FNS to the school on 9/9/2014.
- Two (2) sample items, check #1211 and #1208, had no Check Requisition/Purchase Order (MIS #172) on file. They were reimbursements for purchases made by personal debit card by Assistant Principal. Not having Check Requisition/Purchase Order (MIS #172) available, auditor was unable to determine the business purpose of the expense nor approval by the principal. The reimbursement for the purchase from Publix included sales tax.

• Sales Tax Expense

- Reimbursement made with check #1208 included the sales tax which should not have been included in the payment.

• P Cards

- One of the invoices attached to P-card from Scholastics did not bear the purchaser’s signature. This was p-card statement #355846 in the amount of \$70.01. Bookkeeper advised that she relies on the District’s P-card department to screen the signature being on the invoices for P-card transaction.

Principal’s Response: No Response Received

Elise Landahl, Principal

Moon Lake Elementary School



SCHRADER ELEMENTARY SCHOOL

- Revenue
 - Collection of field trip fee per receipt #48284 was not submitted to the bookkeeper until 12/2/2015. It took twelve (12) days for the funds to be delivered to the bookkeeper exceeding far beyond the required 24 hours.
- Field Trip Revenue
 - Field Trip Request form (MIS #106) to initiate fund collection under receipt #48284 for the 4th grader trip to Pioneer Museum was not on file. Vehicle/Insurance Information form (MIS #167) was not on file.
- Employee Reimbursements
 - Check #2308 was for the reimbursement of mileage claimed by the principal who traveled to a conference in Orlando from 6/17 – 6/19/2015. The mileage claim must be submitted to the District's Accounts Payable instead of issuing a check from the school's Internal Account.
- Quotes, Bids, and Contracts
 - In regards to the field trip expense paid to MOSI in the amount of \$1,398 (check #2282) on 5/11/2015, the proper contract procedures were not followed. The reasons are as follows:
 1. The documents on file that appear to be a contract does not bear a signature from the Purchasing Department.
 2. The MOSI quote for this trip dated 4/9/2015 was in the amount of \$1,281 but the actual amount paid to MOSI was \$1,398 for which no invoice (other than cash register tape) is on file. Although the Check Requisition/Purchase Order was issued in the amount of \$1,398 and the check #2282 was issued on 5/11/2015, the actual cost was \$1,344. The balance (change) in the amount of \$54 was NOT deposited back into the account 920035 (Kindergarten Grade Field Trips). Bookkeeper did not have any record on the \$54. The bookkeeper did not have the documentation for how the quote in the amount of \$1,281 resulted in check for \$1,398.
- Cancelled/Missing/Voided Checks
 - No supporting documentation was on file for one (1) voided check.
- Cash Transfers/Adjustments

From the samples reviewed, we conclude that the control over fund transfers and adjustments is very weak.

 - Documentation for three (3) journal entries were incomplete and lacking journal numbers and the Journal Information on the bottom half of the form (Year/period/ Journal/Transfer or Adjustment).
 - These three (3) journal entries related to transfers into the principal's accounts (900104 and 900100). There were two (2) signatures, one is from the principal and the other from the bookkeeper.
 - Cash Transfer/Cash Adjustment forms #71570 and #121237 were lacking the bookkeeper's signature and the date at the bottom of the forms.
 - All of the journal entries #71575, #71570, and #121237, the sponsor of the accounts 946500 (Odyssey of the mind), 989014 (Media), and 920031 (Special Activity/Field Trip A) did not sign for approval of transfer-out for #71575 and #71570; instead, the principal signed for "transfer-out" although s/he is not the sponsor of the account. For #121237, the bookkeeper signed as the sponsor of "Transfer From" Account. For the recipient side, although the account transferred into was 900104 (Principals Fund D), the bookkeeper's signature was present for the sponsor of the recipient (transfer-in) and the approver of both transfer-out and transfer-in was the principal. This means that the requester and the approver of the adjustments for these accounts are the same person which compromise the separation of duty.

Principal's Response:

Areas to fix:

Collections:

Collection of field trip fee to Pioneer Museum for the 4th grader per receipt #48284 on 11/21/2015 was not submitted to the bookkeeper until 12/2/2015. It took twelve (12) days for the funds to be delivered to the bookkeeper exceeding far beyond the required 24 hours.

Response: Bookkeeper has put into place a daily money turn in procedure. All team leaders are aware of the daily turn in policy and are given reminders to organizers of field trips upon the planning of a trip.

Field Trip Request form (MIS #106) to initiate fund collection under receipt #48284 for the 4th grader trip to Pioneer Museum was not on file. Vehicle/Insurance Information form (MIS #167) was not on file.

Response: The PT/OT therapist did not complete and return MIS 167 prior to the field trip. Due to the transportation department not sending an ESE bus, the PT/OT therapist received parental permission from the child's mother to transport the child, in a wheelchair, to the museum so the child did not have to miss out. Current procedures are now in place through MIS167 and the monthly list of Teachers approved to transport students.

Check #2308 was for the reimbursement of mileage claimed by the principal who traveled to a conference in Orlando from 6/17 – 6/19/2015. The mileage claim must be submitted to the District's Accounts Payable instead of issuing a check from the school's Internal Account.

Response: Bookkeeper was reminded of this procedure. With this finding, I, Lee-Anne Yerkey, was not the principal of Schrader Elementary during this audit period.

In regards to the field trip expense paid to MOSI in the amount of \$1,398 (check #2282) on 5/11/2015, the proper contract procedures were not followed.

Response: The reasons are as follows:

- 1) The documents on file that appear to be a contract does not bear a signature from the Purchasing Department;**
- 2) The MOSI quote for this trip dated 4/9/2015 was in the amount of \$1,281 but the actual amount paid to MOSI was \$1,398 for which no invoice (other than cash register tape) is on file. Although the Check Requisition/Purchase Order was issued in the amount of \$1,398 and the check #2282 was issued on 5/11/2015, the actual cost was \$1,344. The balance (change) in the amount of \$54 was NOT deposited back into the account 920035 (Kindergarten Grade Field Trips). Bookkeeper did not have any record on the \$54. The bookkeeper did not have the documentation for how the quote in the amount of \$1,281 resulted in check for \$1,398. Bookkeeper will call MOSI to discuss and inquire why the \$54 was never sent back to the school. Findings from the follow up phone call will be discussed with Administration once it occurs.**

Void and Gap Analysis:

No supporting documentation was on file for the voided check #2253.

Response: Bookkeeper cannot recall what happened with the voided check. She understands now to always place voided checks in a file.

Cash Transfers/Adjustments:

From the samples reviewed, we conclude that the control over fund transfers and adjustments is very weak.

Documentation for three (3) journal entries were incomplete and lacking journal numbers and the Journal Information on the bottom half of the form (Year/period/ Journal/Transfer or Adjustment). These three (3) journal entries related to transfers into the principal's accounts (900104 and 900100). There were two (2) signatures, one is from the principal and the other from the bookkeeper. Cash Transfer/Cash Adjustment forms #71570 and #121237 were lacking the bookkeeper's signature and the date at the bottom of the forms.

All of the journal entries #71575, #71570, and #121237, the sponsor of the accounts 946500 (Odyssey of the mind), 989014 (Media), and 920031 (Special Activity/Field Trip A) did not sign for approval of transfer-out for #71575 and #71570; instead, the principal signed for "transfer-out" although s/he is not the sponsor of the account. For #121237, the bookkeeper signed as the sponsor of "Transfer From" Account. For the recipient side, although the account transferred into was 900104 (Principals Fund D), the bookkeeper's signature was present for the sponsor of the recipient (transfer-in) and the approver of both transfer-out and transfer-in was the principal. This means that the requester and the approver of the adjustments for these accounts are the same person which compromise the separation of duty.

Response: Bookkeeper was informed that when the principal requests the funds transfer, the assistant principal could approve the transfer. Bookkeeper understands the procedures that must be followed in order to get the right signatures collected for transfers. She admitted that she needs to improve in this area, which will be closely monitored by the Principal.

Lee-Anne Yerkey, Principal

Schrader Elementary School



CHASCO MIDDLE SCHOOL

- Expenditures
 - Check Requisition/Purchase Order (MIS #172) for one (1) check did not have signature of the requestor to purchase forty (40) \$5 gift certificates for the students for incentive purpose. This was principal's request and the form shows approval signature from principal.
In order to maintain a good internal control, the approving official cannot be the requester at the same time. In this instance the Assistant Principal could sign as either a requester or an approver.

Principal's Response:

Corrective Action Response for Expenditures:

We will ensure that all Requisitions/P.O.'s clearly differentiate between the requester and the approving administrator in cases where the requester is an administrator.

David Huyck, Principal

Chasco Middle School



CREWS LAKE MIDDLE SCHOOL

- Revenues
 - Monies collected per receipt #43462 in the amount of \$88 was for a field trip to a Florida Orchestra concert held at River Ridge High School. Monies collected were not submitted to the bookkeeper within required 24-hour window.

- Expenditures
 - Check #1134 was for the purchase of gift cards for student incentives and ABC programs. Coding should have been 5393xxxx (Promotion & Public Relations) rather than 5590xxxx (Other Materials and Supplies).
 - Check #1189 was used to purchase student incentive items including gift certificate and Chick –Fill-A multi pack. Coding should have been 5393xxxx (Promotion & Public Relations) rather than 5510xxxx (Supplies).
 - Check #1242 was used to purchase flowers (carnations for K/1st grade concert) for \$60. Actual amount paid was \$75 which exceeds 5% of the amount requested in Check Requisition/Purchase Order. Proper approval for the higher amount was not in place.
 - Check #1261 was a Due to District (DTD) payment in the amount of \$3,547.13. Check Requisition/Purchase Order (MIS #172) was missing the requester and the approver’s signatures, Check Requisition/Purchase Order number and the date. The detail breakdown from MUNIS was not on file.
 - Check #1307 was a DTD payment in the amount of \$3,876.41. The Requester’s signature was missing.

Principal’s Response:

Revenues: Bookkeeper will remind staff monies are to be collected at the end of each day. All monies collected will be deposited within 24 hours from date on Monies Collected forms.

Expenditures: Bookkeeper will make sure to appropriately double check coding is correct before depositing or distributing funds. If purchase is more than 5%, bookkeeper will get the signature of the principal before issuing check. Bookkeeper will make sure all Purchase Orders have Requester signatures.

Adam Kennedy, Principal

CREWS LAKE MIDDLE SCHOOL



HUDSON MIDDLE SCHOOL

- Collections
 - Monies Collected form (MIS# 170) #36010 is for the funds collected by the band teacher for more than one purpose. They were for 1) field trip to Busch Garden, 2) donation, and 3) band uniform. All funds collected were coded with 4909xxxx (General Sales) for the different purposes.

These transactions needed to be separately coded according to the purpose:

<u>Amount</u>	<u>Code</u>	<u>Description</u>
\$60.00	4913xxxx	Field Trip
\$10.00	4922xxxx	Donation
\$132.96	4909xxxx	Uniform

- Expenditures
 - Check #12719 was for the purchase of pizzas for the concession stand. Date of receipt (9/8 and 9/15/2014) was prior to the date authorization on the Check Requisition/Purchase Order form (MIS #172) (9/18/2014). No sales tax was paid to the vendor.
 - Note that the sales tax needs to be paid for the concession supplies.
- Cancelled/Missing/Voiced Checks
 - No documentation was on file for five (5) voided checks.

Principal's Response:

Collections: Closer attention will be given to items being separated for deposit.

Expenditures: Sales Tax will be reimbursed to District for Concession sales.

Cancelled/Missing/Voiced Checks: More documentation will be maintained on cancelled checks.

Joseph Musselman, Principal



FIVAY HIGH SCHOOL

- Collections
 - Receipt #54536 in the amount of \$69 was a collection of gate receipt for Girls’ Basketball game. The main ticket log should be maintained by the bookkeeper and the ticket sub-log should be maintained by the business manager. Neither log was available for review.

- Expenditures
 - The purchase of Video Editing Professional Services made by check #4797 in the amount of \$1,600 is missing the approval signature on the Check Requisition/Purchase Order (MIS #172). The Check Requisition/Purchase Order was issued on 10/21/2014, after the invoice date of 10/2/2014.
 - Check #4827 was issued on 10/6/2014 for one of the purchase transactions related to a “not to exceed \$400” Blanket purchase authorization dated 10/7/2014 through 12/31/2014 for Beacon Woods Florist in the amount is \$57.73. No Check Request/Purchase Order (MIS #172) was on file. Purchase was made prior to the proper approval. The business purpose of the purchase is not clearly stated on the Purchase Order other than “Flowers/Staff: Valid through December 31, 2014. Not to Exceed \$400.00.”
 - Check #5089 for the purchase of pizza did not have proper authorization for the upward revision of the estimate. The actual purchase in the amount of \$539 was approximately 13% over the original approved amount of \$475. The Check Requisition/Purchase Order (MIS #172) is missing approval for the revised estimates.
 - Check #5108 in the amount of \$4,323.15 was payable to District School Board of Pasco County. Of that amount, \$1,160.18 was charged to 900100 – 5330xxxx (Out of County Travel). However, only \$600 of this amount was actually out of county travel.

<u>Vendor</u>	<u>Amount</u>
The Master Teacher (plaque)	\$57.50
West Pasco Chamber of Com (dues)	115.00
Office Depot #1165 (supplies)	50.53
Airgas South (CO2)	34.95
Sun Rise Propane (gas)	48.00
<u>Tampa Bay Educational Par (travel)</u>	<u>600.00</u>
Total	\$905.98
<u>Total charged 900100-5330xxxx</u>	<u>(\$1,160.18)</u>
No documentation	\$254.20*

*The table also identifies an unsubstantiated amount of \$254.20.

- Cancelled/Missing/Voided Checks
 - Bookkeeper had typed in check #2015 for check #5105. Checks from #2016 through #4644 (the first check # used on July 1, 2014 was #4645) were identified through gap analysis as “missing” due to this data entry error.
 - For check #4987 through #4990, #5017, and #5105 through #5108, the principal wrote a statement stating that the checks were being discarded. The Principal’s memo regarding these checks did not include the reason they were being discarded.

- Cash Transfers/Adjustments
 - Cash Transfer/Adjustment forms were not on file for Journal #117580.
 - This transfer was to correct an error between the principal's account and the athletic director's account. No documentation was provided for this transaction. The documentation should have been approved/signed by the principal and the athletic director.

Principal's Response: The above listed findings were from the previous administration. I reviewed our processes/procedures and instituted procedures for these exceptions not to occur again.

Marsha VanHook, Principal



HUDSON HIGH SCHOOL

- Revenue
 - Monies collected reported in the Report of Tickets Sold form (MIS #171) #49173 is a collection of gate receipts in the amount of \$225.00 for Boys' Basketball game. The Report of Tickets Sold form (MIS# 171) was incomplete; it was missing the ticket number on hand. Ticket logs or sub-logs were not on file to show accounting of the tickets sold.

- Expenditures
 - The purchase transactions for two (2) checks did not have the purchase authorized prior to the date of invoice.
 - Check Requisition/Purchase Order for check (MIS #172) #16775 was approved by the school principal on 7/1/2014 but the order was placed with vendor on 6/10/2014. Check Requisition/Purchase was submitted for reimbursement to an employee for the purchase of supplies.
 - Check Requisition/Purchase Order (MIS #172) for check #16906 was approved by the school principal on 10/16/2014 after the invoice date of 9/27/2014.
 - Check #16903 in the amount of \$1,850 was issued to a student for the amount of a scholarship awarded from two local organizations. Proof of student's enrollment to postsecondary school was not on file. Per IRS regulation, the scholarship funds paid directly to the school attended or to the student as reimbursement for documented school expenses are not taxable. If the scholarship is paid directly to the student, it becomes taxable to the student and the District would be responsible for reporting the payment.
 - Check Requisition/Purchase Order (MIS #172) for Due to District check #16922 was not on file. Sample item was for purchase of pizza for Interact Meeting in the amount of \$29.00. No receipt or invoice to support the purchase was on file.
 - Check Requisition/Purchase Order (MIS #172) for check # 16961 did not have a detailed explanation of the business purpose for the purchase. The total amount of check was not supported by invoices/receipts. It was off by \$1.69.

- Cancelled/Missing/Voided Checks
 - No voided checks or other supporting documentation for the following checks were on file: 1699-16772, 16869 – 16870, 16897 – 16899, 17142 – 17199, 17281 – 170139, 170142 – 170379, 16886, 170380, and 170381.
 - ❖ In order to identify the numbers of checks issued during the school year 2014-2015, the check numbers were sorted in ascending order. First check was #1695 which is posted in Disbursement Register. Per review, same vendor and the amount was also issued in check #17000 which was verified to be cleared from the bank account but not #1695. Check #1695 was keyed in by bookkeeper by error.
 - Check #16796 was a voided check instead of a missing check. Bookkeeper had keyed in wrong check #16797 (see center of the check). Same amount (\$744.80) was issued to Image Depot and posted in check #16799 on 7/24/2014.
 - Check #17122 in the amount of \$45.00 was identified as missing check but it was an issued check with #17022 on the center of the check. Bookkeeper entered #17022 on error on the bookkeeper's part.
 - Check #17140 in the amount of \$1,004 was also identified as missing check but it was an issued check #170140 on the center of the check. Bookkeeper keyed in wrong check # 170140 instead of 17140.
 - There was an entry MUNIS showing check #16773 was voided but check itself with "voided" was not on file for check #16773.

- The following checks had different numbers keyed in by the bookkeeper:

<u># On Right top corner</u>	<u># On center</u>
16891	16888
16892	16889
16893	16890
16894	16891
16895	16892
16896	16893
16897	16894
16898	16895
16899	16896

Principal Response:

Collections: A new bookkeeper was brought on board as of April, 2015. Ticketing procedures have been reviewed with those involved. Procedures have been changed to insure that tickets, logs and sub-logs are secure, in place and used for all transfers.

Expenditures: Often when requesting quotes from vendors, vendors record it as an order. Although not processed until the PO is complete, the quote is converted to an order/invoice with the original date. We have several vendors that are notorious for this and have spoken to each of them regarding the proper dating of invoices. We have also spoken to our staff to be diligent when requesting quotes and to stress to the vendor that these are not orders. We make every effort to be sure that purchase orders are in place before the purchases are made and do take action if a staff member goes outside of policy: however, when we have ordered and received items from the vendor properly, we are obligated to make timely payments.

On one occasion a T-shirt was requested to be rushed immediately. The AP called in an order and we were billed afterward. This AP now has a P-Card and the policies regarding purchases were reviewed.

A reimbursement was authorized for an employee when items were needed immediately and either the vendor would not take a purchase order or check or time was critical and we could not wait for a purchase order or a check request to process. This was done before the widespread use of school issued P-Cards. We have ceased any reimbursement authorizations and instead implemented the use of the school wide P-Cards for these types of purchases.

For several years scholarship checks were provided once the student provided a receipt for an expenditure over \$100 that they paid out of pocket to go to school, that also served to show they were attending school (an application fee/acceptance, books, campus housing, campus meal plan, etc.). It wasn't until this audit that we were made aware of the IRS regulation that specific enrollments documents were necessary. We will require enrollment documents for future disbursements.

Cancelled/Missing/Voided Checks: Unknown location of voided checks - A new bookkeeper was brought on board as of April, 2015. These files could not be quickly located.

Checks were keyed in wrong on this series of checks. This happened when the wrong number was mistakenly entered in Munis. Checks were overwritten when the required copying of checks was printed on blank stock instead of regular paper.

David La Roche, Principal



HUDSON HIGH SCHOOL
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RIDGEWOOD HIGH SCHOOL

- Collections
 - Receipt # 32201 relates to fees in the amount of \$461 collected from students to cover loss and/or damage of iPads’. Bookkeeper’s signature and date were missing on Monies Collected form (MIS#170). \$461.00 was posted in account 900108 but only \$137.72 was paid to the District. The entire funds collected for iPad insurance must be submitted to the District.
 - Receipt #32278 is for collection of registration fees in the amount of \$12 for course #150249 (Care/Prevention of ATH INJ). Date the funds were collected is missing from the Monies Collected form.
 - Receipt #42395 is for monies collected from the concession sales at a football game held on 10/17/2014. \$300 was noted as “change” and deducted from the total collection in the amount of \$1,098.65. The difference in the amount of \$798.65 was reported as concession sales. \$300 noted as “change” was not traced to MUNIS either in Ridgewood High Concession Stand (989015) or Ridgewood High Change Fund (111900). No supporting documentation was on file for the \$300 subtracted from the total collection of \$1,098.65.
 - Monies collected in the amount of \$500 with receipt #51669 was for donations from Students Against Drunk Driving received by the Student Resource Officer. There was no supporting documentation including Monies Collected form (MIS #170) to verify this revenue on file.
 - Receipt #75491 is for monies collected for graduation cap and gown fees in the amount of \$90. Funds were reported as having been collected on 4/1/2014 which precedes the date the bookkeeper reported having received the funds.
- Expenditures
 - Check #23663 written for a scholarship for one of the students in the amount of \$1,500 should have been coded as 5393xxxx (Promotions & Public Relations Expense) rather than 4922xxxx (Grants and Donations Revenue). No supporting documentation such as registration or acceptance letter was attached to Check Requisition/Purchase Order (MIS#172) to verify that the student was a bona fide recipient of the award.
 - For the following checks, Check Requisition/Purchase Orders (MIS #172) were incomplete (see detail in subsequent paragraphs):

<u>Check #</u>	<u>Total Amount</u>	<u>Vendor</u>
➤23789	\$1,667.69	Gulfside T-shirt
➤23876	\$11,116.72	DSBPC

 - Check #23789 was written for T-shirts purchases from Gulfside Custom T-Shirts Inc. which is comprised of 6 purchase orders (Check Requisition/Purchase Orders’). Check Requisition/Purchase Order (MIS #172) for Purchase Order #50931058 and #50931049 were incomplete. Purchase Order #50931058 did not have total amount subject to Principal’s authorization. Purchase Order #50931049 was written for a not-to-exceed \$300 but the total spent was \$451.54. Proper authorization for the revised amount (51% over the approved amount) was not recorded. Bookkeeper was reminded that a purchase that exceeds more than 5% of original authorization needs proper signature and date obtained before the purchase.
 - Check# 23876 was written for Due to District payment. Check Requisition/Purchase Order (MIS #172) was incomplete; missing total requested for authorization and date of the requester. Sample items for this Due to District payment was \$500 paid to Joshua Vega for Percussion Ind. Contractor. No supporting documentation was on file.
 - Check #23808 was a payment for a hotel stay for three (3) rooms reserved for a field trip for State Swim Championship held on 11/14 and 11/15/2014 at an out of county location. The Travel request form was not on file. Per TERMS Transportation request for Mini Van on file, the swim coach is the

primary driver. The other two names listed were shown as board employee and a chaperon. The person listed as board employee was verified not to be the employee of DSBPC. No supporting documentation was on file to verify for whom the rooms were reserved.

- Check #23854 written at the request of the ABC Program Coordinator was for the purchase of six (6) gift cards from Publix at \$25 each. Two (2) gift cards were given to each of three (3) recipients respectively. Two (2) receipts from two (2) recipients (2 cards each) were on file. Third receipt was signed by Principal (Signature of staff member disbursing the gift card). The card was reported to have been received by the recipient on 3/4/2014 which is prior to the date that the card was purchased (12/8/2014). Documentation to verify the third recipient was not on file.
- No CR/PO (MIS #172) was attached to the following checks written for Due to District Payment:

<u>Check #</u>	<u>Total Amount</u>
➤24135	\$12,656.78
➤24136	\$6,309.65

➤Check #24135 was written for Due to District in the amount of \$12,656.78. No Check Requisition/Purchase Order (MIS #172) was attached to the copy of check. The only document used to issue the Due To District checks are a copy of the MUNIS report.

➤Check# 24136 was written for a Due to District payment in the amount of \$6,309.65. Check Requisition/Purchase Order (MIS#172) was not on file.

- Canceled/Missing/Voided Checks

- No documentation was found on file for the following missing check numbers per GAP analysis:
 - 23640 – 23641
 - 23681 – 23686
 - 23766 – 23775
 - 23898 – 24062
 - 24073
 - 24141
 - 24143 – 238903
 - 239017 – 239024

- The following check numbers were coded Voids but there was no supporting documentation on file:
 - 23848
 - 238959
 - 239032

- Check #6 and #7 were posted in MUNIS as follows:

<u>Check No.</u>	<u>Amount</u>	<u>Date</u>
6	\$1,350	09/02/2014
7	\$13,939	09/02/2014

These two (2) transactions were not vouched to bank statements or checks. The amounts were not a combination of the different activities. Documentation for these two (2) missing checks were not on file.

- P-Cards

- P-card statement #45172 was for the purchase of instructional books in the amount of \$199.60. The original documentation bore the stamp stating “Uploaded to MUNIS 2/24/2015”, however, it still is not scanned into MUNIS. P-card holder’s signature is present but its business purpose is not stated.
- Check #24135 in the amount of \$40 was a P-card transaction that was a purchase by the Athletic Director for a hotel stay for a homeless student and his/her family using ABC funds. The Check Requisition/Purchase Order was attached to the original P-card receipts, however, the form was not

approved by the principal. This transaction should have been made through the ABC Coordinator or obtained proper approval from the Principal prior to commitment of the fund since an ABC fund is involved.

- Cash Transfers/Adjustments

- The Transfer/Adjustment form was not completed for each transaction, instead, the bookkeeper developed an Excel worksheet to show all the transfers which bears her signature and the Principal's for authorization. Transfer documentation should have been signed by the employees whose accounts were altered.

Principal Response: This audit was conducted with my past bookkeeper from July 1, 2014-March 2015 and my present bookkeeper from March 2015 to the present. The cashier during those periods has been replaced by a new cashier.

Since this audit, we have instituted many procedural changes to our bookkeeping system as well as implemented mandatory training to all staff members. In order to ensure accuracy on all Monies Collected and coding, the cashier verifies all signature on the MIS 170 with the bookkeeper as the secondary review. The bookkeeper and Assistant Principal for Activities reviews all fundraising applications and recap sheets as well as all field trip requests and travel request forms.

Account 900108 is the iPad Program account (fees include insurance, user fees for upgrades/batteries/materials) in which the school directly contracted and paid the insurance amount to Worth Ave. Group for the 2014-15, 2015-16 and 2016-17 school years. The bookkeeper will contact the district as to the protocol that they would like us to follow for future years.

The current bookkeeper has been trained and understands the following:

- The change fund account is held for the entire year and a change fund log is utilized to track/provide documentation.
- All donations will be documented on Monies Collected forms (MIS #370).
- In order to receive a scholarship check, the recipient must provide a receipt for book/materials and a class schedule.
- Gift Cards for ABC Funds must include an acknowledgement form and a receipt. All ABC purchases are approved by the Social Worker or Principal.
- Prior to the audit, the new bookkeeper was unaware of Due to District needing a purchase order. She will complete proper CR/PO (MIS #172).
- Field Trips including a hotel (State Swim Championship) must have a list attached of student and adults including documentation of who the rooms are reserved for. A travel Request form must be on file. The bookkeeper and Athletic Director will check this information for all field trips.
- Cancelled/Missing/Voided Checks will be documented including destroyed checks. Several sets of checks were unusable due to double printing errors: 23640-41, 23681-86, 23766-75, 23898-24062, 24073, 2414, 24143-238903 and 239017-239024.
- Bookkeeper keeps a copy of all voided checks in a file and will include documentation to support voiding.
- When transferring/adjusting funds, a transfer document form with appropriate signatures will be completed with Principal's authorization.

Angela Murphy, Principal



MARCHMAN TECHNICAL COLLEGE

- Field Trip Revenue
 - Receipt # 67603 was for monies collected for a field trip to the State competition. The Field Trip Request form was not on file to support the amount collected.

- Expenditures
 - Check #17127 in the amount of \$2,268.00 was a payment for the room accommodation for a field trip for the State Conference. Check Requisition/Purchase Order (MIS #172) was dated 3/6/2015 while the invoice 3/6/2015 and Guest Receipt was dated 4/29/2015. The purchase was made prior to the fund approval.
 - Field Trip Request form was not on file.

- Cancelled/Missing/Voiced Checks
 - No record was on file for the missing and voided checks.

Principal's Response:

Field Trip Revenue: No monies were collected from Skills USA. The teachers were addressed by administration and bookkeeping staff to review procedures, emphasize proper documentation and processes will be followed.

Expenditures: The former bookkeeper drafted a check prior to fund approval. After diligently searching through files no field trip request form was found on file. Adjustment was articulated to staff for approval prior to checks being drafted.

Cancelled/Missing/Voiced Checks: Staff looked through files for missing and voided checks and remain unfound. A file was created for cancelled and/or voided checks. If checks go missing or are out of sequence it will immediately be reported to administration and followed up on.

Robert Aguis, Principal



INTERNAL AUDITOR’S REPORT ON INTERNAL CONTROL AND COMPLIANCE

Internal Control over Financial Reporting

In planning and performing our audit of the schools’ balance sheet amounts, we considered the schools’ internal controls over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the balance sheet amounts reported, but not for the purpose of expressing an opinion on the effectiveness of the schools’ internal controls. Accordingly, we do not express an opinion on the effectiveness of the schools’ internal controls.

During our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, except as noted below. However, additional material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the schools’ balance sheet amounts reported are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of balance sheet amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We reported our findings and recommendations to the School administration in a separate management letter. The Principal’s response is listed below each of our comments; however, their responses were not reviewed as part of our audit.

MATERIAL WEAKNESS

Segregation of Duties

During the audit, we identified a control deficiency in internal control over financial reporting. The bookkeeper at the School has the primary responsibility for most of the accounting duties. As a result of this lack of segregation of duties, internal controls are weakened increasing the risk that a misappropriation of the School’s assets could occur and not be detected in a timely manner. There are compensation controls that bolster the effect of the controls in place over financial reporting, such as monthly review and approval of the bank statements, reconciliations, and financial reports by the Principal. In addition, the School is required to submit these monthly reports to the Finance Services Department. Personnel at the Finance Services Department review these reports and any discrepancies noted are immediately researched and communicated to the School.

Prior Audit Follow Up

We reviewed last year’s findings and recommendations to ensure that the corrective action plans outlined in the principal’s responses were implemented by the School during this audit period. Except as noted in this report, our audit tests disclosed that the School had taken corrective actions for audit findings included in previous audit reports.

For more information on the Report on Compliance and Internal Control over Financial Reporting view:

http://www.pasco.k12.fl.us/library/audit/REPORT_ON_COMPLIANCE_INTERNAL_ACCOUNTS_2014-15.docx