



# Pasco County Schools

Kurt S. Browning, Superintendent of Schools  
7227 Land O' Lakes Boulevard • Land O' Lakes, Florida 34638

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## Internal Audit

Mary Tillman, Director

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DATE: December 20, 2016

TO: School Board of Pasco County

FROM: Mary Tillman CPA CIA, Director of Internal Audit

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

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## 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](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](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](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 an 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.

## ANCLOTE ELEMENTARY

- Revenue
  - Official receipt #30168 in the amount of \$2,000.00 was collected on 8/18/14 but was not remitted to the bookkeeper until 8/22/14 (5 days).
- Expenditures
  - Incomplete purchase request, unable to determine if prior approval was obtained for the purchase made with check #7096 in the amount of \$598.67 because the approval date was not written on the form.
  - An invoice was not available to review for check #7107, issued in the amount of \$110.59 on 4/1/2015.

### Principal's Response:

#### Revenue:

*Remind Teachers and staff to submit Monies Collected forms and money on a daily basis.*

#### Expenditures:

*Ensure that approval dates are noted on Purchase Order Requests and that invoices are attached as required. Utilize checklist for purchase order steps/procedures prior to submitting/filing reports.*

### **Barbara Kleinsorge, Principal**



**COTEE RIVER ELEMENTARY**

- Expenditures
  - Check #10636 in the amount of \$819.41 was issued to contribute to “Hunger Walk” sponsored by One Community Now. Monies were donated by faculty/staff and then a check was issued for this walk to help families in the surrounding community. This should have been coded to 5393xxxx (Promotions & Public Relations) rather than 5510xxxx (Supplies).

- Cancelled/Missing/Voided Checks
  - Physical checks were issued but they were keyed into MUNIS with incorrect numbers as follows:

<u>Physical check # (top right)</u>	<u>keyed in (center)</u>
10693	10697
10694	10698
10695	10699
10696	10700
10697	10701

Then, pre-printed physical checks were voided:

- 10698
- 10699
- 10700
- 10701

All of above were verified by documentation in the file.

The bookkeepers are required to enter the correct check numbers in MUNIS when issuing the checks.

- Cash Transfers and Adjustments
  - Transfer of \$75.46 completed with Journal #89250 was from 951001 (School Grant A) to 900100 (Principal General). Cash transfer/adjustment form states “Remaining funds in grant from Stricsek & Miller; Teacher purchased more than needed to complete grant.” Sponsor’s signature was missing. No documentation such as invoice, grant letter, etc. was on file to support this statement.

Principal’s Response:

*Expenses:* Coding will be verified (5393XXXX) prior to a check being issued for donations contributed to the surrounding community.

*Cancelled/Missing/Voided Checks:* The bookkeeper will double check Munis (current accounting system) after printout to ensure check numbers align.

*Cash Transfers and Adjustments:* The bookkeeper will attach proper documentation, attach supporting documentation and verify all required signatures are on the forms when transferring funds and making purchases.

**Sharon Sacco Slusser, Principal**



**You just can't hide  
that Cotee River pride!**

**CYPRESS ELEMENTARY**

• Revenue

- Monies collected on 8/29/2014 recorded in receipt #30083 in the amount of \$150.00 was a donation from Bright House Network. The actual check was not submitted to the bookkeeper until 9/4/2014, not meeting 24 hour required time frame.
- Monies collected in the amount of \$1.65 recorded in receipt #30424 was posted as a School Pay transaction fee revenue. No documentation such as account statement validating this or explaining the purpose of the transaction was on file.
- Monies for the field trips were collected using following receipts:

<u>Receipt #</u>	<u>Amount</u>	<u>Destination</u>
#72580	\$94.00	Glazer Museum (K)
#81796	308.00	Crystal Springs (4 <sup>th</sup> )
	\$402.00	

- Field trip forms (MIS #106) were missing principal’s signature. No bus worksheet or recap sheet was on file.

• Expenditures

- Check Requisition/Purchase Order (CR/PO; MIS #172) for the following checks were incomplete:

<u>Check#</u>	<u>Amount</u>	<u>Description</u>
#11186	\$2,899.97	T-shirt (Spirit Wear)
#11267	\$50.00	Admission deposit

Check #11186 in the amount of \$2,899.97 was for the purchase of Spirit Wear T-shirts that were sold to the students at the registration. Purpose of the purchase is written “Spirit Wear” only and thus it is not possible to verify the accuracy of coding. The disbursement is charged from Activity 900103 (T-shirt Sales: Principal’s Fund C). If this was not fundraising, it should have been coded 5590xxxx (Other Materials and Supplies) rather than 5790xxxx (Miscellaneous expense). CR/PO was missing date of request, date needed, Purchase Order #, requester’s signature as well.

- Check #11267 in the amount of \$50 was issued to pay for the deposit for a field trip to Crystal Springs. Check Request/Purchase Order was incomplete. The date of request, date needed, and requester and approver’s signatures were missing. No itemized invoice was on file.
- Check Request/Purchase Order, copy of check and itemized invoice were missing for the check #11219 in the amount of \$672.91. The check was for the purchase of a replacement screen for the display in the playground. A copy of quote only was on file. Quote included installation of the replacement of screen but was manually updated to exclude this with total of \$641.27. Total of non-itemized invoice on file was \$672.91. There is no documentation on file to support the difference in the amount of \$30.19 (\$672.91 - \$641.27).

• 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:

Bookkeeper has acknowledged the issues and is more aware of procedures and will pay more attention to detail in the future.

Tracy Graziaplene, Principal



## DEER PARK ELEMENTARY

- Revenue
  - Monies collected in the amount of \$530 with the receipt #60452 were for the registration for Odyssey of Mind and T-shirt fees. Monies collected by the teacher on 2/6/2015 (Friday) was not submitted to the bookkeeper until 2/10/2015 (Tuesday), not meeting the required 24 hour time frame for handling of the funds.
  - Monies collected in the amount of \$50 with receipt #86365 were for a 5<sup>th</sup> grade field trip to Astro Skate center. Field Trip Request form (MIS #106) or bus worksheet were not on file.
- Expense
  - Check #17920 issued in the amount of \$607.87 was a reimbursement to the bookkeeper for various expenses associated with the faculty/staff function for student recognition. One of the purchases from Dollar Tree was dated (12/11/2014), prior to the Check Requisition/Purchase Order approval (12/12/2014).
- Cancelled/Missing/Voided Checks
  - Per review of documentation in the office and downloaded disbursement data from MUNIS, the following missing check numbers did not have any supporting documentation or information available: 17776, 17806, 17877-17878 17924 – 177729, and 177733.

### Principal's Response:

#### Collections:

- I. *We continue to stress to all teachers and staff that any funds collected are due to the bookkeeper for processing the day they are received. We will speak specifically with this teacher.*
- II. *As principal, I do approve all trips well in advance. Our bookkeeper will double check her field trip folder checklist to ensure all documentation is completed.*

#### Expenditures:

- I. *The check requisition was filled out after because Dollar Tree would not let our bookkeeper use tax exemption with her p-card, so she paid using her own funds and was not reimbursed for the tax charged.*
- II. *Checks 17776 & 17806 are in the 2014-15 voided check folder. Checks 17877 & 17878 were most likely left in the printer (previous check run was checks 17869+17876 with mostly one vendor per check.) and mistakenly printed on and rather than placing in our voided folder they were shredded. In the future any checks not properly disbursed or mistakenly printed on will be placed in the voided checks folder.*
- III. *Check 17924 was the first check written for 2015-16 fiscal year. Any checks with six digits were incorrectly typed into Munis when processing a check run, such as 177733, 177729 and 177729. Check 177733 was printed on Check 17773 and we cannot locate the approved MIS 172 to purchase pizza for our fall carnival, however I was aware that the pizzas were ordered as it is a large fundraiser.*

Margie Polen, Principal



**GULFSIDE ELEMENTARY**

• Revenues

- The following monies collected transactions did not have a cash-out form printed from MUNIS: Official Receipt #'s 41463 and 49641
- Monies collected in the amount of \$13.00 recorded in receipt #41463 was not submitted to the bookkeeper within required 24 hour time frame.
- Cash-out form was not signed for the deposit made for Official Receipt #53920.
- No supporting documentation including Monies Collected form, deposit form, etc., were not on file for the monies collected in the amount of \$64.00 recorded using receipt #73690.
- Monies collected shown below were for field trip fees:

<u>Receipt #</u>	<u>Amount</u>	<u>Description</u>	<u>Grade</u>
#49641	\$2.00	RRHS CFA	3rd
#53920	134.00	Enterprise Village	5th
#73690	64.00	RRHS CFA	Kindergarten

- Field Trip form for Official Receipt #49641 was incomplete. The budget section of the form was not completed.
- There was no field trip request form on file for #53920.
- Bus worksheet was not on file for #73690.

• Expenditures

- Transactions related to the following checks (Seven (7) out of eight (8) sample items) did not have Check Requisition/Purchase Order (CR/PO, MIS #172) on file:

<u>Check#</u>	<u>Amount</u>	<u>Total Check Amount</u>
8255	\$7.34	\$797.90
8284	15.00	423.36
8309	282.50	608.00
8331	41.55	378.35
8353	241.50	1,006.98
8379	207.74	678.47
8380	175.50	319.41
	971.13	\$4,212.47

- Bookkeeper did not prepare Check Requisition/Purchase Order (MIS #172) for Due to District (DTD) payment for purchase from Food & Nutrition Services.
- Purchase in the amount of \$207.74 is a part of the check #8379 issued on 6/15/2015 for Due to District (DTD) payment. No CR/PO (MIS #172) for the DTD check was on file.
- Invoice/receipt from Dunkin Donuts (P-card statement #46096) was not on file.

• Sales Tax Expense

- Check #8261 in the amount of \$3.38 is a reimbursement to a vendor for the item purchased. Sales tax was reimbursed to the vendor for the item he purchased from home improvement center.

• P- Cards

- No supporting vendor receipt or invoice was available or scanned into MUNIS for the following P-card transactions: Statement ID #'s 35202 and 40734.
- P-card transaction with statement #40734 in the amount of \$19.97 had Affidavit for Missing Invoices only as supporting documentation. No business purpose of the purchase or vendor receipt/invoice was on file or scanned into MUNIS.

Principal's Response:

Revenue:

- *Communication gone out to staff and principal will hold them to the expectations.*
- *Cash out form - working with bookkeeper to make sure each form is printed and signed for every bank deposit.*
- *Supporting documentation will be completed for all money received.*

Field Trip Revenue:

- *Staff will be retrained by the bookkeeper on current budget/finance expectations and follow up to be done by principal.*
- *Share the site resource guide for Buying, Doing, and Going with staff.*
- *Not aware that bus transactions worksheet was necessary as it was our understanding that this form is for transportation purposes.*

Expenditures:

- *Bookkeeper went back and fixed 2 years' worth and didn't know to do this process. Has now corrected and now there will be the MIS 172 for all transactions.*

Sales Tax Expense:

- *We will ensure no tax is reimbursed.*

P- Cards:

- *All staff will be reminded that a signed receipt is needed.*

Jeanne Krapfl, Principal



**GULF TRACE ELEMENTARY**

- Revenue
  - The “Activity Transactions – Cash Out” printout from MUNIS was not attached for all the items sampled. Thus, the bookkeeper’s signature to certify the amount of the monies collected was not present.
  - The Monies Collected form was not attached to the receipt #87329. This revenue is from School Pay payment for yearbook sales. Only the Bookkeeper’s signature was indicated on the school pay report. Principal’s signature was not present.
- Expenditures
  - Check #4215 in the amount of \$247.61 was a reimbursement to a staff member for the purchase of wall messages and picture frames using personal funds. The items were purchased on 7/27/2014 which was prior to the principal’s approval on 8/1/2014. It is important that no purchase should be made prior to approval.
- Cash Transfers/Adjustments
  - No supporting documentation was on file for the following adjustments:

<b>JE#</b>	<b>Date</b>	<b>Out/In</b>	<b>Activity*</b>	<b>Amount</b>
127070	6/30/2015	Out	111900	(\$500)
127070	6/30/2015	In	900100	\$500
127604	6/30/2015	Out	111900	(\$500)
127604	6/30/2015	In	900100	\$500

\*111900 (Change Fund), 900100(Principal General)

Adjustments made to the accounts must be supported by documentation with the purpose and reason for the transfer and must be signed by all parties involved in the transaction.

Principal’s Response:

*We will continue to review and monitor each fundraiser throughout the process in order to ensure all guidelines are adhered to. Paperwork completion will be double checked so that all areas including fund use and recaps are documented each time. Administration and the bookkeeper will revisit with staff members the requirements of turning in monies collected and will work to ensure all are deposited within the required time.*

*Administration will work with the bookkeeper to ensure that all gift cards are logged into the Log Sheet and if a gift card is distributed the person receiving it will sign the log before receiving the gift card.*

*Administration and the bookkeeper will work together to ensure that all attachments and signatures are on all documents as needed in the future. We will also ensure that purchase approvals are completed.*

*Last, the transfers or adjustments questioned through this audit were done by district due to Munis problems with the change fund account. We will continue to have all needed signatures and documentations in the future.*

*Hope Schooler, Principal*



**JAMES M. MARLOWE ELEMENTARY**

- Revenue
  - Receipt #48247 in the amount of \$40 is monies collected for dues for a faculty/staff social function. It was coded 4922xxxx (donation) rather than 4912xxxx (club dues).
  
- P-Cards
  - P-card statement #26314 is for a purchase of books for students in the amount of \$56.88. The invoice was not scanned into Munis at the time the transaction was managed. The physical invoice was located during the audit.

Principal's Response:

*Administration has reviewed the report with the bookkeeper and is aware of the coding error. Bookkeeper will double check coding before submission.*

**Hilda Martin,  
Principal  
James M. Marlowe Elementary**



## MITTYE P. LOCKE ELEMENTARY

- Expenditures
  - Field Trip Request form for Odyssey of the Mind World competition (held out of state) lists seven (7) student participants and three (3) coaches (2 school employees-all 3 parents of participants). Review of the other expenses revealed that the internal account paid for travel expenses for sixteen (16) people including parents and siblings of the student participants, for a total of \$2,034 in additional expense.
  - Check #5260 in the amount of \$2,323.64 was issued to reimburse travel expense paid by one of the employee/parent/coaches. The travel expense included three (3) plane tickets for the student participant and sibling (both children of the coach) and the coach, totaling \$867.00 plus the shuttle bus fare for the entire group \$800 (16 @ \$50 each). On the reimbursement request is written “Reim Remaining Funds” of \$656.54 for a total of \$2,323.64. There are receipts for the plane tickets and shuttle bus fare but there is no explanation for the \$656.54.
  - No Check Requisition/Purchase Order (MIS #172) was on file for this reimbursement and another reimbursement to a parent (check #5257 in the amount of \$1,472.10). These expenditures were made without proper documented approval from the principal. Reimbursements were issued based on an unofficial travel reimbursement form.
  - Total revenues and expenditures were expected to be \$10,400 each. However, Activity 940500 (MPLES Odyssey of the Mind) showed that the total expense (\$16,473.03) exceeded total revenue (\$15,213.72) by \$1,259.31.

### Principal’s Response:

**Expenditures:** The Field Trip and reimbursement for out of state travel for students/staff/families is a rarity for Mittye P. Locke. The Odyssey of the Mind World Competition was an honor and privilege for our students to participate. With the excessive costs associated with the travel, lodging, supervision, etc. the need to raise funds and reimburse funds was more complex than we typically work through. In order to rectify issues associated with such large scale field trips fundraising/reimbursement of funds to families, we will be requesting support from the Pasco County District Finance Department to assist in properly working through all the financial obligations and reimbursements, if we are honored enough to send a future Odyssey of the mind team to compete at the World Competition level.

**Adam Wolin,  
Principal**

**Mittye P. Locke Elementary School**



## SUNRAY ELEMENTARY

- Collections
  - All cash out printouts from MUNIS (used to prepare bank deposits) were not signed and dated by the bookkeeper.
  - Monies collected form (MIS#170) was missing receipt #41125 on the form. Revenue collected in the amount of \$136 was for T-shirts sold to all the chorus students. The description needs to be more detailed rather than just stating “T-shirt” to properly identify the purchase as a fundraiser or a general sale.
  - Monies collected form (MIS #170) for receipt #49463 was not on file. Revenue in the amount of \$200 was voluntary monies submitted by teachers and employees for non-business social functions such as baby shower, bereavement, etc. It is posted in 900300 (Social Faculty General account). Coding should have been 4912xxxx (Club Dues) rather than 4922xxxx (Grants and donations).
  - Monies collected in the amount of \$122 with receipt #51908 should have been coded with 4912xxxx (Club Dues) rather than 4922xxxx (Grants and donations) because the monies collected were dues from teachers and employees for their social activities.
- Cancelled/Missing/Voided Checks
  - The following voided checks had no supporting documentation on file:  
#4077 and #4148

### Principal’s Response:

Communication in the form of school-wide emails, verbal directions and training during PLC Facilitator meetings and also during facility meetings will insure purchases follow district policy. Sponsors will be directed to complete forms more accurately in the future.

In the future, we will use the noted coding to label funds correctly for school social functions and club dues.

**Elizabeth Hinton,  
Principal**





## **GULF MIDDLE SCHOOL**

- Expenditures
  - Check #10128 was for rental of Theatrical rights which were ordered on 1/8/15. Although the fund raising application was approved on 1/5/15, there was no detail included to indicate what was going to be purchased. The purchase order for the rental was approved 1/23/15. Purchase was made prior to the approval.

### Principal's Response:

Expenditures: *The quote from the vendor (Samuel French) for the Theatrical Production of Grease to be performed in May 2015 was submitted as an "Invoice" dated 1/8/2015 and the MIS 172 for approval was dated 1/23/2015. The approval was actually before the order of materials which was on the 2/2/15 check #10128.*

**Jason O. Joens, Principal**



## PAUL R. SMITH MIDDLE

- Expenditures

- Invoices for two (2) of the expenses reviewed were not cancelled “paid” when the checks were issued. (Check #4070 and #4205)
- One (1) purchase was made prior to the purchase order approval date. (Check # 4194)
- Two (2) purchases reviewed did not have an invoice on file to support the expenditure. (Check #4254 and #4260)

### Principal Response:

*As a new Principal at Paul R. Smith Middle School, I am working with staff to review all district procedures To ensure correct implementation. In some cases, procedures were not clear to staff and in other cases further training and support were needed. I have worked with this staff to correct these issues. In particular, I am working with the school bookkeeper to ensure that we are correctly implementing all accounting procedures as well as best practices. We meet daily for check in and weekly for more formal financial reviews.*

*We have also begun new procedures for more strategic purchasing practices. In particular, we are reviewing invoicing and P Card practices to ensure correct procedures are followed in all cases.*

Thank you,  
Mr. DiVincent, Principal



**RIVER RIDGE MIDDLE**

- Revenues
  - Monies collected for receipt #26396 were registration fees. Coding should have been 4915xxxx (donated supply fees) rather than 4929xxxx (other income).
  - Monies collected for receipt #90806 were field trip fees for Gradventure. They were not submitted to the bookkeeper within required 24 hour period. Note that monies collected on 2/27/2015 were not submitted to the bookkeeper until 3/11/2015.
  
- Expenditures
  - Check #9803 was issued for the payment to Dills Custom Apparel for the purchase of a Physical Education uniform. The Check Requisition/Purchase Order (MIS #172) or itemized invoice was not on file.
  - Check #9875 was issued to a teacher from another Pasco County school to act as an accompanist for participating RRMS band students. The agreed upon rate in the Standard Contract for Professional & Technical Services was \$30 per student. The accompanist’s invoice was for seven (7) students for a total of \$240, however, seven (7) students at \$30 is \$210. The accompanist was overpaid and there were no signatures on the contract.
  
- Cancelled/Missing/Voided Checks
  - Several missing check numbers were due to data entry errors. They include the following:
 

<u>Check Number</u>	<u>Keyed in as</u>
9604	96041
9605	96050
9606	96051
9607	96052
9608	96053
9609	96054
9654	9648
9655	9649
9656	9650
9657	9651
9658	9652
  
  - Voided check #9666 was not on file. No documentation to explain the reason was on file.

Principal Response:

*The bookkeeper and principal reviewed the exception items and are taking steps to ensure retraining where necessary. Diligent monitoring will be in place to minimize future deficiencies. Specific corrective measures being taken are listed below:*

Collections - *An updated list from Finance Department has been received specifying what action codes go with each activity code.*

Expenditures - *Invoices are carefully scrutinized before payment is made to avoid a repeat of these errors.*

Cancelled/Missing Voided Checks -

*Check # 9604 was inputted with a typographical error, placing a 1 after the 4 (96041).*

*Check # 9605 was inputted with the last two digits reversed (9650). This caused additional checks to be numbered incorrectly (9606-9609 printed as 96051 -96054)*

*Check # 9654 -9658 and 9648-9652 were voided. The checks were originally printed 9648-9652. When*

*copies were made these checks were still in the printer. Checks 964-9652 printed on checks 9654-9658. Check # 9666 was made out to a teacher for reimbursement and then voided due to tax being added to the reimbursement. A new check (#9669) was then issued to the teacher without tax being reimbursed. The bookkeeper now diligently checks to insure the check numbers inputted are correct. Only the amounts of checks needed are placed in the printer to process to insure that no checks are printed on the others when making copies.*

**Marcy Hetzler-Nettles, Principal**



## River Ridge Middle School

11646 Town Center Road New Port Richey, FL 34654  
Phone: 727-774-7000 Fax: 727-774-7290

**GULF HIGH SCHOOL**

- Revenues
  - Monies collected for the following five (5) sample items were not submitted to the bookkeeper within required 24 hours:

<u>Receipt #</u>	<u>Reference</u>	<u>Amount</u>
50612	G. Basketball concession	\$79.25
53468	Yearbook sale	80.00
70925	MOSI field trip	13.00
72377	MOSI field trip	99.00
94790	Reimbursement from District for Athletic Officials	1,338.00
	Total	<u>\$1,609.25</u>

- Expenditures
  - The check #21937 was paid for the purchase of t-shirts. The actual invoice was more than 15% of the amount approved by the principal on the Check Requisition/Purchase Order; MIS #172. The Check Requisition/Purchase Order; MIS #172 did not have necessary approval for the final amount.
  - The check #22063 was for reimbursement to the employee who purchased items with personal funds. Two (2) receipts were dated 9/19 and 12/14 of 2014 which was prior to the date of the principal’s approval documented on the Check Requisition/Purchase Order (12/15/2014). The reimbursement amount totaled \$305.54 which was made up of \$55.54 for “community night” \$100.00 for “holiday staff appreciation” and \$150.00 for “holiday staff appreciation”. However the receipts were not for these exact amounts. The “community night” receipt included cookies and other items, the receipt is not completely legible. The total of the receipt before sales tax is \$67.54. It appears that there was a personal \$12.00 item on the receipt. Personal items should be included on a separate receipt from items that are to be turned in for reimbursement. The “holiday staff appreciation” purchase includes at least two (2) Walmart receipts in the amounts of \$167.40 and \$223.11. However the employee was reimbursed for \$100.00 and \$150.00 respectively. The receipts include many relatively small dollar items such as a birthday card, meatballs, hash browns, sour cream milk, eggs, grape jelly and coffee mate. It is not possible to determine which items the employee is being reimbursed for and which items might have been personal. There are no combinations of items that clearly add up to the \$100 and \$150 reimbursement amounts.
  - The check #22110 was for “Maker Space Celebration” after school with St. Angelos, Inc. (pizza) in the amount of \$42.80. No invoice/receipt was on file.
- Sales Tax Expense
  - Check # 22137 was for reimbursement of items purchased for the end of year banquet. The purchase was made by personal funds; thus the sales tax was charged. The reimbursement should not have included the sales tax.
  - The check #22260 was for Coffee House held by the English Department to encourage students in the program. This is held a couple of times a year. It is not a fundraiser activity. The purchase was made online by one of the students in the program who could not back out the sales tax being charged. Based on the online order form, the check was issued to the vendor. The purchase should have been made by following the proper procedure instead of having a student order the items.
- Employee Reimbursements
  - Check #22222 was for per diem for meals to the students who participated in Boys’ Weightlifting State Tournament. The coach was also issued per diem for the tournament. The coach should have requested the per diem from the district in order to follow the Travel Procedures properly. Depending on where the tournament took place, the per diem amount may have been taxable to the coach.

- Check #22251 was for the reimbursement for gasoline used for the Boys' Weightlifting State Tournament. The coach should have filed a mileage request instead of using Check Requisition/Purchase Order.
- P-Cards
  - The receipt for P-card statement #37110 was not scanned into MUNIS but was on file. It was for a purchase of two (2) iPod Touch for the purpose of student incentives. All P-card invoices/receipts are to be properly scanned into MUNIS.
- Cash Transfers/Adjustments
  - Adjustment #106504 in the amount of \$292.40 was from Sales Tax Payable Account (#226000) transferred to Principal General Account (#900100).

**Principal Response:**

**Revenue:** *We have developed a more comprehensive system for approving all fundraisers, monies collected and fieldtrips. This information was shared during preplanning and can also be located on the GHS Staff Canvas page.*

**Expenditures:** *We will ensure all purchases for the school are on separate receipts to ensure that purchases are clear. We have developed a more comprehensive system for approving all fundraisers, monies collected, leaves and purchasing. This includes but is not limited to issues regarding sales tax. This information was shared during preplanning and can also be located on the GHS Staff Canvas page.*

**P-Cards:** *This purchase occurred during transition when our equipment was not compatible with Munis. Since that statement, all items have been scanned properly.*

**Cash Transfers & Adjustments:** *These transfers were at the end of the year and only reflected organizations/accounts that the principal's account covered until adequate funds were raised for the organizations. In reference to the adjustment for sales tax, we made a mistake and will insure accuracy on all sales tax submissions.*

***Kim Davis, Principal***



## RIVER RIDGE HIGH

- Revenues
  - Three (3) revenues were coded incorrectly as follows:
    - Receipt #40684 – Receipt of funds from River Ridge Middle school toward the concession refrigerator. This should have been coded with 4922xxxx (Donated Fund) rather than 5641xxxx (Furniture, Equipment >\$1,000); the actual purchase of the refrigerator would be coded to 5641xxxx.
    - Receipt #62589 – Receipt of funds for participation of Future Business Leaders of America (FBLA) to State Leadership Conference (SLC). This should have been coded with 4913xxxx (Field Trip) rather than 4909xxxx (General Sales).
    - Receipt #70998 – Receipt of Yearbook sales. This should have been coded with 4904xxxx (Yearbook sales) rather than 4909xxxx (General Sales).
- Expenditures
  - Check #4219 in the amount of \$1,800.00 was for purchase of end of year staff luncheon. The purchase was made on 6/4/2014 prior to the principal’s approval documented on the Check Requisition/Purchase Order MIS #172 (7/21/2014).
  - Check #4229 in the amount of \$4,193.00 was a payment for the purchase of a trailer for the band. The trailer was not tagged.
- Cancelled/Missing/Voiced Checks
  - No records or documentation was on file for fifty four (54) missing checks from #4157 through #4210.
  - Voiced checks were not on file for check numbers #4318, #4397, and #4441.
- P-Cards
  - The purchase from Grille 54 (P-card statement #54804) in the amount of \$69.18 did not have an itemized original invoice. Affidavit for Missing receipt/invoice) filed stated that the receipt was destroyed. It is important to keep original itemized receipts and invoices and scan into MUNIS or contact the vendor for a replacement receipt.
- Cash Transfers/Adjustments
  - Specific reasons for adjustments and transfers of funds to Principal’s General Account (900100) were not included on the Transfer forms. Funds were transferred from various accounts including English, Math, Social Studies, Basic Dropout Prevention, and Reading Department Accounts. Generally it is expected that funds will be spent for the purpose that they were raised or donated. It is important to document with sufficient information the reason for transferring funds into a Principal’s Account.

### Principal Response:

*The transaction issues occurred prior to my arrival as Principal at RRHS. We have established corrective actions to ensure that all receipts are itemized and that all transaction will be properly documented or receive prior approval from district.*

**Toni Zetsche, Ph.D., 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](http://www.pasco.k12.fl.us/library/audit/REPORT_ON_COMPLIANCE_INTERNAL_ACCOUNTS_2014-15.docx)