



# Pasco County Schools

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

---

## Internal Audit

Mary Tillman, Director  
813/ 794-2282 Fax: 813/ 794-2146  
727/ 774-2282 TDD: 813/ 794-2484  
352/ 524-2282 e-mail: mtillman@pasco.k12.fl.us

DATE: March 7, 2017

TO: School Board of Pasco County

FROM: Mary Tillman CPA CIA, Director of Internal Audit

RE: Internal Accounts Audit 2015-16 – Part 1 – 7 High Schools out of 18

---

## 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, 2016.

This report includes the results of audit for several Pasco County schools for the fiscal year 2015-16. 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 have determined that this report along with our review of internal controls 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, 2016 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. We will review these reports in the next audit cycle.

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

[http://www.pasco.k12.fl.us/library/audit/AUDIT\\_METHODODOLOGY\\_INTERNAL\\_ACCOUNTS\\_2015-16\\_2.docx](http://www.pasco.k12.fl.us/library/audit/AUDIT_METHODODOLOGY_INTERNAL_ACCOUNTS_2015-16_2.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\\_FY16.pdf](http://www.pasco.k12.fl.us/library/finance/cafr/Final_CAFR_Pasco_Schools_FY16.pdf)

Notes to financial statements are found here:

[http://www.pasco.k12.fl.us/library/audit/NOTES\\_TO\\_FIN\\_STMTS\\_INTERNAL\\_ACCOUNTS\\_2015-16.docx](http://www.pasco.k12.fl.us/library/audit/NOTES_TO_FIN_STMTS_INTERNAL_ACCOUNTS_2015-16.docx)

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

- 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.
- 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
  - 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.
- 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.
- 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.
- Healthy School Team
  - Each District school site is required to establish and maintain a Healthy School Team per the Florida Department of Agriculture and Consumer Services (FDACS) published rule.
  - The Student Wellness Policy Implementation Fundraising Regulations and Procedures requires:
    - Effective with the 2015-2016 school year, competitive food and beverage items sold to students during the school day **must** meet the nutrition standards for competitive food as defined and required in 7 CFR 210.11.
    - A fundraising activity should first be identified as either food or non-food sales and indicated on the **revised** Fund Raising Activity (FRA) Application/Recap form by checking the appropriate box. As always, all fundraising activities require a properly completed FRA form to be available for audit.

- Schools **must** have an annual calendar of fundraisers and indicate “Exemption” days. Does not need to be a separate calendar, but must be accessible on school website.
- One Time Vendor
  - Munis provides a generic option to use as a payee for internal accounts checks. This allows the school bookkeeper to write a check to someone who has not been vetted as a vendor by Purchasing. The actual payee is recorded in the system but not in a way that it could be included in normal computer search. Therefore, these transactions cannot be identified or analyzed with similar transactions. Also, checks are written against internal funds to payees who have not been vetted and approved by Purchasing.
  - There are certain circumstances where it is appropriate to use the One-Time Vendor as a payee. When checks are written to parents or students as refunds, it is not practical to vet these individuals as vendors. When writing checks to employees for change funds, it is appropriate to use the One-Time Vendor options because the check is not being written to the employee for goods or services and the transaction could be identified by the change fund coding. Any other use of the One-Time Vendor is not allowed.
- 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.
- Missing/Voided 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.
  - Data Entry Errors - 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.

## **GULF HIGH SCHOOL**

- **Healthy School Team Calendar**
  - Fundraising calendar was not posted in the school website in school year 2015-2016.
- **Collections**
  - The following monies collected were not submitted to bookkeeper within 24 hours:  
Receipt # 126351 in the amount of \$90.25 and Receipt # 138008 in the amount of \$12,331.89.
- **Expenditures**
  - Three (3) check purchases were made prior to approval from the principal.
- **Sales Tax Expense**
  - Check #22476 was payment in the amount of \$100.00 to an employee. The employee cashed the check and purchased items from several different vendors for Homecoming supplies. The receipts show that the applicable sales taxes were charged and paid by this employee. Total amount of purchases were \$77.45 before sales tax. The change that should have been returned to the school was \$22.55 but the employee returned only \$16.58; \$5.97 short.  
Sales tax could have been avoided if proper procedure had been followed.

**Principal Response:**

*Healthy School Team Calendar HST leader now oversees the Fundraiser calendar and approves the fundraising applications. This will ensure that the calendar is updated on a regular basis.*

*Bookkeeper will utilize the Resource Guide for Buying, Doing & Going to familiarize faculty/staff with procedural guidelines.*

***Kim Davis, Principal***



**RIVER RIDGE HIGH SCHOOL**

- Collections
  - Three (3) deposits were not coded correctly as follows:
    - Receipt #100531 – District reimbursement check for Air Force for \$1,550.00. This should have been coded 1140xxxx (Due from Other Funds) rather than 4929xxxx (Other income).
    - Receipt #119081 – Band students Fair Share (contribution to the band program) for \$126.00. This should have been coded with 4912xxxx (club dues) rather than 4909xxxx (general sales).
    - Receipt #140549 – Fees to participate in Odyssey of the Mind in the amount of \$700.00. This should have been coded as 4912xxxx (club dues) rather than 4909xxxx (general sales).
  - Total in the amount of \$1,207.00 shown on receipt #157528 for proceeds from a Father/Daughter Dance was not supported by the documentation. Total revenue shown in the amount of \$1,207.00 on the Monies Collected Form (MIS #170) did not agree with the total shown in the Fundraising Recap sheet (\$1,459.00). Recap sheet shows \$252.00 more than the Monies Collected form.
  
- Cancelled/Missing/Voided Checks
  - Missing checks #5483 through #5492 were issued checks. Check #5493 was unused and voided. They were identified as missing due to data entry errors as follows:

<u>Check Stock Number</u>	<u>Check Number Entered in MUNIS</u>
5483	5494
5484	5495
5485	5496
5486	5497
5487	5498
5488	5499
5489	5500
5490	5501
5491	5502
5492	5503
5493	unused - voided

- Missing checks from 5504 through 6499 were unused checks. The bookkeeper skipped two (2) batches of checks (5500-5999 and 6000-6499).

Principal Response:

*We have reviewed each error and will closely monitor for coding errors and missing check batches.*

**Toni Zetsche, Ph.D., Principal**



## SUNLAKE HIGH

- **Healthy School Team Calendar**
  - Fundraiser calendar was not posted on website for the school year 2015-2016.
  - Funds collected in the amount of \$360.00 per receipt #157237 was for the sale of Cords fundraiser and was coded to fundraising revenue. Fundraising application/recap was not on file.
  
- **Sales Tax Expense**
  - Check #7748 in the amount of \$593.85 was a reimbursement to an employee for the purchase of classroom supplies. Sales tax was incorrectly included in the reimbursement.
  
- **Missing/Voiced Checks**
  - Check #7486 was entered and printed on the physical check #7487. This data entry error caused the Munis system to post #7486 as an issued check and #7487 as a missing check.
  
- **Cash Transfers/Adjustments**
  - Transfer journal #126498 in the amount of \$1,987.01 from newly named School Pay account (900103) to Principal's account (900110) did not have principal's signature. The only signature on the form was the bookkeeper's. The transfer was made based on verbal approval.
  - Transfer journal #204548 was for \$2,500.00 from the General Fee Account (922101) and transferred to the Band account (922102). This was in addition to the Due to District band fee for \$1,750 paid out to the District. The supporting documentation for \$2,500.00 was not on file. The principal approved the transfer on 4/26/2016 after the transfer being completed on 4/25/2016.

### Principal's Response:

#### Healthy School Team Calendar:

- *Fundraiser Calendar is now linked to the school website.*
- *Several groups were selling cords at the same time and staff failed to catch this missing form.*

#### Sales Tax Expense:

- *Staff did mistakenly reimburse a teacher for sales tax paid and will be more careful not to let that happen moving forward.*

#### Cancelled/Missing/Voiced Checks:

- *As for the missing check, we are not sure how this occurred but will be more careful matching check numbers in Munis.*

#### Cash Transfers/Adjustments:

- *Staff now understands the need to scan everything into Munis and to document information in the description and will make sure to obtain appropriate signatures.*

**Michael Cloyd, Principal**



**WESLEY CHAPEL HIGH SCHOOL**

- Expenditures
  - Check #16342 was issued in the amount of \$209.42 for the reimbursement of meals provided to students while attending a state track meet. These purchases were made prior to the Purchase Order approval date.

*Principal's Response:*

*One of two track coaches came to me the day before the State Track meet requesting last minute approval to pay for meals for athletes. I approved this request. On the trip, the coach did not buy the meals, a different coach bought the meals. Upon their return, a new Purchase Order had to be written reflecting the other coach paying for the meals so that he could be properly reimbursed. We have counseled the coaches on making the request to purchase meals for athletes, included in their request for expense on the MIS #106, at least 2 weeks prior to the event.*

Danielle Johnson



**Wesley Chapel High School**

Home of the Wildcats

**WESLEY CHAPEL HIGH SCHOOL  
CENTER FOR THE ARTS**

- Expenditures
  - The One-Time Vendor option was used to pay the Pasco County Sheriff’s Office for security at an event, check #1158.

*Principal’s Response:*

*Bookkeeper did not know how to select a vendor from MUNIS list when there were several listed with the same name /different address. MUNIS kept switching the address to an incorrect address and the check needed to be cut, so she selected “One Time Vendor”. She has since learned how to make this correct selection when printing a check from MUNIS.*

**Sharon Strubbe, Managing Director**





## ZEPHYRHILLS HIGH SCHOOL

- Collections
  - One (1) collection reviewed was not remitted to the bookkeeper at the end of the business day:  
Receipt #107030 in the amount of \$120.00 was held for five (5) days.

Principal's Response:

*We will continue to remind all staff to turn in money collected at the end of each day for deposit.*

**Angela Stone, Principal**



## MARCHMAN TECHNICAL COLLEGE

- Missing/Voided Checks
  - One (1) data entry error was noted. The bookkeeper keyed in #0175952 instead of correct check #17592. This caused check #17592 to show as a missing check even though it was an issued check.

Principal's Response:

Missing/Voided Checks: Administration and bookkeeping staff discussed carefully reading, transposing, recording and keying of check numbers.

**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 below, 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\\_2015-16\\_1.docx](http://www.pasco.k12.fl.us/library/audit/REPORT_ON_COMPLIANCE_INTERNAL_ACCOUNTS_2015-16_1.docx)