

Summary Explanation and Background

We were advised that at the time of renewing the contract with the City of Fort Lauderdale, which was presented and approved by the School Board on June 13, 2017, an Executive Summary was prepared that noted for fiscal year 2015-16, the District reported \$178,864 in net revenues, according to the General Ledger Parking Lot Revenue account. The parking lot operations were handled by the Facility Planning and Real Estate Department. The Director of the Facility Planning and Real Estate Department requested that the Treasurer's Office reconcile the General Ledger Parking Lot Revenue account. At the time of the preparation of the Executive Summary for the renewal of the parking lot contract, the Treasurer's Office attempted to reconcile the General Ledger net revenue amount of \$178,864 with the Global Parking Solutions, USA's (hereinafter called Global) Revenue Summary Report from the two pay stations. The Treasurer's Office discovered a difference between cash collections reported on the Global Revenue Summary Report and the General Ledger Parking Lot Revenue account for fiscal year 2015-16 in the amount of \$14,500. The reported \$14,500 in missing cash collections had not been deposited to the bank, and represents only a two-month period for July and August 2015. Beginning September 1, 2015, cash was no longer accepted as a payment method. The two pay stations were re-programmed to accept credit cards only.

After confirming that cash collections were missing for the 2015-16 fiscal year, we expanded our audit to include the 2014-15 fiscal year. The 2014-15 fiscal year was the initial year of implementation of the contract with the City of Fort Lauderdale using the two new pay stations, installed in November 2014. We discovered that \$43,103.55 in cash collections had not been deposited to the bank for the entire 10 month period between November 5, 2014 and September 1, 2015. For this 10 month period where cash was collected, only six deposits totaling \$13,690.30 were made at the Bank of America into the District's main operating account. We audited credit card sales related to the parking lot revenues and did not note any discrepancies. Upon request for all parking related documentation from District staff, we were told that all documentation was missing, such as deposit slips, bank records, Global's EziCom revenue reports and pay station cash removal receipts from Global.

Our audit objectives were to determine whether the allegation of missing funds was substantiated; to determine compliance with the Facility Planning and Real Estate Department's Guide and Procedural Manual for Receiving Cash from the Parking Lot; to determine if internal control procedures were in place and being followed and to report recommendations to the administration, if needed.

It is the opinion of the Chief Auditor that the internal control procedures related to the operations of the parking lot revenues need to be strengthened. For the period reviewed, there were no checks and balances over the parking lot operations and no segregation of duties. The Operations Specialist IV was assigned to receive, count, reconcile and deposit cash, and monitor all transactions. The department's minimal written procedures for the receipting of cash collections were not followed. There was no management oversight of the parking lot operations. In addition, none of the daily Revenue By Day reports furnished by Global, which provided real time information on the amount of monies collected and/or removed from the pay stations, were

being reviewed by the Operations Specialist IV, the staff of the Treasurer's Office, or the Director of the Facility Planning and Real Estate Department.

Our audit verified for the 2015-16 fiscal year, that \$14,500 in cash collections was not deposited into the bank or posted to the General Ledger Parking Lot Revenue account. In addition, we identified that \$43,103.55 in cash collections had not been deposited to the bank or posted to the General Ledger Parking Lot Revenue account for the 10 month period from November 5, 2014 through September 1, 2015.

We also noted that non-parking lot revenues were co-mingled in the General Ledger Parking Lot Revenue account, for items such as fingerprinting fees and monthly parking garage space rentals. Also, credit card merchant fees were not posted to an expense account; rather, they were recorded in the General Ledger Parking Lot Revenue account as a reduction of revenues. The incorrect revenues posted to the General Ledger Parking Lot Revenue account overstated the revenues of the parking lot operations. In addition, the recording of credit card merchant fees within the General Ledger Parking Lot Revenue account understated the actual revenues of the parking lot operations. Lastly, we noted that sales tax was not paid on any of the parking lot revenues collected. The District should review Florida Statutes 212.03(6) Tax on Sales, Use, and Other Transactions, which addresses renting space for motor vehicles in parking lots.

The details of these missing funds were discussed with the Chief of the District's SIU Department. At the request of Mr. Runcie, this audit investigation was presented to the United States Department of Education's Office of Inspector General, who provided us with a contact person from the Broward Sheriff's Office (BSO). There is an ongoing investigation being performed by the BSO as of the date of this report.