

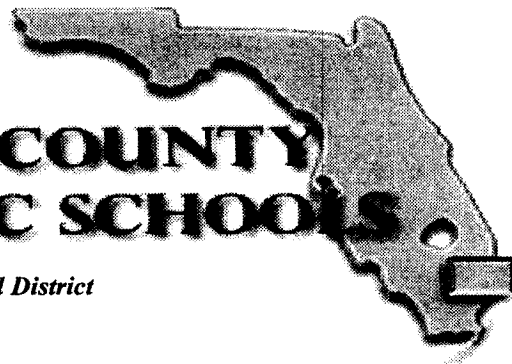
INTERNAL AUDIT REPORT

Audit of the Internal Funds at 9 Schools in the North Central Area



**BROWARD COUNTY
PUBLIC SCHOOLS**

The Nations Sixth Largest School District



To be presented to the:

**Audit Committee on
May 17, 2007**

**School Board of Broward County, Florida on
June 19, 2007**

By

The Office of the Chief Auditor



The School Board of Broward County, Florida

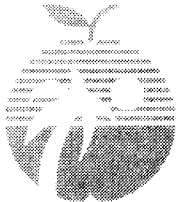
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THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA

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Office of the Chief Auditor
Patrick Reilly, Chief Auditor
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Interim Superintendent of Schools

May 3, 2007

Members of The School Board of Broward County, Florida
Members of The School Board Audit Committee
Mr. Jim Notter, Interim Superintendent of Schools

Ladies and Gentlemen:

We have audited the Statement of Changes in Fund Balances for the Internal Funds at nine North Central Area schools for the fiscal years ended June 30, 2005 and/or 2006, pursuant to the Florida State Board of Education, Administrative Rule 6A-1.087(2) and School Board Policy 1002.1. Each school's Principal is responsible for the preparation of the Statement of Changes in Fund Balances. Our responsibility is to express an opinion on these statements based on our audits.

We conducted our audits in accordance with generally accepted government auditing standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform these audits to obtain reasonable assurance that the financial statements are free of material misstatements.

The audits at these nine schools included an examination of the Internal Funds, payroll, After School Care and the Community School Programs, as applicable.

An audit includes evaluating and examining, on a test basis, the financial statements and supporting documents. In planning and performing our audits of the schools' financial statements for the fiscal years ended June 30, 2005 or 2006, we considered the internal control structures. Our review of the internal control structures facilitates the development of the audit procedures and the expression of an opinion on the financial statements. We believe our audits provide a reasonable basis for our opinion.

Members of The School Board of Broward County, Florida
Members of The School Board Audit Committee
James F. Notter, Interim Superintendent
Page 2
May 3, 2007

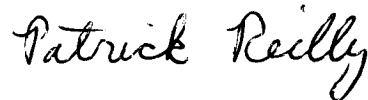
The schools' records were maintained in conformity with the School Board's accounting procedures for Internal Funds. These accounting procedures require all financial transactions be recorded on a cash basis method, with no records maintained on accounts receivables, accounts payable, nor accruals. Accordingly, the Statements of Changes in Fund Balances, as shown in this report, do not present the financial position nor the results of operations of the schools in the manner required by generally accepted accounting principles.

Our audits indicated that eight schools' in this report complied with prescribed policies and procedures. The remaining school's report contained some audit exceptions.

In our opinion, the Statements of Changes in Fund Balances for the nine schools present fairly the cash receipts and disbursements of the schools' Internal Funds, arising from cash transactions.

We wish to express our appreciation to the administration and staff of the various schools for their cooperation and courtesies extended during our audits.

Sincerely,



Patrick Reilly, CPA
Chief Auditor
Office of the Chief Auditor

Audits Supervised and Reviewed by:
Delores McKinley, CPA

Audits Performed by:
Mary Downing
Hermine James
Sheena Newton
Reynaldo Tunnermann

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INTERNAL AUDITOR'S REPORT

AUTHORIZATION

State Board of Education Rule 6A-1.087(2), Florida Administrative Code, requires District School Boards to provide for audits of the schools' Internal Funds. In accordance with School Board Policy 1002.1 and the Audit Plan for the 2006-2007 fiscal year, the Office of the Chief Auditor has audited the financial statements for the years ended June 30, 2005 or 2006 for the schools listed in the Table of Contents section of this report. The financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles. These financial statements are the responsibility of the Principal. Our responsibility is to express an opinion on these financial statements based on our audits.

SCOPE, OBJECTIVES, AND METHODOLOGY

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. We selected and tested a representative sample of receipts and disbursements for all the audited schools. We also analyzed selected activities where the schools generated significant revenues. An audit also includes assessing the accounting principles and significant estimates made by the administration, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

We perform our audits with the objectives of:

- expressing an opinion on the financial statements of the schools.
- evaluating compliance by the schools with the policies and procedures prescribed by the Standard Practice Bulletins.
- evaluating the internal control structure at the schools to determine the extent to which selected control environmental factors promote compliance with the policies and procedures prescribed by the Standard Practice Bulletins.

We conducted our audits in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Those standards require we plan and perform these audits to obtain reasonable assurance that the financial statements are free of material misstatements.

Financial Statements

In our opinion, the financial statements contained in these audit reports present fairly, in all material respects, the changes in fund balances arising from cash transactions of the schools, during the 2004-05 and 2005-06 fiscal years, on the cash basis of accounting.

Compliance

We also tested compliance with selected policies and procedures prescribed by the Standard Practice Bulletins.

Internal Control Structure

In planning and performing our examinations, we obtained an understanding of the:

- internal control structure established by the administration.
- operational internal control policies and procedures relevant to cash receipts and disbursements.
- assessed level of controlled risk to determine the nature, timing, and extent of substantive tests for compliance with applicable laws, administrative rules, and district policies; including the reliability of financial records and the safeguarding of assets.

The scope of our audits also included an assessment of the controls in place at the schools to promote compliance with the Standard Practice Bulletins, which contain the procedures established to control the use of the Internal Funds. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that material errors or irregularities in the school's financial records, cash receipts, and disbursements, may occur and not be detected within a timely period by school employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and would not necessarily disclose all material weaknesses.

OTHER FUNCTIONS EXAMINED

In addition to the audit of the Internal Funds, we also conducted certain auditing procedures to improve accountability at the school level and provide assurances to the administration about the operation of the payroll procedures.

PAYROLL

A review of selected payroll procedures related to the preparation of the payroll and the distribution of the payroll checks was made at the schools to determine adherence to Standard Practice Bulletin A-445 Time and Attendance Recordkeeping. Specifically, we determined that the payroll rosters were generally supported by payroll records and the payroll functions were adequately segregated.

The results of our audits for the individual schools are included within each report and are summarized in the following subsection.

**SELECTED SCHOOLS
AREAS OF AUDIT FINDINGS
2004-05 AND 2005-06**

School	Page No.	Total Findings	Internal Funds			
			Year End Cash Funds Balance	Cash Over/ Under Account	Overpayment	Disbursements
McFatter Technical Center	25	4	1	1	1	1
TOTAL		4	1	1	1	1

**SELECTED SCHOOLS
ANALYSIS OF CURRENT AND PRIOR
AUDIT FINDINGS BY SCHOOL**

SCHOOL	CURRENT AUDIT PERIOD 2004-05 & 2005-06	PRIOR AUDIT PERIOD 2003-04
McFatter Technical Center (See Page 25)	Year End Cash Funds Balance	Production Shop/Sales and Service Programs
	The Cash Funds balance on the Year-to-Date Report of \$262,682.47 for fiscal year 2006 included credit card account balances of \$97,709.14 for Registration and \$25,818.84 for the Bookstore totaling \$123,527.98; indicating that this amount was due from the bank for credit card sales.	During our review of production shop operations we noted:
	Although use of these accounts was discontinued when a new bookkeeping system for Registration and Bookstore sales was installed in March 2006, the account balances were not closed into the Cash Account until January 2007, after audit inquiry.	a. Print Shop's revenues and expenditures were not recorded in a trust account and collections were not remitted to the Accounting Department. For FY 2003, collections of \$3,635 were not remitted to Accounting.
	Cash Over/Under Account	b. Revenues in the Fire Trust Account were from fees charged employers for providing small group fire fighter classes; and revenues were not remitted to the Accounting Department monthly. For FY 2004, this account had a balance of \$5,000.
	Our examination of the Over/Under account for Fiscal Year 2006 revealed numerous large entries that included the following posting errors:	Disbursements
	a. Due to the power outage following Hurricane Wilma, the former Bookkeeper could not receipt funds. Funds were deposited in the bank by the Business Manager.	Our review of disbursements revealed:
		a. School improvements totaling \$13,349 for FY 2003 and \$14,711 for FY 2004 were not inspected by the Building Department.
		b. A fence totaling \$12,160 was purchased from a non bid vendor. The Maintenance Department should have handled the arrangement and purchase of the fence.

**SELECTED SCHOOLS
ANALYSIS OF CURRENT AND PRIOR
AUDIT FINDINGS BY SCHOOL**

SCHOOL	CURRENT AUDIT PERIOD 2004-05 & 2005-06	PRIOR AUDIT PERIOD 2003-04
McFatter Technical Center (Continued from page 4)	<p>The current bookkeeper posted over \$103,000 of these funds in the Over/Under account on February 1, 2006 to reconcile the bank statement.</p> <p>b. The Bookkeeper mistakenly posted funds for financial aid that are maintained in the Budget totaling \$62,000 to the Over/Under internal account.</p> <p>With the help of Internal Accounts staff and the Great Plains new bookkeeping system help desk personnel, the bookkeeper made adjustments to post these funds in to the correct accounts before the year-end closing.</p> <p>Overpayment</p> <p>The school overpaid a vendor \$2,600 for field trip transportation in fiscal year 2005. The vendor issued a non-sufficient funds check for the refund. Although a money order for \$1,300 was obtained, the school was unable to collect the remaining \$1,300 as the vendor filed for bankruptcy in March 2006. This overpayment resulted in a year-end negative balance in the senior class account that was cleared in fiscal year 2006.</p>	<p>c. Printers were purchased for \$1,426 from a non bid vendor and a technology waiver was not presented for audit.</p> <p>d. Purchases of \$2,858 were made from an office supply catalog vendor without documentation that the lowest price was received for the purchases.</p> <p>e. Facility rental to accommodate high school sports and club events totaling \$6,000 and \$1,350 were improperly paid from the Adult Technical School Student Activity Fees.</p> <p>f. The School improperly used a credit card for purchases.</p> <p>g. Chemical and custodial supplies were improperly purchased through the internal accounts.</p>

**SELECTED SCHOOLS
ANALYSIS OF CURRENT AND PRIOR
AUDIT FINDINGS BY SCHOOL**

SCHOOL	CURRENT AUDIT PERIOD 2004-05 & 2005-06	PRIOR AUDIT PERIOD 2003-04
McFatter Technical Center (Continued from page 5)	<p>Inappropriate Travel Reimbursement</p> <p>The Principal inappropriately reimbursed a Guidance Counselor \$1,343 from the General account for travel expenses to a professional conference in Canada in fiscal year 2006. The Temporary Duty Authority (TDA) for travel outside the United States was not approved by the Superintendent's Office and the Area Superintendent disapproved reimbursement from budget funds.</p> <p>Disbursements – FY 2005</p> <p>During our examination of disbursements, we noted the following exceptions related to school improvements, repairs and fixed asset purchases:</p> <ol style="list-style-type: none"> 1. An invoice for repairs totaling \$5,197.50 to a freight liner truck used in the Commercial Vehicle Driving class, that was involved in a traffic accident, was paid from the General account prior to settlement of the claim through the insurance company and Risk Management. 	

**SELECTED SCHOOLS
ANALYSIS OF CURRENT AND PRIOR
AUDIT FINDINGS BY SCHOOL**

SCHOOL	CURRENT AUDIT PERIOD 2004-05 & 2005-06	PRIOR AUDIT PERIOD 2003-04
McFatter Technical Center (Continued from page 6)	<p>Although the claim was settled in October 2005, Risk Management did not contact the school to inform staff of the payment from the insurance company nor did school staff follow up with Risk Management for reimbursement of the \$5,197.50. A check was finally issued and receipted in September 2006 after the Auditor inquired about the claim.</p> <p>2. Proof of inspection by the Building Department was not provided for repairs totaling \$4,900 to a 127 foot fountain. (K-4)</p> <p>3. Proof of inspection by the Building Department was not provided for removal and installation of electrical lighting fixtures costing \$2,880 to remodel the school library. (K16)</p> <p>4. Fire fighting equipment purchased for \$7,505 and an electric car purchased for \$2,180 were not added to the school's fixed assets inventory using a PC-3 form. (K14 & 17)</p>	

**SELECTED SCHOOLS
ANALYSIS OF CURRENT AND PRIOR
AUDIT FINDINGS BY SCHOOL**

SCHOOL	CURRENT AUDIT PERIOD 2005-06	PRIOR AUDIT PERIOD 2004-05
Wingate Oaks Center (See Page 23)	No Audit Exceptions	<p>Disbursements/Facility Rental</p> <p>Our examination of the Disbursements and Facility Rentals for FY 2005 revealed:</p> <ul style="list-style-type: none"> a. Purchases were incorrectly made from the Facility Rental account, totaling \$975.74. b. A lessee had access to the facilities before paying the fees. c. Rental collections of \$7,962.06 were not sent to the SBBC monthly or at year-end. <p>On August 22, 2005 the bookkeeper transferred the \$975.74 into the Facility Rental Account. On July 28, 2005, she remitted the \$7,962.06 to the Accounting Department.</p>

**Schools with no audit exceptions during both audit periods are
excluded from this section.**

SECTION I:
Audit Reports (with No Exceptions)

BANYAN ELEMENTARY SCHOOL
AUDIT REPORT
FOR THE 2005-06 FISCAL YEAR
JULY 1, 2005 THROUGH JUNE 30, 2006

PROFILE OF THE SCHOOL

Address: 8800 NW 50th Street, Sunrise, Florida 33351

Principal: Bruce Voelkel

Bookkeeper: Margaret Spitler

CASH SUMMARY

6/30/06

Cash Account:

Checking Account – Wachovia

\$ 14,227.58

In accordance with the State Board of Education Rule 6A-1.087, Florida Administrative Code, we have audited the financial statement of Banyan Elementary School for the 2005-06 fiscal year. We conducted our audit in accordance with generally accepted government auditing standards, issued by the Comptroller General of the United States. The financial statement of the school presents fairly, in all material respects, the changes in fund balances arising from cash transactions during the 2005-06 fiscal year, on the cash basis of accounting. With respect to the items tested, the school generally complied with various Florida Statutes, Board Policies and particularly the Standard Practice Bulletins. Our assessment of the controls in place to promote compliance with the School Board's policies and procedures indicated the internal control structure at the school generally functioned as designed by the District administration.

AUDIT EXCEPTIONS

None

OTHER COMMENTS

Payroll

The school generally adhered to the payroll procedures.

BANYAN ELEMENTARY SCHOOL

STATEMENT OF CHANGES IN FUND BALANCES (CASH BASIS)

2005 - 2006

FUND	BEGINNING BALANCES	RECEIPTS	DISBURSE- MENTS	ENDING BALANCES
Classes	\$ 1,136.50	\$ 10,444.64	\$ 10,246.50	\$ 1,334.64
Clubs	518.72	2,902.81	2,474.92	946.61
Departments	6,976.11	2,246.95	2,749.25	6,473.81
Trust	721.00	316,810.26	317,531.26	0.00
General	6,792.00	7,055.45	8,374.93	5,472.52
Support Fund	<u>0.00</u>	<u>1,500.00</u>	<u>1,500.00</u>	<u>0.00</u>
TOTALS	<u><u>\$ 16,144.33</u></u>	<u><u>\$ 340,960.11</u></u>	<u><u>\$ 342,876.86</u></u>	<u><u>\$ 14,227.58</u></u>

COLLEGE ACADEMY @ BCC CENTRAL
AUDIT REPORT
FOR THE 2005-06 FISCAL YEAR
JULY 1, 2005 THROUGH JUNE 30, 2006

PROFILE OF THE SCHOOL

Address: 3501 SW Davie Road Bldg: 1, Davie, Florida 33314

Principal: Helen (Nell) Sapp

Bookkeeper: Christian Quintero (October 2006 to present)
Pamela Curtis (July 2001 through September 2006)

CASH SUMMARY

6/30/06

Cash Account:

Checking Account – Wachovia

\$ 6,801.41

In accordance with the State Board of Education Rule 6A-1.087, Florida Administrative Code, we have audited the financial statement of College Academy @ BCC Central for the 2005-06 fiscal year. We conducted our audit in accordance with generally accepted government auditing standards, issued by the Comptroller General of the United States. The financial statement of the school presents fairly, in all material respects, the changes in fund balances arising from cash transactions during the 2005-06 fiscal year, on the cash basis of accounting. With respect to the items tested, the school generally complied with various Florida Statutes, Board Policies and particularly the Standard Practice Bulletins. Our assessment of the controls in place to promote compliance with the School Board's policies and procedures indicated the internal control structure at the school generally functioned as designed by the District administration.

AUDIT EXCEPTIONS

None

OTHER COMMENTS

Payroll

The school generally adhered to the payroll procedures.

COLLEGE ACADEMY AT BCC CENTRAL

STATEMENT OF CHANGES IN FUND BALANCES (CASH BASIS)

2005 - 2006

FUND	BEGINNING BALANCES	RECEIPTS	DISBURSE- MENTS	ENDING BALANCES
Classes	\$ 219.00	\$ 0.00	\$ 96.00	\$ 123.00
Clubs	1,308.85	17,689.80	14,579.79	4,418.86
Departments	251.50	2,818.00	2,831.95	237.55
Trust	2,005.00	(1,178.11)	760.05	66.84
General	<u>1,031.66</u>	<u>935.55</u>	<u>12.05</u>	<u>1,955.16</u>
TOTALS	<u><u>\$ 4,816.01</u></u>	<u><u>\$ 20,265.24</u></u>	<u><u>\$ 18,279.84</u></u>	<u><u>\$ 6,801.41</u></u>

NORTH ANDREWS GARDENS ELEMENTARY SCHOOL
AUDIT REPORT
FOR THE 2005-06 FISCAL YEAR
JULY 1, 2005 THROUGH JUNE 30, 2006

PROFILE OF THE SCHOOL

Address: 345 NE 56 Street, Fort Lauderdale, Florida 33334
Principal: Davida Shacter
Bookkeeper: Kathleen Kane

CASH AND INVESTMENT SUMMARY

	<u>6/30/06</u>
Cash Account:	
Checking Account – Wachovia	\$ 8,921.37
Investment:	
Treasurer's Pool Account	<u>10,000.00</u>
TOTAL	\$ <u>18,921.37</u>

In accordance with the State Board of Education Rule 6A-1.087, Florida Administrative Code, we have audited the financial statement of North Andrews Gardens Elementary School for the 2005-06 fiscal year. We conducted our audit in accordance with generally accepted government auditing standards, issued by the Comptroller General of the United States. The financial statement of the school presents fairly, in all material respects, the changes in fund balances arising from cash transactions during the 2005-06 fiscal year, on the cash basis of accounting. With respect to the items tested, the school generally complied with various Florida Statutes, Board Policies and particularly the Standard Practice Bulletins. Our assessment of the controls in place to promote compliance with the School Board's policies and procedures indicated the internal control structure at the school generally functioned as designed by the District administration.

AUDIT EXCEPTIONS

None

OTHER COMMENTS

Payroll

The school generally adhered to the payroll procedures.

NORTH ANDREWS GARDENS ELEMENTARY SCHOOL
STATEMENT OF CHANGES IN FUND BALANCES (CASH BASIS)

2005 - 2006

FUND	BEGINNING BALANCES	RECEIPTS	DISBURSE- MENTS	ENDING BALANCES
Music	1,506.61	0.00	472.45	1,034.16
Classes	1,128.02	25,021.00	24,566.40	1,582.62
Clubs	1,918.79	2,675.53	2,655.05	1,939.27
Departments	634.79	210.83	(9.96)	855.58
Trust	1,979.73	4,584.03	4,695.81	1,867.95
General	<u>12,459.42</u>	<u>6,756.27</u>	<u>7,573.90</u>	<u>11,641.79</u>
TOTALS	<u><u>19,627.36</u></u>	<u><u>39,247.66</u></u>	<u><u>39,953.65</u></u>	<u><u>18,921.37</u></u>

NORTHEAST HIGH SCHOOL
AUDIT REPORT
FOR THE 2005-06 FISCAL YEAR
JULY 1, 2005 THROUGH JUNE 30, 2006

PROFILE OF THE SCHOOL

Address: 700 NE 56 Street, Oakland Park, Florida 33334

Principal: William Kemp

Bookkeeper: Lara Andrews

CASH AND INVESTMENT SUMMARY

	<u>6/30/06</u>
Cash Account:	
Checking Account – Wachovia	\$ 33,164.19
Investment:	
Treasurer’s Pool Account	<u>200,000.00</u>
TOTAL	\$ <u>233,164.19</u>

In accordance with the State Board of Education Rule 6A-1.087, Florida Administrative Code, we have audited the financial statement of Northeast High School for the 2005-06 fiscal year. We conducted our audit in accordance with generally accepted government auditing standards, issued by the Comptroller General of the United States. The financial statement of the school presents fairly, in all material respects, the changes in fund balances arising from cash transactions during the 2005-06 fiscal year, on the cash basis of accounting. With respect to the items tested, the school generally complied with various Florida Statutes, Board Policies and particularly the Standard Practice Bulletins. Our assessment of the controls in place to promote compliance with the School Board’s policies and procedures indicated the internal control structure at the school generally functioned as designed by the District administration.

AUDIT EXCEPTIONS

None

OTHER COMMENTS

Payroll

The school generally adhered to the payroll procedures.

NORTHEAST HIGH SCHOOL

STATEMENT OF CHANGES IN FUND BALANCES (CASH BASIS)

2005 - 2006

FUND	BEGINNING BALANCES	RECEIPTS	DISBURSE- MENTS	ENDING BALANCES
Athletics	\$ 5,280.70	\$ 120,447.40	\$ 76,510.93	\$ 49,217.16
Music	12,091.06	16,547.95	16,814.50	11,824.51
Classes	14,768.74	63,540.50	64,081.30	14,227.94
Clubs	59,676.90	170,691.77	182,829.02	47,539.65
Departments	3,281.47	3,845.92	2,373.20	4,754.19
Trust	49,531.07	38,671.87	61,853.85	26,349.09
General	73,263.07	7,199.03	1,210.45	79,251.65
Support Fund	<u>0.00</u>	<u>20,000.00</u>	<u>20,000.00</u>	<u>0.00</u>
TOTALS	<u><u>\$ 217,893.01</u></u>	<u><u>\$ 440,944.44</u></u>	<u><u>\$ 425,673.25</u></u>	<u><u>\$ 233,164.19</u></u>

OAKLAND PARK ELEMENTARY SCHOOL
AUDIT REPORT
FOR THE 2005-06 FISCAL YEAR
JULY 1, 2005 THROUGH JUNE 30, 2006

PROFILE OF THE SCHOOL

Address: 936 NE 33 Street, Oakland Park, Florida 33334
Principal: Joanne Krisel
Bookkeeper: Patricia Putnam

CASH SUMMARY

Cash Account:	<u>6/30/06</u>
Checking Account – SunTrust	\$ <u>16,072.15</u>

In accordance with the State Board of Education Rule 6A-1.087, Florida Administrative Code, we have audited the financial statement of Oakland Park Elementary School for the 2005-06 fiscal year. We conducted our audit in accordance with generally accepted government auditing standards, issued by the Comptroller General of the United States. The financial statement of the school presents fairly, in all material respects, the changes in fund balances arising from cash transactions during the 2005-06 fiscal year, on the cash basis of accounting. With respect to the items tested, the school generally complied with various Florida Statutes, Board Policies and particularly the Standard Practice Bulletins. Our assessment of the controls in place to promote compliance with the School Board's policies and procedures indicated the internal control structure at the school generally functioned as designed by the District administration.

AUDIT EXCEPTIONS

None

OTHER COMMENTS

Payroll

The school generally adhered to the payroll procedures.

OAKLAND PARK ELEMENTARY SCHOOL
STATEMENT OF CHANGES IN FUND BALANCES (CASH BASIS)

2005 - 2006

FUND	BEGINNING BALANCES	RECEIPTS	DISBURSE- MENTS	ENDING BALANCES
Classes	\$ 2,749.73	\$ 5,124.88	\$ 5,918.94	\$ 1,955.67
Clubs	773.64	3,052.15	3,304.41	521.38
Departments	4,880.47	9,550.91	11,982.70	2,448.68
Trust	2,382.90	18,528.32	11,851.97	9,059.25
General	<u>2,049.77</u>	<u>10,598.47</u>	<u>10,561.07</u>	<u>2,087.17</u>
TOTALS	<u><u>\$ 12,836.51</u></u>	<u><u>\$ 46,854.73</u></u>	<u><u>\$ 43,619.09</u></u>	<u><u>\$ 16,072.15</u></u>

RICKARDS MIDDLE SCHOOL
AUDIT REPORT
FOR THE 2005-06 FISCAL YEAR
JULY 1, 2005 THROUGH JUNE 30, 2006

PROFILE OF THE SCHOOL

Address: 6000 NE 9 Avenue, Oakland Park, Florida 33334

Principal: Ronald Forsman

Bookkeepers: Marian Youse (March 2006 to present)
Elsa Varipapa (September 2005 through March 2006)
Nancy Reinsberg (September 2002 through September 2005)

CASH SUMMARY

6/30/06

Cash Account:

Checking Account – Wachovia

\$ 28,573.09

In accordance with the State Board of Education Rule 6A-1.087, Florida Administrative Code, we have audited the financial statement of Rickards Middle School for the 2005-06 fiscal year. We conducted our audit in accordance with generally accepted government auditing standards, issued by the Comptroller General of the United States. The financial statement of the school presents fairly, in all material respects, the changes in fund balances arising from cash transactions during the 2005-06 fiscal year, on the cash basis of accounting. With respect to the items tested, the school generally complied with various Florida Statutes, Board Policies and particularly the Standard Practice Bulletins. Our assessment of the controls in place to promote compliance with the School Board's policies and procedures indicated the internal control structure at the school generally functioned as designed by the District administration.

AUDIT EXCEPTIONS

None

OTHER COMMENTS

Payroll

The school generally adhered to the payroll procedures.

RICKARDS MIDDLE SCHOOL

STATEMENT OF CHANGES IN FUND BALANCES (CASH BASIS)

2005 - 2006

FUND	BEGINNING BALANCES	RECEIPTS	DISBURSE- MENTS	ENDING BALANCES
Athletics	\$ 1,091.46	\$ 19,426.33	\$ 20,345.29	\$ 4,042.50
Music	635.68	(375.68)	103.40	1,112.28
Classes	481.00	2,460.05	2,938.10	2.95
Clubs	6,057.60	28,437.46	23,359.38	11,415.20
Departments	4,910.98	(1,312.89)	4,362.56	3,326.53
Trust	4,173.86	35,081.31	44,471.94	1,803.26
General	<u>3,128.87</u>	<u>4,428.32</u>	<u>7,676.78</u>	<u>6,870.37</u>
TOTALS	<u><u>\$ 20,479.45</u></u>	<u><u>\$ 88,144.90</u></u>	<u><u>\$ 103,257.45</u></u>	<u><u>\$ 28,573.09</u></u>

SUNSET SCHOOL
AUDIT REPORT
FOR THE 2005-06 FISCAL YEAR
JULY 1, 2005 THROUGH JUNE 30, 2006

PROFILE OF THE SCHOOL

Address: 3775 SW 16th Street, Fort Lauderdale, Florida 33312

Principal: Joy Lasky Kennedy

Bookkeeper: Dorothy Hensler

CASH SUMMARY

6/30/06

Cash Account:

Checking Account – Wachovia

\$ 16,014.76

In accordance with the State Board of Education Rule 6A-1.087, Florida Administrative Code, we have audited the financial statement of Sunset School for the 2005-06 fiscal year. We conducted our audit in accordance with generally accepted government auditing standards, issued by the Comptroller General of the United States. The financial statement of the school presents fairly, in all material respects, the changes in fund balances arising from cash transactions during the 2005-06 fiscal year, on the cash basis of accounting. With respect to the items tested, the school generally complied with various Florida Statutes, Board Policies and particularly the Standard Practice Bulletins. Our assessment of the controls in place to promote compliance with the School Board's policies and procedures indicated the internal control structure at the school generally functioned as designed by the District administration.

AUDIT EXCEPTIONS

None

OTHER COMMENTS

Payroll

The school generally adhered to the payroll procedures.

SUNSET SCHOOL
STATEMENT OF CHANGES IN FUND BALANCES (CASH BASIS)

2005 - 2006

FUND	BEGINNING BALANCES	RECEIPTS	DISBURSE- MENTS	ENDING BALANCES
Clubs	\$ 4,336.33	\$ 11,621.19	\$ 9,604.59	\$ 6,352.93
Departments	0.22	5,000.00	4,932.96	67.26
Trust	6,336.92	12,606.09	11,667.52	7,275.49
General	1,553.27	1,380.11	614.30	2,319.08
Support Fund	<u>0.00</u>	<u>2,995.00</u>	<u>2,995.00</u>	<u>0.00</u>
TOTALS	<u><u>\$ 12,226.74</u></u>	<u><u>\$ 33,602.39</u></u>	<u><u>\$ 29,814.37</u></u>	<u><u>\$ 16,014.76</u></u>

WINGATE OAKS CENTER
AUDIT REPORT
FOR THE 2005-06 FISCAL YEAR
JULY 1, 2005 THROUGH JUNE 30, 2006

PROFILE OF THE SCHOOL

Address: 1211 NW 33 Terrace, Fort Lauderdale, Florida 33311
Principal: Sarah Hausman
Bookkeeper: Saudi Almonte

CASH SUMMARY

6/30/06

Cash Account:

Checking Account – Wachovia \$ 9,096.74

In accordance with the State Board of Education Rule 6A-1.087, Florida Administrative Code, we have audited the financial statement of Wingate Oaks Center for the 2005-06 fiscal year. We conducted our audit in accordance with generally accepted government auditing standards, issued by the Comptroller General of the United States. The financial statement of the school presents fairly, in all material respects, the changes in fund balances arising from cash transactions during the 2005-06 fiscal year, on the cash basis of accounting. With respect to the items tested, the school generally complied with various Florida Statutes, Board Policies and particularly the Standard Practice Bulletins. Our assessment of the controls in place to promote compliance with the School Board's policies and procedures indicated the internal control structure at the school generally functioned as designed by the District administration.

AUDIT EXCEPTIONS

None

OTHER COMMENTS

Payroll

The school generally adhered to the payroll procedures.

WINGATE OAKS CENTER

STATEMENT OF CHANGES IN FUND BALANCES (CASH BASIS)

2005 - 2006

FUND	BEGINNING BALANCES	RECEIPTS	DISBURSE- MENTS	ENDING BALANCES
Clubs	\$ 1,151.90	\$ 4,535.51	\$ 4,289.29	\$ 1,398.12
Departments	3,166.17	4,396.44	4,921.05	2,641.56
Trust	13,228.22	34,153.37	43,299.98	4,081.61
General	<u>1,456.33</u>	<u>1,595.83</u>	<u>2,076.71</u>	<u>975.45</u>
TOTALS	<u>\$ 19,002.62</u>	<u>\$ 44,681.15</u>	<u>\$ 54,587.03</u>	<u>\$ 9,096.74</u>

SECTION II:
Audit Reports (with Exceptions)

MCFATTER TECHNICAL CENTER
AUDIT REPORT
FOR THE 2004-2005 AND 2005-2006 FISCAL YEARS
JULY 1, 2004 THROUGH JUNE 30, 2006

PROFILE OF THE SCHOOL

Address: 6500 Nova Drive, Davie, Florida 33317
Director: Mark Thomas
Bookkeepers: Julie Lang (December 2005 to present)
Susan Humeston (July 2004 through November 2005)

CASH AND INVESTMENT SUMMARY

	<u>6/30/05</u>	<u>6/30/06</u>
Cash Account:		
Checking Account – Regent Bank	\$ 307,557.35	\$ 64,154.49
Credit Card – Registration		97,709.14
Credit Card – Bookstore		25,818.84
Investment:		
Treasurer’s Pool Account	<u>75,000.00</u>	<u>75,000.00</u>
TOTAL	\$ <u>382,557.35</u>	\$ <u>262,682.47</u>

In accordance with the State Board of Education Rule 6A-1.087, Florida Administrative Code, we have audited the financial statement of McFatter Technical Center for the 2004-05 and 2005-06 fiscal years. We conducted our audit in accordance with generally accepted government auditing standards, issued by the Comptroller General of the United States. The financial statement of the school presents fairly, in all material respects, the changes in fund balances arising from cash transactions during the 2004-05 and 2005-06 fiscal years, on the cash basis of accounting. However, as indicated by the findings, the school administration should emphasize adherence to the policies and procedures in the School Board's Policies and the Standard Practice Bulletins, which establishes the system of internal controls designed by the District administration.

AUDIT EXCEPTIONS

1. Year End Cash Funds Balance

The Cash Funds balance on the Year-to-Date Report of \$262,682.47 for fiscal year 2006 included credit card account balances of \$97,709.14 for Registration and \$25,818.84 for the Bookstore totaling \$123,527.98; indicating that this amount was due from the bank for credit card sales.

Although use of these accounts was discontinued when a new bookkeeping system for Registration and Bookstore sales was installed in March 2006, the account balances were not closed into the Cash Account until January 2007, after audit inquiry.

Standard Practice Bulletin A-425 Year-End Requirements for Internal Accounts Section I.G. states "Please remember verification of some type (statement, letter, etc.) showing the cut off date (May 26 or June 30) must be submitted with the May Principal's Monthly Report for each investment account.

We recommend that the Principal and staff ensure:

- a. that year end balances in all cash accounts are supported by documentation verifying the amounts in compliance with Standard Practice Bulletin A-425.
- b. the closing journal entry for the \$123,527.98 was correctly recorded.

2. Cash Over/Under Account

Our examination of the Over/Under account for Fiscal Year 2006 revealed numerous large entries that included the following posting errors:

- a. Due to the power outage following Hurricane Wilma, the former Bookkeeper could not receipt funds. Funds were deposited in the bank by the Business Manager. The current bookkeeper posted over \$103,000 of these funds in the Over/Under account on February 1, 2006 to reconcile the bank statement.

- b. The Bookkeeper mistakenly posted funds for financial aid that are maintained in the Budget totaling \$62,000 to the Over/Under internal account.

With the help of Internal Accounts staff and the Great Plains new bookkeeping system help desk personnel, the bookkeeper made adjustments to post these funds into the correct accounts before the year-end closing.

Standard Practice Bulletin A-425 Year-End Requirements for Internal Accounts Section H. states "Bank accounts must be reconciled....Debit memos, NSF checks and charges are to be posted to the applicable internal fund account, i.e. deposit shortages to the Over and Under account; NSF checks and charges to the NSF Checks and Charges account; and special statement charges appearing on the printout to the General Fund... Credit memos will be posted to the Over and Under account and Interest earned to the appropriate fund account..."

We recommend that the Principal ensure that the bookkeeper seek additional training in the Great Plains bookkeeping system through the Internal Accounts Department specifically in the area of coding and/or receipting school funds in the correct accounts. Further, the bookkeeper should become familiar with the correct use of the cash Over/Under account for reconciling bank statements.

3. **Overpayment**

The school overpaid a vendor \$2,600 for field trip transportation in fiscal year 2005. The vendor issued a non-sufficient funds check for the refund. Although a money order for \$1,300 was obtained, the school was unable to collect the remaining \$1,300 as the vendor filed for bankruptcy in March 2006. This overpayment resulted in a year-end negative balance in the senior class account that was cleared in fiscal year 2006.

Standard Practice Bulletin I-305 Disbursements, Section I.D. states "Disbursements from Internal Accounts shall not exceed the resources of the applicable account except for items acquired for resale or items authorized by the School Board."

Section III.B. states "The following information is required for all disbursement authorization documents: 2. Amount of reimbursement/payment."

We recommend that the Principal and staff always verify invoice amounts before making payments to vendors and ensure accounts do not have negative balances at year-end.

4. Inappropriate Travel Reimbursement

The Principal inappropriately reimbursed a Guidance Counselor \$1,343 from the General account for travel expenses to a professional conference in Canada in fiscal year 2006. The Temporary Duty Authority (TDA) for travel outside the United States was not approved by the Superintendent's Office and the Area Superintendent disapproved reimbursement from budget funds.

School Board Policy 4007 Temporary Duty Assignment (TDA) states "Temporary Duty shall be defined as the employee performing his/her duties in a different location than his/her regular assignment. Temporary Duty requests shall be presented for approval at least three (3) days in advance. TDA requests for travel outside the United States must be approved by the Deputy Superintendent (Designee). Schools/Centers: Temporary Duty may be approved by the principal or designee and logged in the school with the following exceptions:

1. When county funds are requested, approval must be by the principal or designee and the administrator or designee whose budget is affected, and the TDA forms must be filed in the Accounting Department.
2. When a substitute is to be paid...
3. TDA forms for trips outside the United States must be approved by the Deputy Superintendent (designee)."

Standard Practice Bulletin A-435 Reimbursement of Travel Procedures Section F. states "Payments for travel directly from Internal Accounts are prohibited unless payments are made in conjunction with the Support Fund....In the event operating funds are exhausted, internal account funds can be transferred to the operating budget to cover travel expenses."

Standard Practice Bulletin I-314 Internal Funds Purchases Section II. states "Responsibility: The Principal is responsible for all expenditures from Internal Funds. The Principal must determine if the items to be purchased can appropriately be expended from the designated account."

Standard Practice Bulletin I-315 Travel Section I.B. states, "Chapter 7 of the Red Book states 'Curricular-related travel; professional, technical or consultant services; or other items for which school board funds are available shall not be made through internal funds.' The only fund account maintained in internal accounts where professional travel related expenses may be reimbursed is the Educational Materials and Supplies Support Fund (Fund H), see Standard Practice Bulletin A-458."

We recommend that the Principal review travel policies and procedures with staff and ensure:

- a. Out of country travel is properly approved by the Superintendent's office.
- b. Professional travel is not paid from Internal Fund Accounts.

5. Disbursements – FY 2005

During our examination of disbursements, we noted the following exceptions related to school improvements, repairs and fixed asset purchases:

1. An invoice for repairs totaling \$5,197.50 to a freight liner truck used in the Commercial Vehicle Driving class, that was involved in a traffic accident, was paid from the General account prior to settlement of the claim through the insurance company and Risk Management. Although the claim was settled in October 2005, Risk Management did not contact the school to inform staff of the payment from the insurance company nor did school staff follow up with Risk Management for reimbursement of the \$5,197.50. A check was finally issued and receipted in September 2006 after the Auditor inquired about the claim.
2. Proof of inspection by the Building Department was not provided for repairs totaling \$4,900 to a 127 foot fountain.
3. Proof of inspection by the Building Department was not provided for removal and installation of electrical lighting fixtures costing \$2,880 to remodel the school library.
4. Fire fighting equipment purchased for \$7,505 and an electric car purchased for \$2,180 were not added to the school's fixed assets inventory using a PC-3 form.

School Board Policy 3320 Purchasing Policies Section II.a. states "Facilities and Construction Management Division: All additions, modifications, and alterations to School Board properties shall conform with the State Requirement for Educational Facilities (SREF), Florida Building Code (FBC) and the laws of the state of Florida. School Board administrators shall obtain assistance in preparing bid specifications and applicable building permit(s) from the Facilities and Construction Management Division for these items."

School Board Policy 3411 Internal Accounts Section 7. states "Purchases of furniture, equipment and other durable goods from Internal Funds shall become the property of the Board, be assigned to the school and be recorded as a fixed asset of the Board."

Standard Practice Bulletin I-240 Trusts Section III. states "All school improvements must adhere to the purchasing requirements of School Board Policy 3320 and Standard Practice Bulletin P-402. Any installation of new and replacement equipment which becomes a part of, or is affixed to school buildings (which must comply with fire and building codes) must be reviewed and approved by the Director of School Facilities. Example of improvements would be: Air Conditioning; Remodeling; Stage/Blackout Curtain; Electric Kilns; Playground Shelters/Equipment; Items requiring electrical and or plumbing connections."

Standard Practice Bulletin I-311 Donations, Section III.B. states “.... any item purchased which has a value over \$1,000 or is considered to be high risk must be reported to Capital Assets on a PC-3 Form.”

We recommend that the Principal brief his staff on the above policies and procedures and:

- a. Avoid using internal funds to cover budget expenses.
- b. Ensure follow up on claims made with the District's Risk Management Department.
- c. Complete and retain the necessary forms for acquiring, improving and/or repairing school property.
- d. Ensure fixed assets purchased with internal funds are added to inventory.
- e. Ensure that the Facilities Department inspects improvements to school property.

OTHER COMMENTS

Payroll

The school generally adhered to the payroll procedures.

McFATTER TECHNICAL CENTER

STATEMENT OF CHANGES IN FUND BALANCES (CASH BASIS)

2004 - 2005

FUND	BEGINNING BALANCES	RECEIPTS	DISBURSE- MENTS	ENDING BALANCES
Classes	\$ 12,841.34	\$ 156,476.45	\$ 149,277.07	\$ 20,040.72
Clubs	9,929.86	67,018.69	67,327.70	\$ 9,620.85
Departments	423.36	76,303.36	42,787.97	33,938.75
Trust	93,486.15	3,385,584.30	3,181,389.89	297,680.56
General	<u>18,255.06</u>	<u>367,674.51</u>	<u>364,653.10</u>	<u>21,276.47</u>
TOTALS	<u>\$ 134,935.77</u>	<u>\$ 4,053,057.31</u>	<u>\$ 3,805,435.73</u>	<u>\$ 382,557.35</u>

McFATTER TECHNICAL CENTER

STATEMENT OF CHANGES IN FUND BALANCES (CASH BASIS)

2005 - 2006

FUND	BEGINNING BALANCES	RECEIPTS	DISBURSE- MENTS	ENDING BALANCES
Classes	\$ 20,040.72	\$ 25,792.16	\$ 35,172.02	\$ 10,660.86
Clubs	9,620.85	41,740.79	39,928.87	\$ 11,432.77
Departments	33,938.75	(61,212.29)	(28,717.44)	1,443.90
Trust	297,680.56	3,121,038.72	3,215,571.84	203,147.44
General	<u>21,276.47</u>	<u>192,418.55</u>	<u>177,697.52</u>	<u>35,997.50</u>
TOTALS	<u>\$ 382,557.35</u>	<u>\$ 3,319,777.93</u>	<u>\$ 3,439,652.81</u>	<u>\$ 262,682.47</u>

**THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA
NORTH CENTRAL AREA OFFICE**

**DR. HARRY J. LA CAVA
AREA SUPERINTENDENT**

Telephone: 754-321-3000

Facsimile: 754-321-3270

May 3, 2007

TO: Patrick Reilly, Chief Auditor
Office of the Chief Auditor

FROM: Harry J. La Cava, Ed.D.
North Central Area Superintendent

SUBJECT: MCFATTER TECHNICAL CENTER AUDIT EXCEPTIONS-FISCAL YEAR 2006

I have reviewed and concur with the attached response from the Director of McFatter Technical Center. I have implemented the following procedures, which will verify the steps outlined by the Director are not only followed but also are effective in eliminating these types of findings in the future.

The Area Director will make quarterly visits starting August 28, 2007 with a Director from Internal Accounts from the Office of the Chief Auditor to review with the Director of McFatter Technical Center the Internal Controls with special emphasis on the following areas:

- Review and verify with the Director that Audit year-end cash funds balances are in compliance per Standard practice Bulletin A-425.
- Verify that the new bookkeeper has an understanding of the internal funds.
- Verify that the Business Manager supervises the new bookkeeper with a matrix of responsibilities to avoid over payments.
- Review with the Director travel policies and procedures to ensure:
 - a. Out of country travel is properly approved by the Superintendent's office. The Principal recognizes the serious of these audit exceptions. Appropriate disciplinary actions were taken for the unauthorized out of the US trip.
 - b. Professional travel is not inappropriately paid from internal fund accounts.
- Review with the Director his Internal disbursements, to ensure that Internal Funds are not used to cover budgeted items.

We have already met to brief his staff on:

- a. following-up on property related claims by completing and retaining the necessary forms for acquiring, improving, and/or repairing the school's property.
- b. ensuring fixed assets purchased with internal funds are added to inventory
- c. ensuring the Facilities Department inspects all improvements to school property.

I am confident that these actions will improve the accounting systems at McFatter Technical Center. Please contact me if you have questions or concerns.

HJL/FB:gb

Attachments

c: Frances Bolden, North Central Area Director
Mark Tomas, Director, McFatter Technical Center
Jose D. Laverde, North Central Area Business Analyst



THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA

McFATTER TECHNICAL CENTER McFATTER TECHNICAL HIGH SCHOOL

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ELLEN ALBANO, *Assistant Director*
WALTER W. CLARK, *Assistant Director*
MARY ELLEN FOWLER, *Assistant Director*
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Interim Superintendent of Schools

April 17, 2007

TO: Dr. Harry LaCava, Area Superintendent
North Central Area

FROM: Mark Thomas, Principal
McFatter Technical Center

SUBJECT: INTERNAL ACCOUNT AUDIT RESPONSE FY05 AND FY06

I have implemented the following procedures to facilitate the proper management of Internal Accounts at McFatter Technical Center. All audit exceptions from the years 2004/2005 and 2005/2006 are addressed in the corrective action plan below:

AUDIT EXCEPTIONS:

1. Year End Cash Funds Balance

Standard Practice Bulletin A-425 will be implemented as written at the year end closing on June 30, 2007 and thereafter, which will involve the correct recording of the \$123,527.98 by closing journal entry on or before June 30, 2007. This will be accomplished by the bookkeeper with the active supervision of the business manager.

2. Cash Over/Under Account

As of July 1, 2007 the current bookkeeper has asked to be removed from the position. A different staff person will be assigned to serve as bookkeeper. This bookkeeper is scheduled for Internal Account Training on August 2 and 3, 2007. Additional training will be provided throughout her initial months of service and thereafter as needed. The business manager will supervise the new bookkeeper on a daily basis.

3. Overpayment

Currently all invoices/disbursements are reviewed by the bookkeeper, the business manager and the principal prior to payment. This process has resulted in no further overpayments since it was implemented during the 05/06 and 06/07 school years. This procedure will be continued hereafter.

4. Inappropriate Travel Reimbursement

- a) The business manager scrutinizes all TDA (travel) requests prior to acquiring the signature from the principal. The principal as well scrutinizes all TDAs at the time of signature regarding the need for additional signatures.
- b) The attached letter from the area director which is dated June 29, 2006 references Standard Practice Bulletin I-305 which speaks to the appropriateness of using Internal Funds for payment of professional travel due to a budgetary freeze and authorizes such action in this instance.

5. Disbursements – FY 2005

- a) The principal, bookkeeper, business manager and the assistant principal assigned to supervising the Internal Accounts are in the process of reviewing all referenced School Board Policies and Standard Practice Bulletins to ensure internal funds are used for the students and not budget items.
- b) The business manager has been assigned the responsibility of monitoring all insurance claims relative to payment and or reimbursement from the Office of Risk Management.
- c) The assistant principal assigned facilities management responsibilities has established a filing system for the purpose of documenting the improvement or repair of school property.
- d) A full time staff position was established for the monitoring and maintenance of a property inventory data base, which includes the management of assets purchased with Internal Funds. The person filling this position will ensure that property is added to the school inventory in a timely fashion.
- e) The assistant principal assigned facilities management responsibilities has established a “facilities project checklist” including the requirement of inspections by the Facilities Department. This checklist has become the cover page for each project file.

THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA

7771 WEST OAKLAND PARK BLVD., SUNRISE, FLORIDA 33061 - TEL 954-765-4783 - FAX 954-747-5600

NORTH CENTRAL AREA SUPERINTENDENT

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Linda Russell, Ed.d. Area Director
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To: Mark Thomas, Director
McFatter Technical

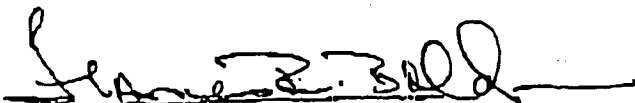
From: Frances Bolden, Area Director

Thru: Harry J. La Cava, Ed.d. Area Superintendent

Date: June 28, 2006

RE: Internal Account Funds

In accordance with Standard Practice Bulletin (1-305), this serves to confirm that budget funds cannot pay for the professional travel of John Delpiano because the TDA was not approved by Dr. Till.


AREA DIRECTOR