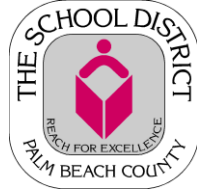


**Special Review of**  
**Missing Money at John F. Kennedy Middle School**

**March 25, 2022**

**Report #2022-03**



## **MISSION STATEMENT**

The mission of the School District of Palm Beach County is to educate, affirm, and inspire each student in an equity-embedded school system.

Michael J. Burke  
Superintendent of Schools

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Michael J. Burke, Superintendent of Schools  
Heather Frederick, CPA, Chief Financial Officer  
Shawntoyia Bernard, Esq., General Counsel  
Cory Friess, Principal Representative  
James Campbell, Ed.D., Principal Representative  
Justin Katz, CTA President

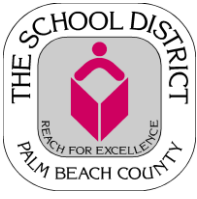
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**Special Review of  
Missing Money at John F. Kennedy Middle School  
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PALM BEACH COUNTY, FLORIDA

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WEST PALM BEACH, FL 33406  
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TERESA MICHAEL, CIG, CIGI, CFE  
INSPECTOR GENERAL

SCHOOL BOARD  
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MICHAEL J. BURKE, SUPERINTENDENT

## MEMORANDUM

TO: Honorable Chair and Members of the School Board  
Michael J. Burke., Superintendent of Schools  
Chair and Members of the Audit Committee

FROM: Teresa Michael, Inspector General

DATE: March 25, 2022

SUBJECT: Special Review of Missing Money at John F. Kennedy Middle School

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### PURPOSE AND AUTHORITY

Pursuant to the *Office of Inspector General's 2021-2022 Work Plan*, and in response to a request from the Accounting Services Department, we have conducted a Special Review of Money Collections at John F. Kennedy Middle School. The primary objectives of this special review were to determine:

- (1) Whether all the collections were properly processed and deposited in the school's bank account;
- (2) If all the monies in the drop-safe were properly accounted for; and
- (3) The extent of compliance with District procedures in safeguarding money after collection.

### SCOPE AND METHODOLOGY

We conducted this special review in accordance with the *Principles and Standards for Offices of Inspector General, Quality Standards for Inspections, Evaluations, and Reviews*, as promulgated by the Association of Inspectors General. The review covered the period July 1 through December 22, 2021, included discussions with appropriate school staff, and:

- Reviewed applicable District policies and procedures related to money collections including:
  - *State Board of Education, Administrative Rules 6A-1.001* and related *Florida Department of Education Rules (Chapter 8)*
  - *Internal Accounts Manual, Chapter 7 – Cash Receipts and Deposit*
  - *Bulletin #P-14051-S/CFO – Drop-safe Log Procedures*
  - *Bulletin #P 18-132 CFO – FY18 Updated Drop-safe Log Procedures*

- **Board Policy 6.07 – Internal Accounts**
  - **Board Policy 6.10 – Property Accountability and Responsibility**
  - **Board Policy 6.11 – Money Left in Schools After Hours**
- Reviewed Internal Funds collection records, including *Drop-safe Log*, *Armored Car Courier Log*, *Monies Collected Reports* (MCRs) and bank deposit records for the period July 1 through December 22, 2021.
  - Performed unannounced cash counts on December 20 and 22, 2021.

Draft findings were sent to the school principal and the Office of Chief Financial Officer (CFO) for review and comment. The management responses are included in the Appendix. We appreciate the courtesy and cooperation extended to us by the school and District staff during the review. The final draft report was presented to the Audit Committee at its March 25, 2022, Meeting.

## **BACKGROUND**

Accounting Services’ Referral. On December 17, 2021, the Internal Accounts Manager of the Accounting Services Department informed the Office of Inspector General (OIG) about her concerns related to deposits at the school.

Specifically the Internal Accounts Manager indicated:

- The school treasurer was not timely processing cash collections for deposit into the bank;
- There was an excessive number of cash collections<sup>1</sup> listed on the *Drop-safe Log (DSL)* as “returned to safe for error;”
- Sponsors failed to initial the *DSL* after the school treasurer returned money to sponsors for recount or *Monies Collected Reports (MCRs)* correction;
- Returned collections could not be traced to subsequent entries on the *DSL*;
- The school treasurer did not timely notify Accounting Services of missed courier pick-ups.

OIG’s Unannounced Site Visit: \$904 Unaccounted For. On December 20, 2021, the OIG performed an unannounced site visit at the school and examined the contents of the drop-safe. A follow-up examination of the safe on December 22, 2021, revealed that a total of \$904 in cash was not in the safe.

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<sup>1</sup> Cash collections may consist of coins, currency, and/or checks.

## REFERRAL TO SCHOOL POLICE

On December 21, 2021, the OIG notified School Police it could not account for \$904 previously placed in the drop-safe. On January 6, 2022, a summary of our preliminary review conclusions was provided to School Police.

On January 25, 2022, School Police notified us that they had completed the investigation of discrepancy of monies and that the case is inactive at this time.

## REFERRAL TO OIG INVESTIGATIONS UNIT

On January 26, 2022, we forwarded the draft report to the OIG Investigations Unit for review and further actions.

## CONCLUSIONS

### 1. \$904 in Cash Unaccounted For

On December 20, 2021, we examined the contents of the school's drop-safe and reviewed the available collection and deposit records for July 1, 2021, through December 20, 2021. The review concluded that a total of \$904 was missing from the school.

Unannounced Site Visit. During the site visit on December 20, 2021, we performed a count of the safe's contents. The contents of the safe included:

- Three prepared bank deposits in sealed courier bags, and
- 12 collections, eight recorded on the *Drop-safe Log* and four unrecorded.

Upon opening, the contents of the three sealed deposit bags corresponded with Deposits #846 (prepared November 10, 2021), #847 (prepared November 16, 2021), and #848 (prepared December 14, 2021). The monies inside the bags agreed with the collection records for all three deposits. The *Courier Log* indicated the last deposit pick-up was November 4, 2021.

Monies were counted for the 12 current collections inside the safe and compared to the accompanying *MCRs*. All monies agreed with the collection records except for one collection with a \$1 overage. The four unlisted collections were noted for follow-up. All collections were returned to the safe after examination.

Review of Drop-safe Logs. We reviewed all *DSLs* from July 1 through December 20, 2021, to determine if all collections listed on the *Logs* had corresponding *Official Receipts* generated by the Internal Funds accounting system and were subsequently deposited into the bank. All *DSL* entries were matched to *Official Receipts* and deposits, with one exception.

On *DSL* page 14-21100, a November 15, 2021, entry for \$704<sup>2</sup> notated as “returned to safe for error” could not be identified in any bank deposits and was not in the drop-safe on December 20 or 22, 2021. Moreover, *Section 2* of the *DSL* page was not initialed to indicate the money had been removed from the safe.

On December 21, 2022, we met with the sponsor who presented the OIG with the yellow copy of a \$904 *MCR* dated November 15, 2021. The sponsor had not received an *Official Receipt* from the school treasurer for this collection. She stated the school treasurer told her the actual collection totaled \$704. She said that at the school treasurer’s instruction, she changed the amount on the *DSL* entry from \$904 to \$704, without recounting the money.

As a result, \$904 reported deposited through the sponsor’s *MCR* (or potentially \$704 via the treasurer’s accounting) in cash was missing.

## 2. Noncompliance with District Procedures

From July 1 through December 22, 2021, staff completed 120 entries on the *Drop-safe Logs*. During our unannounced site visits and analysis of collections and deposit records, we noted the following staff noncompliance with money collection procedures:

- *Drop-safe Log Not Being Used*. During our initial unannounced site visit on December 20, 2021, we noted one collection inside the drop-safe for \$240 that was not listed on the *Drop-safe Log* by the activity sponsor.
- *Collections Returned to Sponsors*. The review of the Fiscal Year 2022 *Drop-safe Logs* found that 14 (or 12%) *DSL* entries were notated by the school treasurer as “returned to safe for error.” There was no additional explanation written on the *Log* indicating whether the monies were returned to the sponsors for recount or *MCR* corrections. Sponsors did not initial the *Logs* to acknowledge the return of collections.

### Recommendation

Money collections should be administered in accordance with *DOE Rules (Chapter 8 of the Department of Education’s Financial and Program Cost Accounting and Reporting for Florida Schools)*, *Internal Accounts Manual*, and District guidelines. Specifically, to ensure proper fiscal accountability and as required by *Bulletin #P-14051-S/CFO and procedures outlined in Bulletin #P18-132 CFO*, deposit information should be properly recorded on the *Drop-safe Log* by all necessary parties. Written records should be maintained and acknowledged by the sponsors when collections are returned to them for clarification.

---

<sup>2</sup> This *Drop-safe Log* entry was originally written as \$904.



**Management's Responses:**

**Principal of John F. Kennedy Middle School:** *I concur with the findings from the investigation.*

*Moving forward, John F. Kennedy Middle School will ensure the following:*

- *Staff member is removed from completing the obligations of the treasurer's position.*
- *Money collections will be administered in accordance with DOE rules, Internal Accounts Manual, and District guidelines.*
- *Sponsors will be encouraged to complete all deposit information properly on the Drop-Safe Log.*
- *Sponsors will be encouraged to maintain and acknowledge when collections are returned to them for clarification.*
- *Trainings will be set up with the Office of Inspector General to support the understanding of proper protocols for collecting, dropping, and recording funds received.*
- *Principal will conduct unannounced spot checks on the treasurer.*

*(See page 6.)*

**Chief Financial Officer:** **Management Concurs** – *The Drop Safe Log is an important internal control document for internal funds. It ensures funds turned in by sponsors and dropped in the safe are removed for deposit, and that receipts are furnished to sponsors.*

**Bulletin #P 22-001 CFO FY22 Mandatory Internal Accounts Training for Teachers and Account Sponsors Available in eLearning Management** – *The General Cash Receipts course outlines the basics of completing Monies Collected Reports and using the Drop Safe Log. Sponsors must complete the course prior to collecting funds. Sponsors needing additional support should go back and review the training.*

*The Document Custodian of the Drop Safe Log is required to complete an annual training session (**Bulletin #P 22-004 CFO FY22 Document Custodian Training**). This training will be updated for FY23 to include contacting the Principal and FAST team if there appears to be many entries that indicate returned to Sponsor. In addition, the Accounting Staff that receives and reviews all the Drop Safe Logs from the schools will review for irregularities and notify their supervisor accordingly.*

*While District staff continues to enhance on-line training, the prescribed procedures must be implemented with fidelity by school staff to be effective.*

*(See page 7.)*

– End of Report –

**Management's Response**  
**Principal of John F. Kennedy Middle School**



John F. Kennedy Middle School  
1901 Avenue S  
Riviera Beach, FL 33407  
(561) 845-4500

**RECEIVED**

MAR - 1 2022

**INSPECTOR GENERAL**

TO: Office of Inspector General (OIG)  
FROM: Mr. Ricky Clark, Principal  
DATE: February 23, 2022  
RE: Missing Money

I concur with the findings from the investigation.

Moving forward, John F. Kennedy Middle School will ensure the following:

- Staff member is removed from completing the obligations of the treasurer's position.
- Money collections will be administered in accordance with DOE rules, Internal Accounts Manual, and District guidelines.
- Sponsors will be encouraged to complete all deposit information properly on the Drop-Safe log.
- Sponsors will be encouraged to maintain and acknowledge when collections are returned to them for clarification.
- Trainings will be set up with the Office of Inspector General to support the understanding of proper protocols for collecting, dropping, and recording funds received.
- Principal will conduct unannounced spot checks on the treasurer.

Sincerely,

Ricky Clark  
Principal of John F. Kennedy Middle School

**Management's Response**  
**Chief Financial Officer**



THE SCHOOL DISTRICT OF  
PALM BEACH COUNTY, FL

CHIEF FINANCIAL OFFICE  
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HEATHER FREDERICK, CPA  
CHIEF FINANCIAL OFFICER

MICHAEL J. BURKE  
SUPERINTENDENT

**RECEIVED**

FEB 18 2022

**INSPECTOR GENERAL**

**MEMORANDUM**

**TO:** Teresa Michael, Inspector General  
**FROM:** Heather Frederick, Chief Financial Officer   
**DATE:** February 18, 2022  
**SUBJECT:** Response to Special Review of Missing Money at John F Kennedy Middle School

Management reviewed the Report related to Missing Money at JFK Middle School and has the following response to recommendation.

**Recommendation**

Money collections should be administered in accordance with DOE Rules (Chapter 8 of the Department of Education's Financial and Program Cost Accounting and Reporting for Florida Schools), Internal Accounts Manual, and District guidelines. Specifically, to ensure proper fiscal accountability and as required by Bulletin #P-14051-S/CFO and procedures outlined in Bulletin #P18-132 CFO, deposit information should be properly recorded on the Drop-safe Log by all necessary parties. Written records should be maintained and acknowledged by the sponsors when collections are returned to them for clarification.

**Management Concurs** – The Drop Safe Log is an important internal control document for internal funds. It ensures funds turned in by sponsors and dropped in the safe are removed for deposit, and that receipts are furnished to sponsors.

***Bulletin #P 22-001 CFO FY22 Mandatory Internal Accounts Training for Teachers and Account Sponsors Available in eLearning Management*** - The General Cash Receipts course outlines the basics of completing Monies Collected Reports and using the Drop Safe Log. Sponsors must complete the course prior to collecting funds. Sponsors needing additional support should go back and review the training.

The Document Custodian of the Drop Safe Log is required to complete an annual training session (***Bulletin #P 22-004 CFO FY22 Document Custodian Training***). This training will be updated for FY23 to include contacting the Principal and FAST team if there appears to be many entries that indicate returned to Sponsor. In addition, the Accounting Staff that receives and reviews all the Drop Safe Logs from the schools will review for irregularities and notify their supervisor accordingly.

While District staff continues to enhance on-line training, the prescribed procedures must be implemented with fidelity by school staff to be effective.

HK/NS:mw

The School District of Palm Beach County, Florida  
A Top High-Performing A-Rated School District  
An Equal Opportunity Education Provider and Employer