

**Lake County Schools
Office of the District Auditor
Review of Internal Accounts for FY 07/08
No: FY 08/09 - 2
Date: January 26, 2009**

INTERNAL AUDIT MISSION & OBJECTIVE:

To provide leadership in the promotion of accountability and integrity within Lake County Schools (LCS).

To assist in the effective discharge of the school board and superintendent's responsibility to maintain 1) effective and efficient operations, 2) reliability of financial and operational reporting, 3) compliance with laws and regulations, and 4) safeguarding of LCS assets. Reporting independently to the school board, through LCS's advisory audit committee, the District Auditor comes alongside management to help them achieve their goals and objectives. This, in turn, helps LCS achieve its stated mission through goal achievement.

**Office of the District Auditor
I. Steve Wolkomir - CPA
District Auditor**

**ADDING VALUE BY
DOING THE RIGHT THINGS RIGHT
201 W. Burleigh Blvd
Tavares, Florida 32778**

This Report is governed by Florida's Public Records Law and becomes a public record upon board acceptance and action

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Executive summary

In accordance with Lake County Schools (LCS) policy #7.61, the board approved FY 08/09 internal audit plan, and in concert with Florida Administrative Code (FAC) Rule 6A-1.087, the required annual audit of LCS's school based internal accounts (i.e., hereafter termed activity accounts) was undertaken at all 37 district schools. In effect, this engagement was done in two separate but related phases.

- **Phase I.** This comprised Purvis Gray & Company's (PG) contracted audit of the financial statements of the agency fund (i.e., activity accounts) of the district for the year ended June 30, 2008. Since the Florida Auditor General (AG) was to issue the auditor's report on the basic financial statements of the district, PG would review the field work performed by the LCS school accounting specialist (i.e., a cost avoidance to the district), with District Auditor oversight and guidance, and would render their opinion as to whether the activity accounts basic financial statements were fairly presented, in all material respects. PG would then provide the AG with their opinion so that the AG would be able to render an overall opinion (i.e., a clean opinion) on the district's basic financial statements, inclusive of school activity accounts. Thus, the district's audited consolidated annual financial report (CAFR) contains the school activity accounts fiscal year-end agency fund balance within the CAFR's Statement of Fiduciary Net Assets. For your quick reference, the PG audit report of the agency fund is an attachment to this report. Most notable therein would be PG's clean opinion, the PG management letter and the LCS management response. The audited school activity accounts for FY 07/08 are as follows:

School board of Lake County Activity accounts June 30, 2008

	<u>7/1/07</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Transfers</u>	<u>6/30/08</u>
Total	\$2,453,511	\$5,622,694	(\$5,726,146)	\$0	\$2,350,059

- **Phase II.** This was a continuation of phase I which incorporated not only the financially related findings and recommendations, but operational findings and recommendations as well, all of which by individual school. The key deliverable of this phase is this all inclusive report which shows what needs to be corrected by school; whereby the school principal and bookkeeper are primarily responsible for corrective actions in conjunction with superintendent oversight to ensure that corrective actions will be made. In that regard, district oversight would be exercised by the superintendent, the chief of administration and the chief of business services, the latter having a strong financial stake at the school level. Thus, phase II expands the scope of phase I and addresses the findings of each school.

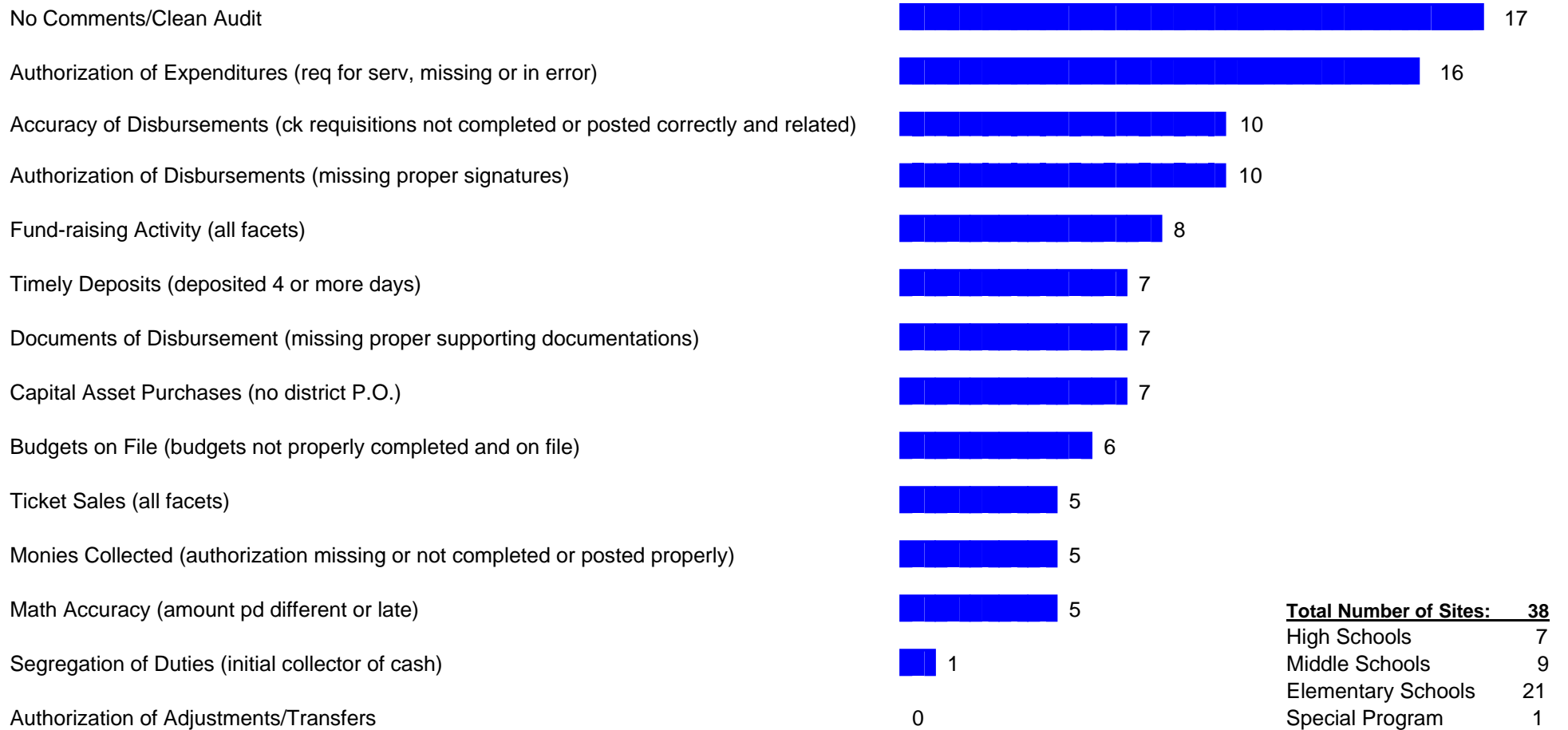
Individual school findings and recommendations can be found within the findings and recommendations matrix of this report and depict findings at the school level. In addition, the report's overall comments graph, which precedes the detail school findings, illustrates how many schools exhibited each finding. In general, and based upon last year's report done by RSM, it would appear that schools have improved and this is reflected in the aforementioned PG report. PG did mention lack of segregation of duties as a significant deficiency (SD), but did not consider it a material weakness. They indicated that this SD is common within activity funds across the State of Florida and is not unique to LCS. PG went on to state that the district does employ detective controls to mitigate the risk of this SD and made several recommendations that LCS management responded to. We consider the findings and recommendations herein as areas in need of improvement that tend to reoccur each year. To that end, each principal was provided with a more comprehensive write-up of every finding and recommendation contained herein to give them additional insight as to the standards that were used to derive the findings, along with implications of the finding and possible and probable causes, the latter to be corrected on a go-forward basis. In addition, the district now has information by which to provide needed training and coaching where needed to principals and bookkeepers to include possibly developing a control self assessment tool by which schools would be able to monitor their progress toward improving their internal controls in this area.

The Auditor is appreciative of the cooperation that was granted to the LCS school accounting specialist who performed the field work at all 37 LCS schools. The cooperation granted her by school principals and bookkeepers was instrumental in her ability to execute this massive effort by herself in concert with District Auditor oversight and supervision administered during the planning phase of the engagement, and throughout the engagement to ensure that the field work quality and quantity were satisfactory for PG to render a clean opinion thereon, along with providing value added recommendations at the school level to improve internal controls. Lastly, the current principal was listed herein but the reader should understand that several changes in school administration have recently taken place, such that the current principal listed may not have been the administrator during the audited period.

Lastly, no matter came to the Auditor's attention that was omitted from this report because it was considered either privileged or confidential.

Overall Comments Graph FY07/08

All Schools



Findings and recommendations matrix.

Key:

- ETC is estimate to complete.
- N/A is not applicable.

1 Astatula school of the arts:

Findings	Recommendations	Management Response
<i>Authorization of expenditures: request for services missing or in error.</i>		
We noted that several request for services forms or internal purchase orders were incorrect. For example; request for services for check #'s 1545, 1642 and 1653 were dated after the invoice or receipt date. In addition, request for services were missing on check #'s 1551, 1595 and 1671.	Obtain the principal's approval on all request for services or internal purchase orders prior to making purchases. In addition, ensure that all checks have request for service forms.	<p>Response: We will take action to correct this finding going forward.</p> <p>ETC: Immediately</p> <p>Principal responsible: Amy Cockcroft</p>
<i>Authorization of disbursements: missing proper signatures.</i>		
We noted that one check requisition, #1519, did not have teacher authorization.	Complete all check requisitions properly.	<p>Response: We will take action to correct this finding going forward.</p> <p>ETC: Immediately</p> <p>Principal responsible: Amy Cockcroft</p>

2 Beverly Shores elementary school:

Findings	Recommendations	Management Response
No findings were noted.	N/A	Response: N/A ETC: N/A Principal responsible: Mollie Cunningham

3 Carver middle school:

Findings	Recommendations	Management Response
No findings were noted.	N/A	Response: N/A ETC: N/A Principal responsible: Linda Shepherd

4 Clermont elementary school:

Findings	Recommendations	Management Response
<i>Authorization of expenditures: request for services missing or in error.</i>		
We noted that several request for services forms or internal purchase orders were incorrect. For example; request for services for check #'s 7832 and 7938 were dated after the invoice or receipt date. In addition, request for services were missing on check #'s 7729, 7767, 7807, 7819, 7919, 7920, 7932 and 7939.	Obtain the principal's approval on all request for services or internal purchase orders prior to making purchases. In addition, ensure that all checks have request for service forms.	Response: We are aware of the problem and have taken steps to ensure that the recommendation has been implemented. ETC: Immediately Principal responsible: Cleamstine Caple

<i>Authorization of disbursements: missing proper signatures.</i>		
We noted a number of check requisitions that were not properly completed. - Check #'s 7747, 7932, 7938 and 7939 did not have teacher authorization.	Complete all check requisitions properly and obtain all necessary signatures.	Response: We will take action to correct all aspects of the finding going forward to include having revised our procedures accordingly. ETC: Immediately Principal responsible: Cleamstine Caple
<i>Documents of disbursement: missing proper supporting documentation.</i>		
Check #7750 was missing an itemized receipt to support the issuance of the check.	Ensure that all supporting documentation is present before check issuance.	Response: In this case, we had attached the receipt, but during transition it became separated from the stack. We have taken steps to resolve this issue. ETC: Immediately Principal responsible: Cleamstine Caple
<i>Math accuracy: amount paid different or late.</i>		
We noted several items in this category to include; - Several payments did not match supporting documentation; check #7732 for \$683.15 did not precisely match the invoice of \$683.75, while check #7819 for \$170 likewise did not match the invoice of 260.70 with the receipt being not readable and - Check #7885 was posted incorrectly	Ensure that all such discrepancies and inconsistencies are either corrected or properly explained and disposed of accordingly.	Response: We are aware of the problem and have taken steps to ensure that the recommendation has been implemented going forward. ETC. Immediately Principal responsible: Cleamstine Caple

5 Clermont middle school:

Findings	Recommendations	Management Response
<i>Authorization of expenditures: request for services missing or in error.</i>		
We noted the request for services or internal purchase order forms for check #'s 2210 and 2284 were dated after the invoice or receipt date.	Obtain the principal's approval on all request for services or internal purchase orders prior to making purchases.	<p>Response: Regarding check #2210; the initial purchase for tables and chairs for the new agricultural lab was made with district funds, with district purchasing procedures being followed. Ten days after the materials were delivered and set up; it was determined that internal accounts funds were available and could have been used for the purchase. At that time, check #2210 was written to the district from internal accounts to reimburse the budget account. Therefore the invoice was dated properly for the original district purchase. Because this is a transfer of funds, we believe it is a violation only if the invoice had been dated prior to the original district purchase order. Regarding check #2284; we do not agree. Our examination of the records shows the check requisition and the check issued to be dated the same day, therefore they were in compliance to policy.</p> <p>District Auditor response: The principal's response above appears plausible.</p> <p>ETC: N/A based upon the principal's response and District Auditor's review of the response.</p> <p>Principal responsible: David Coggshall</p>

<i>Documents of disbursement: missing proper supporting documentation.</i>		
Supporting documentation was missing regarding check #2284 for faculty lunches, as there was no itemized receipt attached to the check requisition.	Ensure that all supporting documentation is present before check issuance.	<p>Response: We understand the importance of complete documentation. It is possible that the missing paperwork may have been lost when the records were packaged for shipment for audit. We now tape receipts directly to the check documentation, which will help reduce the chance of documents coming loose going forward.</p> <p>ETC: Immediately</p> <p>Principal responsible: David Coggshall</p>
<i>Accuracy of disbursements: check requisitions not completed or posted correctly and related.</i>		
In one instance, the check amount was not written on the total line of the check requisition.	Complete check requisitions properly.	<p>Response: This was a requisition for a single item whereby the total of the one item was clearly shown, but was not repeated on the “total” line. We will correct this for all future transactions.</p> <p>ETC: Immediately</p> <p>Principal responsible: David Coggshall</p>
<i>Capital asset purchases: no district purchase order.</i>		
The school purchased a shredder for \$1,099 directly from activity accounts and thus bypassed the district’s purchase order system.	Obtain a district purchase order when purchasing capital assets of \$1,000 or more.	<p>Response: In the future, purchases of over \$1,000 will be made using district purchasing procedures.</p> <p>ETC: Immediately</p> <p>Principal responsible: David Coggshall</p>

6 Cypress Ridge elementary school:

Findings	Recommendations	Management Response
No findings were noted.	N/A	Response: N/A ETC: N/A Principal responsible: Robert McCue

7 Eustis high school:

Findings	Recommendations	Management Response
<i>Ticket sales: all facets.</i>		
<p>We noted a number of areas in need of improvement to include;</p> <ul style="list-style-type: none"> - Receipts for soccer and basketball were not specific as to designate boys or girls games or who the opponent was, - The volleyball tournament receipts and individual volleyball game receipts were not posted to the same account, - Receipts posted to the athletics general fund did not distinguish between gate receipts and shared proceeds from away games, - Gate receipts in 24 cases were deposited 4 or more days late, - Differences of \$20 or more between cash received and ticket sales were neither being explained and - Ticket seller's signatures were missing on athletic ticket reports. 	<p>To improve internal controls in this area, we recommend that; 1) receipts are posted correctly and match the ticket report, 2) receipts are deposited within three days, and if unable to do so, an explanation must be annotated to the ticket report and signed by the athletic director, 3) differences greater than \$20 between cash collected and tickets sold should be explained to include that proper disposition took place, and 4) ticket sellers should be properly trained to include the requirement for them to sign all ticket reports.</p>	Response: We will adhere to all of the recommendations made by the auditor and as shown herein. ETC: Immediately Principal responsible: Al Larry

<i>Timely deposits: deposited 4 or more days.</i>		
We noted five receipts that were not deposited in a timely manner.	Ensure receipts are deposited within three days to consider activity that transcends over a weekend. Whenever receipts are deposited later than that requires an explanation be attached to the ticket report/other and signed by the athletic director, teacher, sponsor and the bookkeeper. . In addition, no money should be kept in the classroom overnight.	<p>Response: We will adhere to the auditor's recommendation herein.</p> <p>District Auditor response: The current policy will be changed in the near future to allow for additional time to make deposits which should reduce the exception rate of this particular school finding.</p> <p>ETC: Immediately</p> <p>Principal responsible: Al Larry</p>
<i>Monies collected: authorization missing or not completed or posted properly.</i>		
<p>Report of monies collected forms were not always completed properly, as follows;</p> <ul style="list-style-type: none"> - Account numbers were missing from the top of the form on nine receipts whereby a contributing factor was that the school was using the old form which has no place for the account number and - Receipts were not always itemized as we noted that "cash" was written thereon. And four receipts did not show the source of the money being collected. <p>Related, receipt numbers were at times posted in error as several receipts appeared to have been duplicated and one receipt appears to have been posted in error.</p>	<p>Ensure that report of monies forms are completed accurately and completely and that receipts are posted accurately and completely.</p> <p>District Auditor recommendation: Related to the finding, ensure that the aforementioned apparent duplicate receipts are properly investigated to the extent deemed necessary.</p>	<p>Response: We will adhere to the recommendations herein.</p> <p>ETC: Immediately</p> <p>Principal responsible: Al Larry</p>

<i>Authorization of expenditures: request for services missing or in error.</i>		
We noted that the request for service form for check #11647 was dated in March while the invoices were all dated in January and February.	Obtain the principal's approval on the request for services or internal purchase order prior to the purchase being made.	Response: We will adhere to the recommendation made by the auditor. ETC: Immediately Principal responsible: Al Larry
<i>Accuracy of disbursements: check requisitions not completed or posted correctly and related.</i>		
We noted a number of areas in need of improvement to include; - Check requisitions for 27 checks did not have account numbers listed on the face of the requisition, - No total was noted on check #11739, - Evidence pertaining to check #11574 indicated \$7 but the check was issued for \$14 with no explanation and disposition noted therein and - A number of disbursements appeared to contain discrepancies to include printing duplicate and sometimes triplicate check numbers that were traced to incorrect posting of the checks and that four checks were missing presumably being voided.	Ensure that improvements are made to the system of internal controls to include; 1) ensuring that check requisitions are prepared accurately and completely, 2) ensuring that account numbers are correctly posted and are placed on the face of the requisition, and 3) ensuring the numeric integrity of checks printed and used, voided and unused.	Response: We will adhere to the recommendations made by the auditor. ETC: Immediately Principal responsible: Al Larry
<i>Authorization of disbursements: missing proper signatures.</i>		
We noted that the sponsor did not sign the internal purchase order for check #10966 and no sponsor authorizations were noted on 16 of 36 check requisitions tested.	Ensure that the proper signatories affix their signature on purchase orders and requisitions as prescribed by policy.	Response: We will adhere to the recommendations made by the auditor. ETC: Immediately Principal responsible: Al Larry

<i>Math accuracy: amount paid different or late.</i>		
Obligations were not always paid in a timely manner as we noted three checks that were paid well after their respective invoice dates.	Pay obligations in a timely manner. Since a fund must have a sufficient balance before ordering items, there is no reason why obligations cannot be paid in a timely manner.	Response: We will adhere to the recommendations made by the auditor. ETC: Immediately Principal responsible: Al Larry
<i>Capital asset purchases: no district purchase order.</i>		
The school made four purchases of equipment directly from school activity accounts thus bypassing the district's purchase order system. Individual purchases were for \$1,495, \$2,005, \$4,950 and \$1,495 respectively.	Purchase capital items of \$1,000 or more through the district's purchase order system.	Response: We will adhere to the recommendations made by the auditor. ETC: Immediately Principal responsible: Al Larry
<i>Fund-raising activities: all facets.</i>		
We noted a number of areas in need of improvement to include the following; - Approved fund-raiser forms were missing for nine fund-raiser events, - Fund-raiser forms were not completed for 13 fund-raiser events, - Fund-raisers were missing ticket reports for 8 fund-raiser events, - Five fund-raisers had no expenses which brings forth the question of how supplies were purchased, - Required sales tax was not paid to vendors in 8 events and - Budgets were not on file for organizations holding fund-raisers in nine events.	We recommend the following to improve internal controls in this area; 1) instruct teachers and sponsors to obtain approval for fund-raisers prior to the event, 2) complete fund-raiser forms accurately and completely to include preparing a ticket report when tickets are sold, 3) ensure that no supplies are purchased with cash receipts, 4) pay sales tax as appropriate, and 5) ensure that organizations holding a fund-raiser prepare a budget and have that budget on file.	Response: We will adhere to the recommendations made by the auditor. ETC: Immediately Principal responsible: Al Larry

8 Eustis elementary school:

Findings	Recommendations	Management Response
<i>Fund-raising activities: all facets.</i>		
<p>We noted a number of areas in need of improvement going forward, as follows:</p> <ul style="list-style-type: none"> - An approved and completed fund-raiser was not on file for one event. - A ticket report was not prepared for tickets sold for a spaghetti dinner fund-raiser. - Required sales tax was not paid to vendors in seven instances noted and - There were no budgets on file in four instances noted. 	<p>Ensure that fund-raiser policy and procedures are complied with in the areas of; obtaining an approved fund-raiser request prior to the event, completing ticket reports for all proceeds from the sale of tickets, ensuring that sales tax is paid for all purchases of supplies and ensuring that budgets are prepared for all such events.</p>	<p>Response: We acknowledge the need for improvement and have taken steps to correct all of these to include; improving our system to ensure that all fund-raisers are approved and on file, complying with ticket reporting policy, paying the sales tax so noted, and ensuring that budgets are prepared and filed.</p> <p>ETC: Immediately</p> <p>Principal responsible: Julie Robinson</p>

9 Eustis Heights elementary school:

Findings	Recommendations	Management Response
No findings were noted.	N/A	<p>Response: N/A</p> <p>ETC: N/A</p> <p>Principal responsible: Douglas Kroulik</p>

10 East Ridge high school:

Findings	Recommendations	Management Response
<i>Authorization of expenditures: request for services missing or in error.</i>		
Request for services forms or internal purchase orders were not always completed properly as we noted that forms for five checks were dated later than the order or invoice date.	Obtain the principal's approval on request for services forms or internal purchase orders before a purchase is made.	<p>Response: Request for services forms will be closely monitored for correct dates in the future.</p> <p>ETC: Immediately</p> <p>Principal responsible: David Cunningham</p>
<i>Ticket sales: all facets.</i>		
<p>We noted a number of areas in need of improvement to include;</p> <ul style="list-style-type: none"> - A ticket report for a baseball game was missing along with the beginning and ending tickets attached thereon, - In a total of 23 cases, gate receipts were not deposited in a timely manner as they were deposited four or more days late and - Differences of \$20 or more between cash collections and ticket sales were not always explained and signed by the athletic director or teacher/sponsor, as we noted several instances of this condition. 	To improve internal control in this area we recommend; 1) that ticket reports are prepared for all ticket sales and that the beginning and ending tickets are attached to the report, and that they be reviewed with explanations as to any discrepancies noted, 2) that deposits be made of gate receipts within three days, and if unable to do so, an explanation be so noted and 3) that differences of \$20 or more between ticket sales and cash receipts be properly explained and properly disposed of.	<p>Response: We will continue to prepare and maintain ticket reports for all athletic events where tickets are sold and will so note and explain differences of \$20 or more between cash receipts and ticket reports. Related, we will attempt to deposit in a more timely manner, but for valid reasons, if we cannot, we will so note and explain why these deposits could not be made within the aforementioned time period.</p> <p>ETC: Immediately</p> <p>Principal responsible: David Cunningham</p>

<i>Math accuracy: amount paid different or late.</i>		
We noted five checks dated well after their respective invoices.	Pay obligations in a timely manner. Since a fund must have a sufficient balance before ordering items, there is no reason why all obligations cannot be paid in a timely manner.	Response: Timely payment of invoices will be stressed. Any invoices paid after 30 days will require an acceptable explanation and be noted on the invoice. ETC: Immediately Principal responsible: David Cunningham
<i>Authorization of disbursements: missing proper signatures.</i>		
We noted several instances where signatures were lacking to include; - Request for services forms for seven checks did not contain teacher signatures, - Request for services forms for two checks did not have the principal's signature and - Seven check requisitions were not authorized by the teacher or sponsor.	Ensure that appropriate signatures are obtained for checks, request for services forms and check requisitions.	Response: Request for services forms and check requisitions will be closely monitored for signatures in the future. ETC: Immediately Principal responsible: David Cunningham
<i>Fund-raising activities: all facets.</i>		
We noted several areas in need of improvement to include; - Approved fund-raiser forms were not on file for six events, - Completed fund-raiser forms were not on file for three events, - Ticket reports for fund-raisers were not on file for five events, - No fund-raiser expenses were noted for five events thus raising the question of how supplies for the event were purchased and - One organization that held an event did	To improve internal controls in this area we recommend; 1) that teachers and sponsors need to obtain an approved fund-raiser request prior to holding the event, 2) that fund-raiser forms be properly completed and filed for subsequent review, 3) that ticket reports need to be completed for all events that sell tickets, and 4) that no expenditures are made from cash receipts. If supplies are	Response: Fund-raiser procedures will be reviewed with the administrator in charge. Emphasis will be placed on having approval for all fund-raisers in advance, budgets for all events, as well as completion of fund-raisers with applicable ticket reports included, all of which to include properly annotating where expense items came from. It should be noted that several of the events listed were not true fund-raisers because they were part of the curriculum program in each area. As the newly appointed principal, I shall follow best financial practices as indicated above.

not prepare a budget and thus the budget was not on file.	donated or taken from inventory, the fund-raiser form must contain such information.	ETC: Immediately Principal responsible: David Cunningham
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11 Eustis middle school:

Findings	Recommendations	Management Response
<i>Timely deposits: deposited 4 or more days.</i>		
Receipts for two games were not deposited in a timely manner. In addition, the following receipt #'s were not deposited in a timely manner; 4241, 4266, 4295, 4297, 4298 and 4533.	Ensure receipts are deposited within three days to consider activity that transcends over a weekend. Whenever receipts are deposited later than that requires an explanation be attached to the ticket report/other and signed by the athletic director, teacher, sponsor and the bookkeeper. . In addition, no money should be kept in the classroom overnight.	Response: In both instances regarding the two games, the bookkeeper was not available. We will make arrangements for timely deposit if such instances occur in the future. As to the latter, all except receipt # 4533 were deposited by the former bookkeeper, while receipt # 4533 was turned in late to the current bookkeeper, to which we will immediately stress to all employees. District Auditor response: The current policy will be changed in the near future to allow for additional time to make deposits which should reduce the exception rate of this particular school finding. ETC: Immediately Principal responsible: Rusty Dosh
<i>Ticket sales: all facets.</i>		
We noted several findings in this area to include; - One ticket report and cash collected of \$196 could not be located and	Ensure that gate receipts are deposited and posted to the records and ensure that ticket reports are properly calculated and supported.	Response: In the former case, the current bookkeeper was not employed during the time this occurred. Going forward, we will closely monitor the activity of the athletic director,

<p>- Several ticket reports were not properly prepared to include; the totals on the ticket report being incorrectly calculated, and the wrong ticket stubs were attached to the ticket report.</p>		<p>teachers and sponsors to ensure that ticket report policy and procedures are properly complied with.</p> <p>District Auditor response: Requested and obtained documentation concerning the matter of the \$196 as noted herein. The District Auditor has informed LCS district management of the situation and considers the matter closed from the standpoint of this report.</p> <p>ETC: Immediately</p> <p>Principal responsible: Rusty Dosh</p>
<p><i>Monies collected: authorization missing or not completed or posted properly.</i></p>		
<p>Report of monies collected forms were not always properly completed as we noted; that account numbers were missing from the top of the form for receipt #'s 4380 and 4482, teacher signatures were missing from receipt #'s 4475 and 4478 and the total deposited differed from the total on the report of monies collected form for receipt #'s 4298 and 4483.</p>	<p>Ensure that the report of monies collected forms are complete and accurate.</p>	<p>Response: We understand the nature and cause of the findings whereby the bookkeeper will ensure that these conditions do not reoccur in the future.</p> <p>ETC: Immediately</p> <p>Principal responsible: Rusty Dosh</p>
<p><i>Fund-raising activities: all facets.</i></p>		
<p>Several items were noted as needing improvement to include; 1) approved fund-raiser forms were not on file for three events, 2) None of the fund-raisers had completed forms on file, 3) One of the events did not complete a ticket report, and 4) None of the fund-raisers had budgets on</p>	<p>Ensure that fund-raiser policy and procedures are complied with to include; having teachers and sponsors obtain approval for these events in advance, completing forms properly, ensuring ticket reports are completed when tickets</p>	<p>Response: We understand the nature and causes of these findings and will ensure that all of these are corrected on a go forward basis.</p> <p>ETC: Immediately</p> <p>Principal responsible: Rusty Dosh</p>

file.	are sold, and ensuring that budgets are on file for all such events.	
<i>Accuracy of disbursements: check requisitions not completed or posted correctly and related.</i>		
We noted two areas in need of improvement; 1) Only two of 12 check requisitions tested were authorized by a teacher or sponsor, and 2) No sales tax was paid on a purchase of \$333.69 via check number 19817.	Ensure that all check requisitions are authorized by a teacher or sponsor and that all state taxes are paid to vendors on taxable purchases.	Response: We will ensure that all check requisitions are properly authorized going forward and that state taxes are properly paid going forward. ETC: Immediately Principal responsible: Rusty Dosh

12 Fruitland Park elementary school:

Findings	Recommendations	Management Response
<i>Timely deposits: deposited 4 or more days.</i>		
We noted a number of receipts that were not deposited in a timely manner to include #'s; 83884, 83906, 83936, 83940, and 83968.	Ensure receipts are deposited within three days to consider activity that transcends over a weekend. Whenever receipts are deposited later than that requires an explanation be attached to the ticket report/other and signed by the athletic director, teacher, sponsor and the bookkeeper. In addition, no money should be kept in the classroom overnight.	Response: We will correct this condition by ensuring that the bookkeeper make daily trips to the bank, and will do so at the end of the school day to further ensure that no money is maintained in the classroom overnight. District Auditor response: The current policy will be changed in the near future to allow for additional time to make deposits which should reduce the exception rate of this particular school finding. ETC: Immediately Principal responsible: Melissa DeJarlais

<i>Authorization of expenditures: request for services missing or in error.</i>		
We noted that several request for service forms for check #'s 3821, 3907 and 3931 were all dated after the invoice or receipt date.	Obtain the principal's approval on the request for services or internal purchase order prior to the purchase being made.	Response: We will become more diligent to fully comply with the recommendation. ETC: Immediately Principal responsible: Melissa DeJarlais
<i>Authorization of disbursements: missing proper signatures.</i>		
We noted no teacher authorization on check requisition # 4004.	Ensure that all check requisitions are properly authorized.	Response: We will become more diligent to fully comply with the recommendation. ETC: Immediately Principal responsible: Melissa DeJarlais
<i>Budgets on file: budgets not properly completed and on file.</i>		
Teachers and sponsors of school organizations did not complete a budget for the FY 07/08 school year.	Ensure that teachers and sponsors complete annual budgets for their organizations.	Response: All budgets are in place for the FY 08/09 school year. ETC: Immediately Principal responsible: Charlie McDaniel

13 Grassy Lake elementary school:

Findings	Recommendations	Management Response
No findings were noted.	N/A	Response: N/A ETC: N/A Principal responsible: Doreathe Cole

14 Gray middle school:

Findings	Recommendations	Management Response
No findings were noted.	N/A	Response: N/A ETC: N/A Principal responsible: Janice Boyd

15 Griffin education center – student services special program:

Findings	Recommendations	Management Response
No findings were noted.	N/A	Response: N/A ETC: N/A Director responsible: Jay Marshall

16 Groveland elementary school:

Findings	Recommendations	Management Response
<i>Budgets on file: budgets not properly completed and on file.</i>		
School organizations did not complete a budget for the FY 07/08 school year.	Ensure that teachers and sponsors complete budgets each FY.	Response: We agree and will provide the appropriate training to all concerned to ensure that all budgets are appropriately maintained. ETC: Immediately Principal responsible: Dale Delpit

17 Lake Hills school:

Findings	Recommendations	Management Response
No findings were noted.	N/A	Response: N/A ETC: N/A Principal responsible: Laurie Marshall

18 Leesburg elementary school:

Findings	Recommendations	Management Response
No findings were noted.	N/A	Response: N/A ETC: N/A Principal responsible: Durenda McKinney

19 Leesburg high school:

Findings	Recommendations	Management Response
<i>Authorization of expenditures: request for services missing or in error.</i>		
Request for services forms for four checks were dated after the invoice or receipt date.	Obtain the principal's approval on the request for services form or internal purchase order before a purchase is made.	Response: We will comply with the recommendation but point out that four exceptions out of 949 such forms is exceptionally good. District Auditor response: Agree with the principal's assessment; however this is a 100% exception type report. ETC: Immediately

		Principal responsible: William Miller
<i>Documents of disbursement: missing proper supporting documentation.</i>		
We noted no request for services form for two checks and no itemized receipts attached to one check requisition.	Ensure that no check is issued unless there is properly supporting documentation to include check requisition and evidence to validate the nature of the expenditure.	Response: We acknowledge the nature of the auditor's recommendations but do point out some extenuating circumstances. In the future, we will establish alternative procedures to ensure that proper documentation is present. ETC: Immediately Principal responsible: William Miller
<i>Capital asset purchases: no district purchase order.</i>		
The school purchased two capital items directly through the school's activity accounts without using the district's purchase order system. The amounts for each were \$1,105 and \$1,800 respectively.	Purchase capital assets of \$1,000 or greater through the district's purchase order system.	Response: The initiator of the purchases has been told of this policy and this situation should never come up again. ETC: Immediately Principal responsible: William Miller

20 Lost Lake elementary school:

Findings	Recommendations	Management Response
<i>Timely deposits: deposited 4 or more days.</i>		
We noted several receipts that were not deposited in a timely manner to include #'s; 130573, 130598 and 130785.	Ensure receipts are deposited within three days to consider activity that transcends over a weekend. Whenever receipts are deposited later than that requires an explanation be attached to the ticket report/other and signed by	Response: We acknowledge the problem and have taken steps to resolve it. District Auditor response: The current policy will be changed in the near future to allow for additional time to make deposits which should reduce the exception rate of this particular school

	the athletic director, teacher, sponsor and the bookkeeper. In addition, no money should be kept in the classroom overnight.	finding. ETC: Immediately Principal responsible: Barbara Longo
<i>Segregation of duties: initial collector of cash</i>		
The bookkeeper acted as the initial collector of monies when receiving checks in the mail.	Ensure, as a detective internal control, that the principal or designee verifies money received in the mail and annotates that verification accordingly.	Response: In like manner to deposits, we acknowledge this problem and have taken steps to resolve it. ETC: Immediately Principal responsible: Barbara Longo
<i>Authorization of expenditures: request for services missing or in error.</i>		
Request for services form #3264 was dated after the order date.	Obtain the principal's approval on the request for services or internal purchase order form before a purchase is made.	Response: Going forward, no purchases will be made without a signed request for services. ETC: Immediately Principal responsible: Barbara Longo
<i>Accuracy of disbursements: check requisitions not completed or posted correctly and related.</i>		
We noted several check requisition discrepancies; - Check # 3354 had no account number. - Sales tax of \$.88 was not remitted pertaining to check # 3396 - Check # 3264 of January 28 th was in payment of an invoice dated August 15 th .	Ensure that all check requisitions are properly completed and that all state taxes are paid to vendors on taxable purchases.	Response: We are closely monitoring this to ensure we correct this condition going forward. ETC: Immediately Principal responsible: Barbara Longo

<i>Capital asset purchases: no district purchase order.</i>		
The school purchased a server tower for \$1,200 directly through the school's activity accounts.	Ensure that purchases of \$1,000 or more are made through the district's purchase order system.	Response: This was as one time situation. All future purchases of \$1,000 or more will go through proper channels. ETC: Immediately Principal responsible: Barbara Longo
<i>Budgets on file: budgets not properly completed and on file.</i>		
Teachers and sponsors of school organizations did not complete a budget for the FY 07/08 school year.	Ensure that teachers and sponsors complete budgets each FY.	Response: A budget for the FY 08/09 school year has been prepared and is on file. ETC: Immediately Principal responsible: Barbara Longo
<i>Fund-raising activities: all facets.</i>		
Several items were noted as needing improvement to include; 1) approved fund-raiser forms were not on file for three events, 2) four of the fund-raisers did not have completed forms on file, and 3) four of the fund-raisers had no budgets on file.	Ensure that fund-raiser policy and procedures are complied with to include; having teachers and sponsors obtain approval for these events in advance, completing forms properly and ensuring that budgets are on file for all such events.	Response: Going forward, we will ensure that all event forms and budgets are prepared and on file. ETC: Immediately Principal responsible: Barbara Longo

21 Mt. Dora high school:

Findings	Recommendations	Management Response
<i>Authorization of expenditures: request for services missing or in error.</i>		
The request for service form for check # 2956 was not authorized by the teacher and the request for service forms for check #'s 2806, 3105, 3245 and 3260 were dated after the invoice or receipt date.	Obtain the principal's approval on the request for services or internal purchase order form before a purchase is made.	Response: We will make certain that the principal or designee has approved every request for service form prior to the purchase being made. ETC: Immediately Principal responsible: Pam Chateaufneuf
<i>Documents of disbursement: missing proper supporting documentation.</i>		
We noted several areas in need of improvement as follows; - Check # 2956 for \$3,500 had no attached vendor invoice and check #'s 3119 and 3257 had no supporting documentation. - Check requisitions for check #'s 2720, 2806, 2956, 3103, 3105, 3109, 3119, 3138, 3167, 3257 and 3260 were missing either account numbers or total amounts.	Ensure that all supporting documentation is present before check issuance.	Response: Going forward, we will ensure that there is supporting documentation attached for every check. ETC: Immediately Principal responsible: Pam Chateaufneuf
<i>Accuracy of disbursements: check requisitions not completed or posted correctly and related.</i>		
We noted several obligations that appeared not to be paid in a timely manner per invoice terms.	Ensure that all invoices and liabilities are paid in a timely manner.	Response: Going forward, we will ensure that all obligations are paid in a timely manner per the terms of the obligation. ETC: Immediately Principal responsible: Pam Chateaufneuf

<i>Timely deposits: deposited 4 or more days.</i>		
We noted several receipts that were not deposited in a timely manner to include receipt #'s; 6317, 6371, 6644, 6667, 6804, 6822 and 6854.	Ensure receipts are deposited within three days to consider activity that transcends over a weekend. Whenever receipts are deposited later than that requires an explanation be attached to the ticket report/other and signed by the athletic director, teacher, sponsor and the bookkeeper. In addition, no money should be kept in the classroom overnight.	<p>Response: We will make every effort going forward to ensure that receipts are promptly deposited.</p> <p>District Auditor response: The current policy will be changed in the near future to allow for additional time to make deposits which should reduce the exception rate of this particular school finding.</p> <p>ETC: Immediately</p> <p>Principal responsible: Pam Chateauneuf</p>
<i>Monies collected: authorization missing or not completed or posted correctly.</i>		
Report of monies collected forms were not always properly completed as we noted; - receipt #'s 6268 and 6667 did not list the account number at the top of the form, - receipt #'s 6317, 6348, 6422 and 6808 did not properly disclose the source of money collected as "cash" is not acceptable, - receipt #6684 was not signed by the bookkeeper and receipt number 6804 was not authorized by the sponsor or principal, while receipt # 6920 for \$2,500 was posted to the bank account in error.	Ensure that the report of monies collected forms are complete and accurate, that receipts are posted accurately, and that authorizing signatures are present in all cases.	<p>Response: Similar to timely deposits, we will make every effort going forward to correct all of these conditions.</p> <p>ETC: Immediately</p> <p>Principal responsible: Pam Chateauneuf</p>

<i>Ticket sales: all facets.</i>		
<p>We noted a number of areas in need of improvement to include the following; Beginning and/or ending ticket stubs were not always attached to the athletic ticket report in the following instances;</p> <ul style="list-style-type: none"> - There were no beginning and ending ticket stubs attached to the athletic ticket reports for two baseball games, - The ending ticket was missing in one basketball game and two baseball games, - The beginning ticket was missing in nine athletic events tested which ran the sports gamut involving soccer, basketball, softball and baseball. <p>Other discrepancies noted included;</p> <ul style="list-style-type: none"> - Several sports were commingled into one receipt, which should not occur, - Receipt #'s were missing from ticket reports for two girls soccer games and all of the softball ticket reports, - In 71 cases, gate receipts were deposited 4 or more days late, - Differences between cash collection and ticket sales of \$20 or more were not explained and followed-up upon in football, girls and boys basketball, and baseball, with football being short by \$350 and, - Ticket reports were not being signed off by the ticket sellers. 	<p>Greatly improve the internal control environment in this area to include; having the bookkeeper review the ticket reports for beginning and ending ticket stubs and to resolve any differences or missing stubs, to ensure that receipts match the ticket report, to ensure that the receipt # is written on the ticket report, to ensure that gate receipts are deposited in a timely manner, to ensure that differences of \$20 or more are fully explained and followed-up upon and to ensure that ticket sellers are instructed to sign all of their ticket reports.</p>	<p>Response: I have spoken with our athletic directors and explained the importance of complying with the items mentioned in this report. We will make every effort to be more effective in our handling of athletic funds, ticket reports, deposits and all other documents associated with our athletic department.</p> <p>ETC: Immediately</p> <p>Principal responsible: Pam Chateauf</p>

<i>Authorization of disbursements: missing proper signatures.</i>		
Check requisitions for check #'s 2806, 2956 and 3187 did not have sponsor's signatures.	Ensure that check requisitions are properly completed and signed.	Response: Going forward, we will ensure that all check requisitions are properly completed and signed. ETC: Immediately Principal responsible: Pam Chateauneuf
<i>Fund-raising activities: all facets.</i>		
<p>We noted a number of areas in need of improvement to include;</p> <ul style="list-style-type: none"> - A total of 16 apparent fund-raising events' forms were missing, of which the principal indicated that 3 of the 16 were not true fund-raisers and several of the events were new events for student government, - Completed forms were not on file for four events, - Ticket reports were missing in four events, - No expenses were posed in 5 events of which the principal indicated that several supplies were donated, and - Within a total of 11 events there appeared to be sales tax that was not paid to the vendor of which the principal indicated that certain of these did not apply; i.e., some items were donated, some were not resales, etc. 	<p>Improve the internal controls within this area to include; continuing to instruct teachers and sponsors to get fund-raisers approved before the event, ensuring that forms and ticket reports are properly prepared and files, ensuring that no expenditure is made from cash receipts, and ensuring that sales tax is properly handled.</p>	Response: We have and will continue to make improvements to include; continually instructing teachers and sponsors to get events approved prior to the event, having teachers and administrators carefully complete fund-raiser forms, instructing teachers and sponsors to have ticket reports for all tickets sold, continually instructing teachers and sponsors to not expend from cash receipts and to properly deal with sales tax. District Auditor response and related district recommendation: Since there appeared to be mild disagreement between the principal and the auditor involving the nature of fund-raisers and events that required sales tax to be handled differently, the District Auditor recommends that these areas be clarified with all schools upon the hire of a new LCS school accounting specialist which is to be determined at this writing. ETC: Immediately Principal responsible: Pam Chateauneuf

22 Mt. Dora middle school:

Findings	Recommendations	Management Response
<i>Timely deposits: deposited 4 or more days.</i>		
We noted several receipts that were not deposited in a timely manner to include receipt #'s; 2806, 2828, 2856, 2872, 2873, 2878, 2893, 2945 and 3117.	Ensure receipts are deposited within three days to consider activity that transcends over a weekend. Whenever receipts are deposited later than that requires an explanation be attached to the ticket report/other and signed by the athletic director, teacher, sponsor and the bookkeeper. In addition, no money should be kept in the classroom overnight.	<p>Response: The policy has been reviewed and every effort will be made to deposit funds in a timely manner.</p> <p>District Auditor response: The current policy will be changed in the near future to allow for additional time to make deposits which should reduce the exception rate of this particular school finding.</p> <p>ETC: Immediately</p> <p>Principal responsible: Thomas Sanders</p>
<i>Authorization of expenditures: request for services missing or in error.</i>		
Request for service forms for check #'s 1870, 1887, 1891, 1923, 1932, 1972, 1981, 2103 and 2104 were all dated after the invoice or receipt date.	Obtain the principal's approval on the request for services or internal purchase order before a purchase is made.	<p>Response: The disbursement policy has been reviewed and we will correct this finding.</p> <p>ETC: Immediately</p> <p>Principal responsible: Thomas Sanders</p>
<i>Documents of disbursement: missing proper supporting documentation.</i>		
Supporting documentation was missing from check #'s 2070, 2103 and 2104.	Ensure that all supporting documentation is present prior to check issuance.	<p>Response: The disbursement policy has been reviewed and we will correct this finding.</p> <p>ETC: Immediately</p> <p>Principal responsible: Thomas Sanders</p>

<i>Accuracy of disbursements: check requisitions not completed or posted correctly and related.</i>		
<p>We noted several areas in need of improvement to include;</p> <ul style="list-style-type: none"> - 21 of 23 check requisitions tested had no teacher authorization, - One check for a donation from a student account lacked a student officer authorization, - One invoice for a check differed in amount of the check by \$.65 with no explanation noted, and - The account number was missing on the check requisition for check # 1924. 	<p>Ensure that check requisitions are prepared accurately and completely to include being properly authorized.</p>	<p>Response: The disbursement policy has been reviewed and every effort will be made to correct this finding in the future.</p> <p>ETC: Immediately</p> <p>Principal responsible: Thomas Sanders</p>
<i>Authorization of disbursements: missing proper signatures.</i>		
<p>Five checks were issued with only one signature.</p>	<p>Ensure that checks are dually signed.</p>	<p>Response: The disbursement policy has been reviewed and every effort will be made to correct this finding in the future.</p> <p>ETC: Immediately</p> <p>Principal responsible: Thomas Sanders</p>
<i>Math accuracy: amount paid different or late.</i>		
<p>We noted that sales tax was not properly paid regarding several staff purchases and several fund-raisers.</p>	<p>Ensure that sales tax is properly handled in all cases.</p>	<p>Response: The disbursement policy has been reviewed and every effort will be made to correct this finding in the future.</p> <p>ETC: Immediately</p> <p>Principal responsible: Thomas Sanders</p>

<i>Capital asset purchases: no district purchase order.</i>		
The school purchased a phone system for \$1,995 and a French horn for \$2,314 directly from school activity accounts and bypassed using the district's purchase order system.	Purchase all items \$1,000 or more through the district's purchase order system.	Response: The disbursement policy has been reviewed and every effort will be made to correct this finding in the future. ETC: Immediately Principal responsible: Thomas Sanders
<i>Budgets on file: budgets not properly completed and on file.</i>		
Teachers and sponsors of school organizations did not complete a budget for the FY 07/08 school year.	Ensure that teachers and sponsors complete a budget for their organization every FY.	Response: The disbursement policy has been reviewed and every effort will be made to correct this finding in the future. ETC: Immediately Principal responsible: Thomas Sanders

23 Oak Park middle school:

Findings	Recommendations	Management Response
<i>Authorization of expenditures: request for services missing or in error.</i>		
Several items were noted as follows; - Request for service forms for check #'s 8792 and 8827 were dated after the invoice date. - Regarding authorization in general, we noted that the school paid \$3,850 in cash to students as an award for FCAT.	Obtain the principal's approval on the request for services or internal purchase order before a purchase is made. Seek district level guidance on whether and to what extent a school may reward high achieving students who score well on FCAT.	Response: Steps will be taken to ensure that all such forms are dated prior to the purchase being made. We will also seek guidance as to the matter of rewarding students who score high on their FCAT. District Auditor response: The District Auditor has informed LCS district management of the cash award situation and considers the matter closed from the standpoint of this report.

		ETC: Immediately Principal responsible: Latizia Haugabrook
<i>Accuracy of disbursements: check requisitions not completed or posted correctly.</i>		
A check requisition for check #8788 did not have an account number listed on the face of the check.	Ensure that check requisitions are completed accurately and completely.	Response: We have instructed teachers as to the proper completion of check requisitions whereby no check will be issued until we are certain that the requisition was properly completed. ETC: Immediately Principal responsible: Latizia Haugabrook
<i>Math accuracy: amount paid different or late.</i>		
We noted that the total of the receipts attached to check requisition #8886 differed from what the school paid by \$.35. We also noted that sales tax of \$136.11 is due the State resulting from T-shirt resales.	Ensure that check requisitions are completed accurately and completely. In addition, ensure that sales taxes are properly remitted when due.	Response: We have instructed teachers as to the proper completion of check requisitions whereby no check will be issued until we are certain that the requisition was properly completed. And, we will more properly deal with sales taxes. ETC: Immediately Principal responsible: Latizia Haugabrook
<i>Capital assets purchases: no district purchase order.</i>		
The school purchased several electronic devices for \$1,453 and \$1,475 respectively directly through the school's activity accounts.	Ensure purchases of \$1,000 or more are purchased through the district's purchase order system.	Response: We were unaware of the \$1,000 cut-off for capital purchases. In the future, capital items of this nature will be ordered through the district's purchase order system. ETC: Immediately Principal responsible: Latizia Haugabrook

24 **Pine Ridge elementary school:**

Findings	Recommendations	Management Response
<i>Budgets on file: budgets not properly completed and on file.</i>		
Teachers and sponsors of school organizations did not complete a budget for the FY 07/08 school year.	Ensure that teachers and sponsors complete a budget for each school FY.	<p>Response: We now understand the State's requirement and began to complete budget reports starting in July, 2008 on forward.</p> <p>ETC: Immediately</p> <p>Principal responsible: Cynthia Kinat</p>

25 **Rimes early learning center:**

Findings	Recommendations	Management Response
No findings were noted.	N/A	<p>Response: N/A</p> <p>ETC: N/A</p> <p>Principal responsible: Ronda Boone</p>

26 **Sawgrass Bay elementary school:**

Findings	Recommendations	Management Response
<i>Timely deposits: deposited 4 or more days.</i>		
We noted several receipts that were not deposited in a timely manner to include receipt #'s; 1657, 1668, 1687, 1692 and 1719.	Ensure receipts are deposited within three days to consider activity that transcends over a weekend. Whenever receipts are deposited later than that requires an explanation be attached to the ticket report/other and signed by the athletic director, teacher,	<p>Response: We have taken steps to ensure that receipts are deposited in a timely manner.</p> <p>District Auditor response: The current policy will be changed in the near future to allow for additional time to make deposits which should reduce the exception rate of this particular school finding.</p>

	<p>sponsor and the bookkeeper. In addition, no money should be kept in the classroom overnight.</p>	<p>ETC: Immediately</p> <p>Principal responsible: Rhonda Hunt</p>
<i>Monies collected: authorization missing or not completed or posted properly.</i>		
<p>We noted several discrepancies regarding the report of monies collected form to include;</p> <ul style="list-style-type: none"> - Account #'s were missing from the top of the form on receipt #'s 1572, 1593, 1634 and 1657, - The form was not itemized properly on receipt #1594 and, - The total deposited slightly differed from the total on the form for receipt #'s 1568, 1657 and 1670. 	<p>Complete the report of monies collected form accurately and completely.</p>	<p>Response: We have instructed teachers to ensure that these forms are properly completed.</p> <p>ETC: Immediately</p> <p>Principal responsible: Rhonda Hunt</p>
<i>Authorization of expenditures: request for services missing or in error.</i>		
<p>We found no request for services form for check #1009 and request for services for check #'s 1055, 1070 and 1113 were dated after the invoice or receipt date.</p>	<p>Obtain the principal's approval on the request for services or internal purchase order before a purchase is made and ensure that all checks have such form.</p>	<p>Response: We have taken steps to ensure that nothing is purchased without a request for services form completed first.</p> <p>ETC: Immediately</p> <p>Principal responsible: Rhonda Hunt</p>
<i>Accuracy of disbursements: check requisitions not completed or posted correctly and related.</i>		
<p>In several instances we noted that the account # was missing from check requisition #1123 and both the check requisition and the request for services form were signed but the forms were blank pertaining to check #1172.</p>	<p>Ensure that check requisitions are completed accurately and completely to include having proper authorizing signatures and supporting documentation.</p>	<p>Response: We have taken steps to correct these conditions by instructing teachers to ensure that all request for services forms are filled out correctly, signed correctly and have proper documentation.</p>

		<p>ETC: Immediately</p> <p>Principal responsible: Rhonda Hunt</p>
<i>Authorization of disbursements: missing proper signatures.</i>		
<p>Several missing check requisition signatures were noted to include;</p> <ul style="list-style-type: none"> - Teacher signatures were missing from check #'s 1009, 1080, 1089, 1113, 1116, 1157, 1169, 1179, 1191 and 1203 and - Principal signatures were missing from check #'s 1113, 1116, 1179, 1191 and 1203. 	<p>Ensure that check requisitions are completed accurately and completely to include having proper authorizing signatures and supporting documentation.</p>	<p>Response: We have taken steps to correct these conditions by instructing teachers to ensure that all request for services forms are filled out correctly, signed correctly and have proper documentation.</p> <p>ETC: Immediately</p> <p>Principal responsible: Rhonda Hunt</p>
<i>Documents of disbursement: missing proper supporting documentation.</i>		
<p>Check #1073 was missing proper supporting documentation.</p>	<p>Ensure that check requisitions are completed accurately and completely to include having proper authorizing signatures and supporting documentation.</p>	<p>Response: We have taken steps to correct these conditions by instructing teachers to ensure that all request for services forms are filled out correctly, signed correctly and have proper documentation.</p> <p>ETC: Immediately</p> <p>Principal responsible: Rhonda Hunt</p>
<i>Budgets on file: budgets not properly completed and on file.</i>		
<p>Teachers and sponsors of school organizations did not complete a budget for the FY 07/08 school year.</p>	<p>Ensure that teachers and sponsors complete budgets for their organizations at the beginning of each FY.</p>	<p>Response: We have spoken to teachers and sponsors of school organizations to ensure that they prepare and file their budgets as prescribed.</p> <p>ETC: Immediately</p> <p>Principal responsible: Rhonda Hunt</p>

<i>Fund-raising activities: all facets.</i>		
Approved and completed fund-raiser forms were not on file for two fund-raisers and no budgets were on file for any fund-raisers.	Instruct teachers and sponsors to obtain approval of fund-raisers before the event by completing the proper forms and ensure that organizations complete budgets as is prescribed.	Response: Steps have been taken to ensure that all fund-raisers are properly approved and that budgets are prepared and kept on file. ETC: Immediately Principal responsible: Rhonda Hunt

27 Seminole Springs elementary school:

Findings	Recommendations	Management Response
<i>Authorization of expenditures: request for services missing or in error.</i>		
Request for services forms for check #'s 1440, 1476, 1478 and 1524 were dated after the invoice or receipt date.	Obtain the principal's approval on the request for services form or internal purchase order before a purchase is made.	Response (signed by Julio Valle AP): We will make a larger effort to check all dates on the request for services and the invoice or receipt that are turned in. ETC: Immediately Principal responsible: Adrian Boyd
<i>Authorization of disbursements: missing proper signatures.</i>		
Check requisitions for check #'s 1436, 1440, 1498, 1519, 1524, 1560, 1565, 1575, 1576, 1592, 1594 and 1632 were missing authorization.	Complete check requisitions properly via obtaining the proper authorizing signature.	Response (signed by Julio Valle AP): We are now complying with district policy beginning at the start of the FY 08/09 school year. ETC: Immediately Principal responsible: Adrian Boyd

28 South Lake high school:

Findings	Recommendations	Management Response
<i>Authorization of expenditures: request for services missing or in error.</i>		
Request for services forms for check #'s 17043, 17157, 17320, 17409 and 20003 were dated after the invoice or receipt date.	Obtain the principal's approval on the request for services form or internal purchase order before a purchase is made.	Response: Measures have been implemented to ensure that procedures are followed correctly. ETC: Immediately Principal responsible: David Bordenkircher
<i>Documents of disbursement: missing proper supporting documentation.</i>		
Supporting documentation was missing for check # 17160 for \$153, as no itemized receipt was attached.	Ensure that no check is issued without proper supporting documentation.	Response: Steps have been implemented to ensure that procedures are followed correctly. ETC: Immediately Principal responsible: David Bordenkircher
<i>Accuracy of disbursements: check requisitions not completed or posted correctly and related.</i>		
We noted that five obligations tested were not paid in a timely manner.	Ensure that all obligations are paid in a timely manner. Since a fund must have sufficient balance before ordering items, this condition should not occur.	Response: Greater effort will be made to adhere to time guidelines in this area. ETC: Immediately Principal responsible: David Bordenkircher
<i>Capital asset purchases: no district purchase order.</i>		
The school purchased a pitching machine for \$1,845 directly from the activity accounts bypassing the district's purchase order system.	Ensure that all capital purchases of \$1,000 or more are made through the district's purchase order system.	Response: Measures are now in place to ensure that all staff members comply with policy. ETC: Immediately Principal responsible: David Bordenkircher

<i>Fund-raising activities: all facets.</i>		
<p>We noted several areas in need of improvement to include;</p> <ul style="list-style-type: none"> - Completed fund-raiser forms for 17 events were missing, - One fund-raiser had an incomplete form on file which noted that the event was cancelled, but there appeared to be receipts that were posted for this event. - 10 fund-raisers were missing ticket reports, - Albeit there are valid reasons (i.e., donated supplies, etc.) for this condition, six events appeared to have no expenses and no explanation was provided thereon and - Eight fund-raisers appeared to have instances where sales tax was not paid to the vendors. 	<p>Recommendations to correct these conditions are; 1) instruct teachers and sponsors to obtain approved fund-raiser requests prior to the event, 2) complete fund-raiser forms properly, 3) ensure that ticket reports are completed when tickets are sold, 4) ensure that no supplies are purchased with cash receipts, and 5) pay sales taxes as appropriate.</p>	<p>Response: Measures have been implemented to make sure teachers understand all aspects of fund-raiser policy and procedures.</p> <p>ETC: Immediately</p> <p>Principal responsible: David Bordenkircher</p>

29 Tavares elementary school:

Findings	Recommendations	Management Response
No findings were noted.	N/A	<p>Response: N/A</p> <p>ETC: N/A</p> <p>Principal responsible: Carolyn Burnsed</p>

30 Tavares high school:

Findings	Recommendations	Management Response
<i>Ticket sales: all facets.</i>		
<p>We noted several areas in need of improvement to include;</p> <ul style="list-style-type: none"> - The school does not use the ticket report form approved by the district. During our testing we noted that, at times, the total reported on this form did not equal posted receipts, - Two receipts were posted incorrectly to the wrong event, - Softball, baseball and track ticket reports did not have receipt numbers listed on their reports, - In 12 instances we noted that gate receipts were deposited four or more dates late. However, further inquiry showed that all were properly explained with the explanations being plausible, - We noted that ticket sellers accepted three checks at the gate, in three separate events, all in error, - Differences between cash collection and ticket sales of \$20 or more were not explained in four events tested and - Since the school was not using the district's approved ticket report form, the ticket seller was not placing their signatures thereon. 	<p>Improve the internal controls in this area by doing the following;</p> <ul style="list-style-type: none"> - Begin to utilize the district's approved ticket report form, - Post receipts correctly and ensure that the receipt numbers are written on all ticket reports, - Attempt to deposit gate receipts within three days, - Notify ticket sellers to not accept checks at the gate and that they are properly trained as to their responsibilities and - Explain and annotate differences of greater than \$20 between ticket sales and cash received. 	<p>Response: Our new athletic director will help ensure that all of these conditions are corrected going forward.</p> <p>ETC: Immediately</p> <p>Principal responsible: Kathy Tatro</p>

<i>Monies collected: authorization missing or not completed or posted properly.</i>		
<p>We noted a number of areas in need of improvement to include;</p> <ul style="list-style-type: none"> - The report of monies collected forms were at times incorrect as; 1) Account #'s were missing from the top of the form for receipt #'s 23117, 23151, 23172, 23221, 23566, 23619, 23650, 23699, 23765, 23806 and 23884, 2) Receipt #'s 23566 and 23869 were not properly itemized and 3) Bookkeeper signature was missing on receipt #23322 and principal/sponsor signature was missing on receipt #'s 23117, 23504 and 23619. - Three receipt #'s were posted incorrectly and one receipt could not be located, - The principal borrowed money from the Stadium fund in FY 05/06 for beautification of school grounds whereby this loan has just recently been paid from rental of facilities from ads sold by the athletic department and - We noted that the school paid \$2,250 in cash to various as incentives and awards. 	<p>Ensure that report of monies collected forms are completed accurately and completely and that receipts are posted properly.</p> <p>Seek district level guidance on whether and to what extent a school may provide cash awards to students and ensure that loans from activity funds, albeit approved, are repaid by year-end of the year the loan was made.</p>	<p>Response: We will correct the items in need of correction to include utilizing the district approved form and by improving the accuracy and completeness in completing these forms. We will also be advised by LCS district management in the other matters so noted.</p> <p>District Auditor response: The District Auditor has informed LCS district management of the cash award situation and considers the matters closed from the standpoint of this report.</p> <p>ETC: Immediately</p> <p>Principal responsible: Kathy Tatro</p>
<i>Authorization of expenditures: request for services missing or in error.</i>		
<p>Request for services forms were missing for check #'s 18496, 18598 and 18658.</p>	<p>Obtain the principal's approval on the request for services form or internal purchase order before a purchase is made.</p>	<p>Response: We will ensure that proper procedures are followed going forward.</p> <p>ETC: Immediately</p> <p>Principal responsible: Kathy Tatro</p>

<i>Authorization of disbursements: missing proper signatures.</i>		
Check requisitions for check #'s 18066, 18119, 18370, 18652, 18658 and 18691 did not have account #'s and check #18658 did not contain the sponsor's signature.	Complete check requisitions accurately and completely.	Response: We will ensure that proper procedures are followed going forward. ETC: Immediately Principal responsible: Kathy Tatro
<i>Accuracy of disbursements: check requisitions not completed or posted correctly and related.</i>		
We noted that two checks were posted incorrectly and we noted several invoices that were not paid in a timely manner, to include the school paying finance charges of \$122.17 on check #18598 and \$40.72 on check #18301. To that end, since a fund must have a sufficient balance before items are orders, there is no reason why obligations cannot be paid in a more timely manner and that schools have no authority to pay finance or late fees. Lastly, we noted that sales tax was not properly paid to the vendor in several instances.	Ensure that checks are posted properly, obligations are paid in a timely manner and that sales taxes are paid when applicable.	Response: We will ensure that procedures are followed to include that all checks will be posted to their proper account and that obligations are paid in a timely manner and that sale taxes will be handled properly. ETC: Immediately Principal responsible: Kathy Tatro

31 Tavares middle school:

Findings	Recommendations	Management Response
Two types of discrepancies were initially noted with both dealing in receipts. In the first instance, only two receipt #'s were noted as being deposited four or more days late. In the second instance, only one report of monies collected form was missing the teacher's authorization. The	N/A	Response: N/A ETC: N/A Principal responsible: June Dalton

District Auditor noted and reviewed the principal's response which contested the validity of both findings. Based upon the District Auditor's review, there is reasonable evidence to side with the principal such that neither will be mentioned herein.		
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32 Treadway elementary school:

Findings	Recommendations	Management Response
No findings were noted.	N/A	Response: N/A ETC: N/A Principal responsible: Donald Campbell

33 Triangle elementary school:

Findings	Recommendations	Management Response
No findings were noted.	N/A	Response: N/A ETC: N/A Principal responsible: Kathy Billar

34 Umatilla elementary school:

Findings	Recommendations	Management Response
No findings were noted.	N/A	Response: N/A ETC: N/A Principal responsible: Susan Learned

35 Umatilla high school:

Findings	Recommendations	Management Response
No findings were noted.	N/A	Response: N/A ETC: N/A Principal responsible: Mike Elchenko

36 Umatilla middle school:

Findings	Recommendations	Management Response
No findings were noted.	N/A	Response: N/A ETC: N/A Principal responsible: Bonnie McKee

37 Villages elementary school of Lady Lake:

Findings	Recommendations	Management Response
<i>Authorization of expenditures: request for services missing or in error.</i>		
Request for services forms for check #'s 4364, 4400, 4454, 4470 and 4486 were all dated after the invoice, order or receipt date.	Obtain the principal's approval on the request for services form or internal purchase order before a purchase is made.	<p>Response: We have taken steps to ensure that all request for services forms are completed, and approved by the principal before any purchases are made.</p> <p>ETC: Immediately</p> <p>Principal responsible: Ted Wolf</p>

38 Windy Hill middle school:

Findings	Recommendations	Management Response
No findings were noted.	N/A	<p>Response: N/A</p> <p>ETC: N/A</p> <p>Principal responsible: David Tucker</p>

Background.

School activity accounts are defined by the Florida department of education financial and program cost accounting and reporting for Florida schools (i.e., commonly referred to as the “Red Book”) as; “all local school funds derived by any public school from all activities or sources.”

Within chapter 7 of the Red Book, there are a number of key tenants that relate to how schools and districts are to deal with activity accounts. For brevity sake, the Auditor will list them by the general precept they intend to convey, as follows;

- The school board is responsible for activity accounts; whereby the board needs to ensure there are written rules to govern board authorized activity accounts receipts and disbursements, along with providing for the above mentioned annual audit in accordance with the above mentioned FAC, the Florida constitution, Florida statutes, State board of education rules and school board rules.
- Unless otherwise noted at the option of the board, school accounting funds should include all transactions of the school unless selected transactions are accounted for at the district level.
- Fundraising activities should not be in conflict with programs administered by the board.
- Each school must operate within an approved budget.
- Generally, disbursements should not exceed revenues and an adequate system of internal control must be maintained at all times to safeguard activity fund assets.

Statement of review objectives and approach

Aside from the pure financial work that resulted in PG’s clean opinion on activity funds, the procedures employed to produce this report do not constitute an examination made in accordance with generally accepted auditing standards, thus the Auditor does not express an opinion on any of the information discussed herein. In connection with the procedures referred to above, no matters came to the Auditor’s attention, other than as described above, that caused the Auditor to believe in anything other than what is presented herein. Therefore, this report relates only to the items specified herein.

Field work was performed by the school accounting specialist from mid June, 2008 through early October, 2008, and beyond, to obtain school principal responses during individual school exit conferences.

In general, and in conjunction with PG during the phase I financial audit and the wishes of the audit committee and District Auditor regarding the phase II portion of the engagement, the school accounting specialist used her judgment by which to limit or exclude scope within the various sections of the engagement so as to stay on point with the main purpose of the review.

The general objectives of this engagement include the following;

- To perform the engagement as required by the Florida Red Book to include providing commentary as to financial management and other irregularities to the school board while in session and filed as a part of the public record. In that regard, this report will be presented to the audit committee and to the board while in session.
- To determine, by individual school, whether internal controls worked as intended as they relate to cash handling processes and to the extent that each school was in compliance with both school board policy and Red Book regulations.

To accomplish the stated objectives of this project, the school accounting specialist and to the extent deemed necessary, the District Auditor;

- Gained an understanding of the District's policies and procedures related to school activity accounts,
- Collected and analyzed deposit tickets, expenditure authorizations, cash receipts and disbursement records, ticket sales, fundraiser sales, and adjustments and transfers, among many others,
- Followed-up upon prior audit findings generally via current year testing,
- Performed additional operational review procedures using various audit tools and techniques,
- Discussed various findings and recommendations via an exit conference with each of the school principals and incorporated their responses, with some District Auditor edits (i.e., never to change the substance of the response) into this report and,
- Utilized all evidences to formulate conclusions to include testimonial, documentary, analytical and physical.

In like manner, Purvis Gray performed a comprehensive review of all field work to be able to rely on the results thereof, and to convey that reliance on to the AG. Lastly, the District Auditor prepared this report in its entirety.

Attachment: PG audit report of agency funds for FY 07/08

See Purvis Gray's Financial Statements and Independent Auditor's Report that follows this page.