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DATE: July 17, 2019

TO: Anicia Robinson
Principal, Sabal Palm Elementary School

FROM: Office of Internal Auditing
Livetra Paul, Director – Internal Auditing
Olivia Willis, Internal Auditor

RE: Sabal Palm Elementary School Flag Football Internal Account

CC: Rocky Hanna, Superintendent
Sue Kraul, Director – Elementary Schools
Ricky Bell, Director – Student Activities
Kim Banks, CFO

The Office of Internal Auditing (OIA) visited Sabal Palm Elementary School to obtain internal accounts documentation for the 2018-2019 fiscal year. A preliminary review of the documentation provided was completed. Based upon this review, it was determined the school's chart of accounts include account numbers 17009 00001 – Flag Football Fees and 17009 00005 – Flag Football Uniforms. Upon further inquiry, school personnel provided the following information:

1. The funds in the aforementioned accounts were derived from fee collections and fundraising efforts.
2. The flag football program existed in conjunction with a private business – i9 Sports.
3. The flag football program had existed at the school for approximately four years.
4. A Leon County School's (LCS) supplement is paid to a support employee to coach the football team. This supplement also covers additional responsibilities at the school including tutoring students and serving as the school's wellness coordinator.
5. Per the school principal, approval to establish a football program had been obtained from the previous LCS Director of Elementary Schools at the inception of the program several years ago.
6. Per the school principal, the flag football program has been dismantled as of the conclusion of the 2018-2019 school year.

Based on the information provided, additional research and inquiry was conducted by the OIA. The OIA discussed the aforementioned details with the LCS Directors of Student Activities and Elementary Schools, held a meeting with the school principal to obtain documentation and additional information. Finally, OIA reviewed selected internal accounts documentation and transactions related to the school's flag football program.

The information below provides a summary of the research efforts and recommendations that should be implemented to improve compliance with established guidelines and enhance the overall efficiency and effectiveness of internal accounts transactions at Sabal Palm Elementary School.

1. School personnel entered into an unauthorized partnership with a private company without the approval or full knowledge of District personnel.

Sabal Palm Elementary School established a flag football team in conjunction with i9 sports. i9 Sports is a private for profit business in Tallahassee, Florida that provides youth sports leagues, camps and clinics for boys and girls ages 3 and up. The school collected program fees for i9 Sports, deposited fees in the school's internal accounts and remitted payment to i9 Sports. Additionally, a school employee was paid a district supplement to coach the flag football program. Sabal Palm staff held parent meetings, received required paperwork for participation, and conducted fundraisers for the flag football program.

Per the LCS Director of Student Activities, the district does not authorize elementary schools to establish organized competitive sports programs. During the 2018-2019 school year, the LCS Director of Student Activities informed school administration at Sabal Palm Elementary that programs of this nature are prohibited. Further, the LCS Director of Elementary Schools became aware of the program during the 2018-2019 school year when reviewing a travel request for the flag football program. The travel request was denied. The LCS Director of Elementary Schools further reinforced that programs of this nature are prohibited. The school principal stated that she believed she was authorized to host the program at her school site based on the approval received at the inception of the program. However, based on information received from district administration, a decision was made by school administration to dismantle the flag football program at the conclusion of the 2018-2019 school year.

2. Fee payments were not properly documented.

Of the 34 students on the initial flag football roster, fees were paid by 25 students. The remaining 9 students did not pay fees. Of the 25 students who actually remitted payment, 22 payments were fully documented and supported by all required documentation. The remaining 3 payments included the following exceptions:

- One payment was missing a properly completed teacher receipt
- One payment was missing a properly completed ROMC
- One payment, a split payment, was missing a properly completed ROMC for one-half of the payment remitted

Per the documentation provided, flag football fees were \$100 per participant and a total of \$2,500 in flag football fees was collected during the 2018-2019 school year. Of the \$2,500 documented by the school; OIA staff could not verify deposit of \$150 of the funds received. Given that the ROMC is the official documentation that is used to track and support deposit of all internal accounts funds received; the absence of a properly completed ROMCs for the last two bulleted items on the aforementioned list brings into question the deposit of these funds into the school's checking account.

3. Fees received did not correspond with the students included on the final roster.

In an effort to match fees paid with actual program participants, OIA staff reviewed the supporting documentation provided and attempted to generate a roster of eligible participants based on payment of fees and actual participation in the flag football program. The OIA roster was then compared to the final roster provided by the school to ensure that all program participants were eligible to participate in the flag football program. It was determined that 3 of the participants included on the school's final roster did not remit payment; thus were ineligible to participate in the flag football program. Additionally, OIA determined that 4 participants that remitted payment and were included on the initial roster provided by the school did not participate in the flag football program and were ultimately due a refund for fees paid. OIA inquired about the status of these refunds and was informed by school administration that the parents removed their children from the flag football program and donated all fees paid to the school. School administration stated that supporting documentation to substantiate the donations was not obtained by the school.

4. Internal accounts transactions were not processed in accordance with established guidance.

Chapter 8 of The Florida Department of Education's Red Book, LCS Policy 6610 – Internal Accounts, LCS Procedure 6610 – Internal Accounts, and LCS Internal Accounts Procedures Manual provide guidance on proper handling of internal accounts transactions. When comparing the guidelines to actual practices at Sabal Palm Elementary School, OIA staff noted exceptions related to deposit timeframes, documentation requirements, and management of school internal accounts. The specific exceptions noted are outlined below.

- **Deposits were not processed within established timeframe.** The LCS Internal Accounts Procedures Manual requires the deposit of all internal accounts funds within three days of receipt. The dates and deposit timeframes shown on the documentation provided to OIA indicate that many of these transactions were not deposited within established timeframes.
- **Documentation to support internal accounts transactions was missing or incomplete.** LCS governing authorities for internal accounts provide specific guidance regarding the required forms (teacher receipts, ROMCs, deposit slips, etc.) and the proper completion of each of these documents. The documentation provided to OIA staff was often incomplete and/or maintained in a manner that violated established guidance (i.e. receipt copies were detached from the receipt book and not maintained in sequential order). Further, two transactions lacked supporting documentation to substantiate deposit of the funds collected. Two teacher receipts were provided to OIA to support collection of flag football fees without the corresponding ROMC to document actual deposit of these funds in the school's checking account.
- **Inadequate management of school internal accounts resulted in multiple negative activity account balances and an overdrawn internal accounts checking account with Capital City Bank.** The Red Book dictates that internal accounts purchases shall not exceed the resources of the applicable activity account. This language coupled with guidance in relevant LCS policies and procedures prohibits deficit spending. The LCS Internal Accounts Manual further outlines steps that should be taken to adequately review and reconcile internal accounts transactions on a monthly basis. Proper implementation of these steps would minimize the potential for internal accounts checking account overdraft transactions or deficit spending in any single activity accounts.

A review of the internal accounts documentation from July 2018 through April 2019 showed the following exceptions:

1. The January 2019 and March 2019 month-end adjusted account balances were negative. The deficits for these months were \$218.42 and \$193.12 respectively. Thus, the school had obligations in excess of the funds available for each of these months.
2. In January 2019, the school was assessed an overdraft fee of \$35 because sufficient funds were not available to cover an outstanding check presented to the bank.
3. Individual activity accounts had expenditures in excess of available funds each month from July 2018 through April 2019. The fewest number of negative activity accounts during this timeframe was 5. The greatest number of negative activity accounts was 12 which occurred during December 2018.
4. OIA staff could not determine whether appropriate administrative review activities were undertaken each month because the administrator's signature used to evidence completion of such efforts was affixed to each of the required documents with a signature stamp.
5. Monthly reconciliation and review efforts for five of the months reviewed were not completed in accordance with established timeframes.

Conclusion

The flag football program at Sabal Palm Elementary School was not established or administered in accordance with LCS policies and procedures. Per the LCS Student Activities Department, elementary schools should not establish programs of

this nature. In the event that such relationships are allowable and established per LCS guidance with private entities, appropriate contracts or Professional Technical Service Agreements (PTSAs) should be utilized.

Supporting documentation was inadequate and substantial improvement is needed. Deficit spending should be immediately curtailed and strategies should be immediately implemented to address any remaining negative balances in activity accounts. Further, measures should be implemented to prevent checking account overdraft activities. An adequate and effective review process that is consistent with established guidance should be immediately implemented. The school administration is responsible for reviewing internal accounts transactions. School administration should work diligently to ensure that the skill set necessary to effectively manage school internal accounts is enhanced.

Sabal Palm Elementary school did not adhere to multiple LCS controls governing internal accounts. A comprehensive review of all internal accounts policies and procedures should be immediately completed by all parties at the school site with internal accounts responsibilities. Given that detailed and comprehensive guidance regarding proper use and management of internal accounts funds is readily available, increased understanding by the school administration, bookkeeper and other staff members with internal accounts responsibilities will help to minimize future exceptions.