

ORANGE COUNTY PUBLIC SCHOOLS

SPECIAL REPORT

TO: Dr. William Gordon, Area Superintendent, North Learning Community
Jenny Gibson, Principal, Evans High School

FROM: Linda J. Lindsey, CPA, CGAP, Senior Director, Internal Audit
Jan Skjersaa, CPA, Internal Auditor

SUBJECT: EVANS HIGH SCHOOL ATHLETIC DEPARTMENT

DATE: November 18, 2013

BACKGROUND

The Internal Audit Department was asked by to look into purchases made by the Evans High School Football Coach. Previously, the Principal had become aware of invoices from various vendors that did not have purchase orders and had not been authorized by the Principal. These invoices were from the 2011-2012 school year, prior to the current Principal's tenure at the school. The Principal informed the coach that he must follow School Board policies and obtain an approved purchase order (PO) before any purchase is made. However, subsequent to this instruction, additional unauthorized purchases were noted.

OBJECTIVE

Our objectives were to determine: 1) the extent of billings to the school during the review period by the following vendors: a) Riddell All American; b) Kranos Corporation dba Schutt Reconditioning; c) BSN Sports, Inc; and d) Pioneer Manufacturing Co., and 2) compliance with laws, rules, and School Board policies.

SCOPE

Our scope covered purchases from the above vendors and others that came to our attention for the period from July 1, 2011 to September 30, 2013. We also reviewed the disbursement process at the school and analyzed "game change" transactions for the 2013-2014 school year.

We examined invoices, requested information from the applicable vendors, traced payments through SFO (School Funds Online – web-based school accounting system) and SAP, and performed a physical inventory of certain athletic equipment purchased from the vendors in question. Following are the results of our review.

FINDINGS

- We noted 19 purchases of athletic equipment that were made without approved purchase orders. Some of these invoices are still unpaid. Sixteen of these purchases were made before the current Principal joined Evans High School or within thirty days of her arrival at the school.
- One \$210.00 invoice from Riddell, which has not been paid by the school, is for a helmet noted as having been shipped to East Carolina University in Greenville, NC. Per Riddell, a helmet was given by the salesman to the Evans football coach and subsequently

billed. The Riddell representative asserts that the “shipped to” info on the invoice is incorrect. We recommend that the school not pay the invoice unless the transaction is confirmed as a bona fide Evans High School purchase and the invoice is corrected.

- As of October 30, 2013, there were balances owed to the following vendors: 1) Riddell - \$5,334.34 for invoices dated July 1 and July 30, 2012; and 2) Schutt – \$317.80 for an invoice dated July 2, 2013. Pioneer had been overpaid by \$79.00 on invoice #429004 due to a return of merchandise. The school should ensure that it obtains a refund from Pioneer for this amount or that it is applied to reduce the cost of a future purchase.
- Sales Reports were not completed for all cash-generating activities (Band Uniform Sales, Concession Sales) as required by School Board Policy DIB. A Sales Report should be filled out for any cash-generating activity, even if items are sold at cost and no profit is expected.
- A review of checks to the Football Coach indicated that expenses were incurred before a purchase order was approved. Sales tax was paid and reimbursed on a purchase, which is contrary to Internal Accounts policy (see Internal Accounts handbook, pg. 7-12). A purchase order should be prepared and approved before any expenses are incurred.
- A physical inventory was taken of certain athletic equipment purchased from the vendors being reviewed. One “FB Field Equipment Cart” with a purchase cost of \$301.48 could not be located.
- We performed an analysis of “game change” transactions to reconcile the amount of money withdrawn from the bank for change for ticket booths, parking, concessions, etc. to the “game change” deposits back into the bank. This analysis indicated a net withdrawal of \$556.05, meaning that the game change money returned to the bank was \$556.05 less than the amounts withdrawn from the bank for that purpose. This shortage could not be explained by school staff. We recommend that the school monitor closely any change funds and ensure that they are accounted for in a timely manner.
- A review of BSN Sports, Inc. purchase orders shows a payment based on a quote rather than an invoice as required by School Board policy. This purchase was not related to the football program.
- Another payment to BSN Sports, Inc., also unrelated to football, did not have any supporting documentation on file.

CONCLUSION

These findings result from a failure to follow established policies and procedures as described in School Board Policy DIB and the Internal Accounts Handbook.

AUDIT RESPONSE MATRIX
2014_____

FISCAL PERIOD: July 1, 2013- Jun30,

DEPARTMENT/SCHOOL:
ADMINISTRATOR/PRINCIPAL:
DEPARTMENT HEAD/AREA SUPERINTENDENT:

Maynard Evans High School
Jenny Gibson-Linkh
Dr. Gordon

Jenny L. Gibson-Linkh
Walter Gordon

Exception Noted What is? What should be?	Management Response What needs to be done?	Responsible Person Who needs to do it?	Outcome Timeline When will the action be completed? What is the evidence of completion?
1. 19 purchases of athletic equipment were made without approved purchase orders. Some of these invoices are still unpaid. Sixteen of these were made before the current Principal joined Evans or within 30 days of her arrival.	1. All purchases must go through proper OCPS procedures- A quote is obtained and attached to the PO Request, verification that adequate funds are in the account to cover the purchase and that the business is an OCPS approved vendor, approval by the Principal, then a PO number assigned to the request that is then used to place the order. Payment is made once the items are received and an invoice has been submitted that all items are in and the invoice is ready to pay. 2. Payment should not be made to Riddell unless	1. Internal bookkeeper and Principal 2. Principal and Internal Bookkeeper	1. The Principal has set the expectation of following all OCPS guidelines with the internal bookkeeper and all school staff. Guidelines have been sent to all staff and every PO is being closely monitored. Evidence of this fact is found in the internal bookkeeper's office files. 2. No payment has been made for this invoice and

<p>not been paid due to the fact that shipping information was incorrect on the invoice and there is no evidence of the helmet.</p> <p>3. Balances were owed as of Oct. 30, 2013 to Riddell and Schutt. Also Pioneer was overpaid by \$79.00.</p> <p>4. Sales reports were not completed for all cash-generating activities as required by OCPS policy.</p> <p>5. Expenses were incurred before a purchase order was approved. Sales tax was paid and reimbursed on a purchase, which is contrary to Internal Account policy.</p> <p>6. FB Field Equipment Cart that was purchased cannot be located.</p>	<p>there is proper proof that the purchase was made and the invoice then corrected.</p> <p>3. Balance Paid. Receive credit from Pioneer.</p> <p>4. Sales reports should be completed for any cash-generating activity- even if the items are sold at cost and no profit is expected.</p> <p>5. Purchase orders should be prepared and approved before any expenses are ever incurred. Sales tax is not to be reimbursed through internal accounts.</p> <p>6. Regular inventory of all athletic equipment and purchases should be done on a</p>	<p>3. Principal and Internal Bookkeeper</p> <p>4. Staff conducting the sales, internal bookkeeper, and principal for approval</p> <p>5. School staff making the purchase, internal bookkeeper and principal for approval</p> <p>6. Athletic Director, Coaches and approval by the principal</p>	<p>will not be paid until proof is made.</p> <p>3. Balance has been paid to Riddell. We will contact Pioneer for a credit. We have some upcoming work.</p> <p>4. The Principal has set the expectation of following all OCPS guidelines with the internal bookkeeper and all school staff. Guidelines have been sent to all staff and all sales events are being closely monitored. Evidence of this fact is found in the internal bookkeeper's office files.</p> <p>5. OCPS guidelines have been explained to all staff, internal bookkeeper and every request is being closely monitored by the principal.</p> <p>6. All athletic equipment is being inventoried on a regular basis and overseen by the Athletic Director and the Principal</p>
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<p>7. Game change withdrawals from the bank for change for ticket booths, parking, concessions, etc. during athletic events were short to the amount of \$556.05.</p> <p>8. Payment was made for a purchase order from a quote rather than an invoice as required by OCPS policy.</p> <p>9. A payment to BSN Sports was made, which was unrelated to football and there was no documentation on file</p>	<p>7. School staff and the internal bookkeeper need to monitor closely any change funds and ensure that they are accounted for in a timely manner.</p> <p>8. Purchase orders should not be paid until services are rendered or items are accounted for and in good order.</p> <p>9. Proper OCPS procedures must be followed in all purchases through internal accounts.</p>	<p>7. Internal bookkeeper and school staff handling the game change.</p> <p>8. Internal bookkeeper and Principal</p> <p>9. School staff, internal bookkeeper and principal.</p>	<p>7. As of September 2013, game change has been handled differently, with monies withdrawn and redeposited being kept separate from other revenue, making clear documentation of this money coming in and going out for an easy trail.</p> <p>8. Purchase order requisitions are kept on file in the internal bookkeeper's office, showing that all purchases are paid from invoices after items are received.</p> <p>9. All PO's and all monies going in and out of internal accounts are being closely monitored by the principal and proof is in the files in the internal bookkeeper's office.</p>
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Jenny L. Wilson-Smith 1/13/14