



July 17, 2019

**MEMORANDUM**

To: Elizabeth Saunders, Instructional Director  
Cluster

Olara Asafa, Principal  
Chesapeake Math & IT – South Elementary School

Patrice Herrall-Carter, Principal  
Chesapeake Math & IT – South Middle/High School

From: **Michele Winston**, CPA, Director  
Internal Audit

Re: Financial Audit for March 1, 2018 through April 30, 2019

An audit was conducted of the financial records of Chesapeake Math & IT – South Elementary/Middle/High School for the period March 1, 2018 through April 30, 2019. The audit indicated that the school's financial records and procedures require improvement to be in accordance with the Accounting Procedures for School Activity Funds (APM) and Board of Education policies and procedures. The exception noted in the audit is documented in the attached audit report.

As the principal of the school, you will be responsible for preparing an action plan by August 15, 2019 indicating steps that will be taken to ensure compliance with the APM. Please note that you are required to provide your action plan using the attached Microsoft word template and any other correspondence to the Internal Audit Office, email address [internal.audit@pgcps.org](mailto:internal.audit@pgcps.org). A copy of your action plan should also be forwarded to Jerry Chandler, Business Analyst, email address: [jerry.chandler@pgcps.org](mailto:jerry.chandler@pgcps.org); Deborah Smalls, Business Operations Technician, email address: [deborah.smalls@pgcps.org](mailto:deborah.smalls@pgcps.org); and Joeday Newsom, Esq., Ethics Compliance Officer, email address: [joeday.newsom@pgcps.org](mailto:joeday.newsom@pgcps.org).

Enc.

cc:

Alvin Thornton, Ph. D., Chairman of the Board of Education  
Monica Goldson, Ed. D, Interim Chief Executive Officer  
Members, Board of Education  
Christian Rhodes, Chief of Staff  
J. Michael Dougherty, Director, Financial Services  
Michael Herbstman, Chief Financial Officer  
Loretta White - Khaalid, Executive Assistant, Charter Schools  
Helen Coley, Ed. D., Chief, School Support and Leadership  
Joeday Newsom, Esq., Ethics Compliance Officer  
Suzann King, Esq, Executive Director, Board of Education  
Derrick Martin, Internal Auditor II

# Internal Audit Report

## Chesapeake Math & IT South ES/MS/HS Student Activity Funds

For the Period Ended April 30, 2019

Chesapeake Math & IT South ES and MS/HS  
Student Activity Funds  
Internal Audit Report  
For the Period Ended April 30, 2019

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Internal Auditor's Report

We have examined the Student Activity Funds (SAF) of Chesapeake Math & IT (CMIT) South Elementary, Middle and High School for the period March 1, 2018 to April 30, 2019. CMIT South's Elementary and Middle and High Schools' Principals are responsible for the administration of SAF. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and Governmental Accountability Office and, accordingly, included examining, on a test basis, evidence supporting SAF, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Our examination disclosed the following:

- *Insufficient Check Signers (CMIT – South ES)*

Individually or in the aggregate, these findings resulted in material deviation from Board of Education (BOE) Policies and Procedures and the requirements of the Accounting Procedures Manual for School Activity Funds (APM).

In our opinion, except for the deviation from the criteria described in the preceding paragraph, the SAF referred to above, was administered in compliance with BOE policies and procedures and the APM, in all material respects, for the period ended April 30, 2019.



Michele Winston, CPA  
Director, Internal Audit

Chesapeake Math & IT South ES and MS/HS  
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Internal Audit Report  
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**SUMMARY**

The Internal Audit Department completed an audit of student activity funds (SAF) for CMIT South Elementary and Middle/High School for the period March 1, 2018 to April 30, 2019. CMIT – South Charter School separated into CMIT – South Middle School/High School and CMIT – South Elementary School in Fall 2018. After separating, the 2 entities shared a joint bank account until January 2019 resulting in SAF being comingled.

Detailed findings from the current audit are cited on the following pages with accompanying recommendations for corrective action.

**OBJECTIVES**

The objectives of the audit were to determine the effectiveness of the system of internal controls and whether the school was in compliance with the policies and procedures of the Accounting Procedures Manual (APM) and the Board of Education (BOE). It is important to recognize that, while the audit report focused on deficiencies, it was intended to be constructive. The audit was not designed and conducted to evaluate the effectiveness of the educational programs in the school. Therefore, the absence of comments related to the educational programs should not be construed to imply that these programs are either adequate or deficient.

**SCOPE**

The audit was based on our review of selected bank statements, financial reports, and available cancelled checks, all voided checks, and Monetary Transmittal Form (MTF) envelopes submitted by staff for the period March 1, 2018 to April 30, 2019. Also, selected receipts, disbursements and supporting documentation were reviewed for the said period.

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**FINDINGS AND RECOMMENDATIONS**

The audit resulted in the following findings and recommendations:

**2019.01: Insufficient Check Signers**

The audit revealed that during the audit period there were only **2** authorized check signers for CMIT – South Elementary School.

The APM, **Section 4.2.2 “Bank Account Procedures”** states that there must be at least 3 authorized signers on the checking account (principal, recordkeeping staff, and another administrator). The principal and recordkeeping staff should be the primary signers on the account. The 3<sup>rd</sup> check signer should be an administrator (i.e., a vice-principal, teacher in charge or wing coordinator) who signs checks in one of the signatories’ absence.

The principal and recordkeeping staff were aware of the administrative policy that requires the school to have 3 check signers; however, the school went through a transition period where they did not have a bank account and had to share with CMIT South Middle/High School. CMIT South Elementary School experience some challenge with acquiring a separate bank account from CMIT Middle/High School and was successful in January 2019. As a result, the 3<sup>rd</sup> check signer was never established.

Expenditures are not appropriately approved if 1 of the check signers is absent when a school has less than 3 check signers. Furthermore, a check signer cannot sign their own reimbursements therefore if an authorized check signer is out long term and there are only 2 check signers then the remaining check signer cannot be appropriately reimbursed.

**Recommendation:** The principal for CMIT South Elementary School must ensure 3 authorized check signers are included on the bank signature card to ensure that checks are issued as required by the APM.

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**STATUS OF PRIOR AUDIT FINDINGS**

The previous audit report for CMIT South Elementary School was issued for the period ended February 28, 2018. During that period the recordkeeping staff was in her current position. Also, CMIT South Middle/High School was established during the current audit period under the same cost center as CMIT South Elementary. As a result the schools shared the same bank account for 7 months. The previous audit report included 3 reportable conditions that were not repeated during current audit. The following findings were noted as a result of the prior audit and the current status is indicated below:

- **Mismanagement of Receipts** – Controls appear to be working.
- **Mismanagement of Disbursements** – Controls appear to be working
- **Administration of Voided Checks** – Controls appear to be working

**ACKNOWLEDGEMENT**

We would like to thank the principal and staff of CMIT South Elementary and South Middle/High School for their cooperation and assistance during the audit.