

December 17, 2019

MEMORANDUM

To: Charoscar Coleman, Ed. D.
Area 1 Instructional Director

Tasha Henderson-Graves, Ed. D., Principal
Parkdale High School

From: Michele Winston, CPA,
Director Internal Audit

Re: Financial Audit for July 1, 2016 through September 30, 2019

An audit was completed on the financial records of Parkdale High School for the period July 1, 2016 through September 30, 2019. The audit indicates that the school's internal controls require improvements to be in full compliance with the Accounting Procedures Manual for School Activity Funds (APM) and Board of Education policies and procedures. The exceptions noted in the audit are documented in the attached audit report.

As principal of the school, you will be responsible for preparing an action plan by **January 31, 2020** 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. A copy of your action plan should also be forwarded to Derrick Martin, Internal Auditor II, email address: derrick.martin@pgcps.org; Deborah Smalls, Business Operations Technician, email address: deborah.smalls@pgcps.org; and Joeday Newsom, Esq, Ethics Compliance Officer, email address: joeday.newsom@pgcps.org.

Enclosure

cc: Alvin Thornton, Ed. D., Board Chair
Monica Goldson, Ed. D., Chief Executive Officer
Members, Board of Education
Christian Rhodes, Chief of Staff
Michael Herbstman, Chief Financial Officer
James Dougherty, Director, Financial Services
Carletta Marrow, Ed. D., Associate Superintendent for High Schools
Helen Coley, Ed. D., Chief, School Support and Leadership
Joeday Newsom, Esq., Ethics Compliance Officer
Suzann King, Esq., Executive Director, Board of Education
Sharif Weithers, Assistant Treasurer, Treasury Operations
Dana Estep, Supervisory Budget Analyst, Budget and Management Services
Dan Reagan, Internal Auditor II

Internal Audit Report

**Parkdale High School
Student Activity Funds**

For the Period Ended September 30, 2019

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Internal Auditor's Report

We have examined the Student Activity Funds (SAF) of Parkdale High School for the period July 1, 2016 through September 30, 2019. Parkdale High School's principal is 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 findings:

- *Mismanagement of Funds Received;*
- *Mismanagement of Disbursements;*
- *Dormant Certificate of Deposit Account;*
- *Bank Balance Exceeds Deposit Insurance Limit;*
- *Insolvent Principal Sponsored Activities Fund Account;*
- *Unpaid Bills Spreadsheets Not Completed;*
- *Voided Checks Not Properly Administered;*
- *Fundraiser Forms Not Completed;*
- *Club Budgets Not Developed;*
- *Failure to Maintain a Current Vending Contract; and*
- *Unremitted Credit Recovery Funds.*

Individually or in the aggregate, these findings resulted in a 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 deviations 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 September 30, 2019.



Michele Winston, CPA, Director
Internal Audit

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SUMMARY

The Internal Audit Department completed an audit of the student activity funds (SAF) for Parkdale High for the period July 1, 2016 to September 30, 2019.

The audit and investigation indicate that the school's internal controls are effective but require significant improvements to be in full compliance with the Accounting Procedures Manual for School Activity Funds (APM) and Board of Education policies and procedures.

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 complies with the policies and procedures of the APM and the BOE. It is important to recognize that, while the audit 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 bank statements, financial reports, selected cancelled checks, and all voided checks and Monetary Transmittal Form (MTF) envelopes submitted by staff, for the period July 1, 2016 to September 30, 2019. In addition, 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:

2020.01 Mismanagement of Funds Received

The following exceptions pertaining to the management of collections were identified:

- A. ***Delinquent Deposits:*** There were **23** instances where deposits were not made timely following initial collection of funds. Deposits were made up to **126** days after initial collection by the staff members. An inspection of the drop-safe on November 7, 2019 showed that \$231.00 in funds collected as early as October 23, 2019 were in the drop safe without corresponding MTFs. *(This condition was also noted in the previous audit as of December 31, 2015).*
- B. ***Misuse of Monetary Transmittal Forms:*** MTFs were not used as intended. Staff members collect funds, record the collections in a receipt book, and then submit the funds along with receipts to the front office without being recorded on an MTF. The financial recordkeeping staff and the staff member completed the MTF together after the submission. As a result of this process, the school does not have an MTF log, and staff members' pink MTF copies are signed by the financial recordkeeping staff.
- C. ***Drop-Safe Log not Maintained:*** The school's drop-safe did not have a log for staff members to record information regarding their drops. Remitted funds and hand receipts were included in envelopes with staff members' names on the front.

The APM, Section 4.5.2.2, *Cash Receipts, Procedures* includes the following provisions:

- A. Bookkeepers must make deposits of all funds received at least every other day. However, no more than **\$250.00** should be kept in the building overnight. If funds are kept on-hand at the school awaiting deposit, it must be kept in a secure location.
- B. Staff members collecting funds are required to complete a MTF and submit it to the Bookkeeper with the funds collected. The MTF must be completed entirely with the following information. 1) who collected money; 2) when it was collected; 3) from whom it was collected; 4) the amount and form of the collection; and 5) the reason for collecting. The MTF document is completed in triplicate. The pink copy of the MTF is retained by the preparers of the form. The white and yellow copies are submitted to the Bookkeeper with cash. After approving a MTF, the Bookkeeper returns the yellow copy to the originator.

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- C. A MTF log is required to be maintained by the Bookkeeper. It should include a numerical list of the MTF's, the name of individuals and dates the forms were issued, the dates returned to the Bookkeeper, and the total amount of the MTF.

The school has not established proper internal controls on the use of MTFs to record and track collections as intended by the APM. The principal and financial recordkeeping staff established the current process, unaware that it was not in full compliance with the APM. The established process does not include requirements for a MTF log or staff members having a MTF remittance that is separate from the financial recordkeeping staff (pink copy). Further, the process is not effective at ensuring funds are properly supported and safeguarded. Records on the hand receipts indicate that funds are often kept by staff members over a period of several days before being submitted to the school's drop safe or to the financial recordkeeping staff for deposit. In other instances, funds were submitted to the drop-safe timely, but not deposited timely due to the financial recordkeeping staff being unable to find the time to meet with individuals to complete the MTF.

The principal stated that quarterly training has been provided regarding staff members' daily remittance of funds. However, she was unaware that this was not consistently being practiced.

The financial recordkeeping staff stated that labeled envelopes have been effective in identifying staff members who have made drop-safe deposits. However, the lack of a drop safe log increases the risk of funds being misplaced or misidentified.

The lack of effective internal controls over cash collections constitute non-compliance with Board policies and procedures and inappropriate safeguarding of funds. The administration's ability to track active collections has been impacted by not having a MTF log or a drop-safe log. The practice of funds being retained by staff members or in the drop-safe for long periods increases the chance of lost or stolen funds. The misuse of pink MTF remittances and missing MTF envelopes compromises the audit trail necessary for ensuring appropriate collection and deposit of funds.

Recommendation: The principal and financial recordkeeping staff should immediately familiarize themselves with the specific requirements for cash collections in the APM. The principal should develop and document specific internal controls to mirror those requirements. The internal controls should include responsibilities for staff members, the financial recordkeeping staff, and the principal. They should specifically address requirements for the administration of MTFs and the timeline for remittance and deposit of funds. Staff should be trained immediately following the development of the new controls. The financial recordkeeping staff should provide the principal with feedback if staff members do not comply with the new procedures. As part of the new controls, a MTF log and a drop-safe log should be created.

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2020.02 Mismanagement of Disbursements

The following exceptions pertaining to the management of disbursements were identified:

- A. ***Incomplete School Fund Expenditure Forms:*** There were **39** instances where the principal did not provide written pre-approval prior to the commitment of funds. The principal did not date her pre-approval to provide evidence of timeliness in **33** other instances. Further, in **83** instances, the financial recordkeeping staff did not indicate the amount of funds available in the relevant fund account on the School Funds Expenditure Form (SFEEF). *(This condition was also noted in the previous audit as of December 31, 2015)*
- B. ***Inadequate Support:*** There were **6** instances where the invoice, receipt or other support did not substantiate the check amount. *(This condition was also noted in the previous audit as of December 31, 2015)*
- C. ***Delinquent Payments:*** There were **7** instances where payments were made to vendors after the due dates on the invoices. *(This condition was also noted in the previous audit as of December 31, 2015)*
- D. ***Use of Unapproved Vendors:*** There were **18** instances where reimbursements were made to teachers for purchases from unapproved vendors. *(This condition was also noted in the previous audit as of December 31, 2015)*
- E. ***Lack of Signed Acknowledgments for Advances:*** There were **6** instances where staff members did not sign a statement acknowledging receipt for advances.
- F. ***Commingling of Personal and School Expenditures:*** There were **6** instances where receipts for staff reimbursements included both school and personal expenses. During the audit, the financial recordkeeping staff provided additional evidence, verifying that reimbursements were made only for the appropriate items.

The APM, Section 4.5.3, *Cash Disbursements*, includes the following provisions:

- A. Prior to ordering or purchasing goods or services, a SFEEF must be completed by the purchaser and approved and dated by the principal. The form includes space for financial recordkeeping staff to indicate the amount of funds available in the relevant account prior to the principal providing pre-approval.
- B. All checks must have itemized documentation attached to the SFEEF that supports the amount of the check. Examples of supporting documents are cash register receipts, invoices, bills of sales, etc. Examples of documents that are not itemized invoices or

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receipts include credit card receipts, statements, order confirmations, price quotes and packing slips.

- C. Principals should review invoices and statements for past due amounts and ensure payments are made within 30 days of the invoice, or by the due date on the invoice.
- D. All checks are required to be written to an Approved/Active vendor in SFO. At no time should the "Reimbursement Vendor" option be used to pay unapproved vendors in SFO.
- E. On occasion, a situation may arise that requires a check to be issued before an expense has occurred. These situations are to be treated as advances to staff, who must sign a statement acknowledging receipt of the advance. A stipulation should also require return of itemized receipts for the amount advanced. Accounting for these funds should be completed within two business days.
- F. The APM, Section 6.6, *Credit Cards, Lines of Credit and Membership Cards*, states that business and personal expenses or receipts should never be commingled.

The principal and financial recordkeeping staff have not established internal controls to ensure expenditures are always pre-approved. Funds are usually committed prior to any signatory approval by the principal. The SFEFs were completed after the purchases have been made and the invoices or receipts received. Further, the SFEF is not always properly completed. The financial recordkeeping staff was unaware of the requirement to provide documentation of available funds in the pre-approval section. Without a pre-approval process, the principal and financial recordkeeping staff were not always made aware of purchases made by staff members, which has led to late payments to vendors.

The principal and financial recordkeeping staff were unaware of the requirements for staff members to use only approved vendors and to ensure receipts submitted for reimbursements include only reimbursable expenses. The commingling of personal and school expenses has complicated the process to support all check amounts. The financial recordkeeping staff has not always been diligent to ensure check amounts were supported exactly by supporting invoices or receipts.

The principal and financial recordkeeping staff were not aware of the requirement for signed acknowledgments by staff members when advances are issued.

Inadequate management of disbursements constitutes non-compliance with BOE policies and procedures and increases financial risk to the school and staff member. Specifically, the lack of pre-approval process can lead to insolvent accounts and inappropriate expenditures.

Further, the lack of precise support for check amounts and commingling of personal and business expenses can potentially lead to incorrect reimbursements. Delinquent payments can lead to

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unnecessary late charges or eroding relationships with vendors that could impact student experiences. The use of unapproved vendors increases the fraud risk to PGCPS. Failure to have signed acknowledgments for advances places undue risk on the school.

Recommendation: The principal and financial recordkeeping staff should immediately familiarize themselves with the specific requirements for expenditures in the APM. Further, they should familiarize themselves with the objectives of all of the fields on the SFEF. The principal should develop and document specific internal controls to mirror those requirements. The internal controls should include responsibilities for staff members, the financial recordkeeping staff, and the principal. They should specifically address requirements for pre-approvals, required supporting documentation, advances, and vendor use. Staff should be trained and held accountable following the development of the new procedures. The financial recordkeeping staff should provide feedback to the principal when staff members do not comply with the new procedures.

2020.03 Dormant Certificate of Deposit Account

Bank Reconciliations for the audit period included a **\$5,000** Certificate of Deposit (CD) for a scholarship fund. The scholarship fund was set up in 1999, prior to the financial recordkeeping staff's arrival at the school. The initial intent of the scholarship is not known.

Through October 2017, the school's checking account received quarterly interest payments from the CD and the school received annual renewal notifications. However, the financial recordkeeping staff contacted SunTrust Bank in July 2019 and was notified that the account was dormant. An Unclaimed Property Request was initiated and funds were recovered on November 21, 2019.

The APM, Section 4.2, *Bank Accounts*, states that the number of bank accounts a school has should be kept to a minimum. However, schools may have more than one bank account if they can demonstrate a need for additional accounts. These secondary accounts shall not be checking accounts and must be established and maintained in a federally-insured institution. The principal should receive all bank statements for review and signature. The bookkeeper will receive via e-mail an electronic copy of the bank statement, forwarded by the bank on the first business day of the following month. The electronic copy can be used to facilitate reconciliation until the hard copy is received.

The monthly bank reconciliations review only included the checking account balance. The \$5,000.00 CD balance listed on the reconciliation was not reviewed or reconciled from October 2017 through July 2019, which has resulted in the accounts dormant status being undetected.

Failure to include the CD amount in reconciliation caused the principal to not be fully aware of the school's financial position. The \$5,000.00 balance was unavailable for students' needs prior to recovery in November 2019.

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Recommendation: The financial recordkeeping staff should consolidate the recovered funds within the checking account to ensure they are appropriately accounted for. Further, the Principal should develop a plan to disburse the scholarship funds.

2020.04 Bank Balance Exceeds Deposit Insurance Limit

The school's checking account had a bank balance of \$380,185.62 as of September 30, 2019, which exceeds the Federal Deposit Insurance Corporation (FDIC) threshold of \$250,000.00 for protected amounts in the instance of a bank failure.

The APM, Section 4.2, *Bank Accounts*, states that schools must monitor their account balances to ensure that they do not have more than \$250,000 deposited with a single financial institution (in single or combined accounts) at any given point in time. If the school determines it may exceed this amount, they should notify the Assistant Treasurer so that steps can be taken to "sweep" the excess amounts out of the accounts on a nightly basis to protect the funds in the case of a bank failure.

The principal and financial recordkeeping staff were unaware of this requirement. Further, the Assistant Treasurer stated that the requirement, as currently worded, may not be appropriate. PGCPs does not currently have an account available to sweep excess funds.

(Note: As of June 30, 2019, 5 PGCPs schools had bank balances in excess of \$250,000.)

Recommendation: The Assistant Treasurer, in coordination with Accounting and Financial Reporting, should make an evaluation regarding the risks of schools maintaining excessive bank balances and the procedures to be followed. The APM should be amended to align with the results of the risk evaluation. Further, monitoring for excessive bank balances should be periodically done by Accounting and Financial Reporting using SFO's Consolidated Reporting tool.

2020.05 Insolvent Principal Sponsored Activities Fund Account

The Principal Sponsored Activities (PSA) fund account has an overall deficit of **(\$4,820.12)** as of September 30, 2019. Despite notifications from Accounting and Financial Reporting to suspend spending in the PSA fund account until it reached solvency during each trimester review, the school spent **\$594.55** in FY18, **\$1,365.36** in FY19, and **\$407.23** in FY20 (**\$2,367.14** total) for staff discretionary activities and items. *(This condition was also noted in the previous audit as of December 31, 2013)*

The APM, Section 9.6, *Principal Sponsored Activities for Staff*, states that discretionary expenditures incurred by the Principal on behalf of school staff are grouped in the PSA accounting category. These activities must be of a professional nature that enhances staff members' job performance. If the PSA account has a deficit, faculty spending must be ceased

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until the existing PSA deficit is resolved. Expenditures for authorized PSA are restricted to the funds available from the following sources:

- 100% of Vending commission from machines located in the staff lounge
- 25% of student vending commission
- 15% of school-wide fundraiser profits, including picture commissions
- Up to 25% of senior class residual funds.

The principal was aware that the PSA account was insolvent when she began her tenure September 2016. Although allowable transfers of vending proceeds have been made to replenish the account, the account remained insolvent. There was a deficit of (\$9,957.30) as of December 31, 2015 prior to the principal's tenure. However, the principal has expended funds for occasions such as bereavement gifts to certain staff members. The principal stated that due to the lack of effective pre-approval process (See Finding 2020.02), she was not always aware that she was approving expenditures from an insolvent account. Further, she stated that although she reviews feedback from Accounting and Financial Reporting on their trimester reports, she did not specifically note the instruction to suspend spending out of the PSA account.

Failure to properly manage PSA spending constitutes non-compliance with BOE policies and procedures. PSA expenditures beyond available account balances represents staff use of funds intended for students' benefit.

Recommendation: The principal and financial recordkeeping staff should immediately suspend all PSA expenditures until the account is brought to solvency.

The principal should also ensure that all notes on trimester reports provided by Accounting and Financial Reporting are carefully reviewed and implemented.

2020.06 Unpaid Bills Spreadsheets Not Completed

The financial recordkeeping staff has not accurately completed the Unpaid Bills Spreadsheet as part of the school's monthly reporting process.

The APM, Section 5.2, *Financial Reporting Requirements*, states that the Insolvency Report should be completed monthly and requires the bookkeeper to manually record data to calculate the school's solvency. The report requires that the bookkeeper manually calculate the value of unpaid bills that exists as of the end of each reporting period for both restricted and unrestricted funds.

Accounting and Financial Reporting provided the financial recordkeeping staff with a template for the Unpaid Bills Spreadsheet, and had noted their lack of completion on trimester report feedback sheet. The principal stated that although she reviews feedback from Accounting and

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Financial Reporting on their trimester reports, she did not specifically note that they had been instructed to begin completing the Unpaid Bills Spreadsheet.

The financial recordkeeping staff was unclear on how the spreadsheet should be completed and was unaware that it was a critical to the school's solvency determination. The financial recordkeeping staff had not contacted Accounting and Financial Reporting for assistance.

Failure to complete an Unpaid Bills Spreadsheet can affect the school's solvency calculation on a monthly basis. Further, the principal and financial recordkeeping staff may be less aware of open invoices which can lead to untimely payments (See Finding 2020.02). *(This condition was also noted in the previous audit as of December 31, 2015).*

Recommendation: The principal and financial recordkeeping staff should familiarize themselves with the specific requirements for monthly reporting in the APM. They should collaboratively review open invoices during the monthly financial reporting process to ensure the unpaid bills spreadsheets are completed properly and that they are incorporated into the Insolvency Report calculations. The principal and financial recordkeeping staff must carefully review the feedback from the Accounting and Financial Reporting Office.

2020.07 Voided Checks Not Properly Administered

There were **9** instances where voided checks were not properly defaced by removal of the signature line. There were also **8** instances where voided checks were not been entered into the SFO accounting system.

The APM, Section 4.5.3, *Cash Disbursements*, states that voided checks must be defaced and filed in check number order with cancelled check images.

The financial recordkeeping staff was aware of the requirements for voided checks and had properly defaced and entered most voided checks. However, she stated that she is often in a hurry and has not been diligent to ensure that all voided checks were properly administered. Failure to properly deface and file voided checks represents non-compliance with Board policies and procedures and increases the risk of check fraud for the school. *(This condition was also noted in the previous audit as of December 31, 2015)*

Recommendation: The financial recordkeeping staff should begin to deface all voided checks, promptly record the voided checks in SFO, and ensure that they are filed in numerical order in the check file. The principal must hold the financial recordkeeping staff accountable for compliance.

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2020.08 Fundraiser Forms Not Completed

The principal and financial recordkeeping staff have established a process to ensure fundraisers are properly authorized. However, Fundraiser Completion Reports were not completed for fundraising events held in FY 2018. Additionally, annual fundraising summaries have not been completed during the audit period.

The APM, Section 7.2.2, *Fundraising Procedures*, states that club fundraisers must be formally approved by the principal using a Fundraiser Request and Authorization Form. The sponsor must prepare a Fundraiser Completion Report at the conclusion of all fundraisers. Additionally, the principal should prepare an annual report summarizing all fundraising activities concluded during the year. The data in this annual report should be available for review by parents, other interested members of the community, and include the net amount retained as profit from each fundraising activity.

The financial recordkeeping staff provides all fundraiser sponsors with a packet that includes a Fundraiser Request and Authorization Form and Fundraiser Completion Report. However, she was not diligent in FY 2018 to ensure that Fundraiser Completion Reports were completed and submitted at the end of each fundraiser. Beginning in FY 2019, Completion Reports were required to be returned as part of the staff's checkout process.

The principal and financial recordkeeping staff were unaware of the requirement for annual fundraising summaries.

Failure to complete all required fundraiser forms constitutes non-compliance with BOE policies and procedures and increases financial risk to the school. It decreases transparency of fundraising activities and the associated profits to interested parents and community members. Further, Fundraiser Completion Reports bolster the budgeting process which can ensure optimal performance by each fundraiser.

Recommendation: The financial recordkeeping staff should continue the process of collecting Fundraiser Completion Reports as part of the annual checkout process. A reconciliation should be completed to ensure that all reports have been collected. The Completion Reports should be used to assist the principal in developing an annual fundraising summary each year.

2020.09 Club Budgets Not Developed

The school's clubs have not developed and submitted annual budgets to the financial recordkeeping staff.

The APM, Section 7.3, *Class and Club Accounts*, states that a copy of annual budgets for all school clubs should be provided to the school's bookkeeper.

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The principal and financial recordkeeping staff were unaware of the requirement for club budgets. They were only aware of the Senior Class Planning Workbook, which was properly completed and submitted to Accounting and Financial Reporting each year. The lack of club and class budgeting constitutes non-compliance with BOE policies and procedures and increases financial risk to the school. It decreases the coordination between club sponsors and the school administration when it comes to planning and executing necessary payments. A budgeting process will also decrease the risk of insolvent accounts.

Recommendation: The principal and financial recordkeeping staff should develop a budget template for club sponsors to use in the 2019-2020 school year.

2020.10 Failure to Maintain a Current Vending Contract

The school administers 3 soda vending machines and 3 snack vending machines. However, the school does not have an active contract with the current vendor for vending machines services.

The APM, Section 9.8, *Vending Machine Sales*, requires that all schools with vending machines must have a signed contract stipulating commissions due to the school and frequency these commissions are remitted. The contract term cannot exceed one year.

The most recent signed contract was dated September 6, 2017. Since late 2018, the financial recordkeeping staff has been attempting to contact the vendor to obtain a new signed contract. E-mails and calls have gone unanswered. Failure to maintain an active contract for vending machine operations constitutes non-compliance with BOE policies and procedures. Further, failure to have an active contract prevents the school from having any recourse if there are issues with service or commissions.

Recommendation: The principal should obtain a signed contract for the vending machine operations that stipulates the frequency and percentage of commissions. If the vendor does not promptly provide a contract, a new vendor should be selected in coordination with Purchasing and Supply Services.

2020.11 Unremitted Credit Recovery Funds

The school had a \$29,263.65 balance in the Credit Recovery fund account as of September 30, 2019. The balance includes collections from FY 2017 and FY 2018 that were not remitted to the BOE to pay for credit recovery-related expenses such as payments to staff.

The Area 3 Office has provided financial instructions regarding check remittance for credit recovery. The instructions require that checks are issued to the Accounting and Financial Reporting Office with reference to a particular budget string. The funds in that particular budget string are to be used to pay teachers that have worked on the Credit Recovery program.

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Collections made at the school were remitted to the BOE by the financial recordkeeping staff through June 2017. However, a \$15,000.00 check written on June 28, 2017 was never cashed by the BOE. The financial recordkeeping staff stated that she may have sent the check to Accounts Payable instead of Accounting. The check was voided in March 2018 after being outstanding for 9 months. Without further instruction on how to remit credit recovery collections to the BOE, the financial recordkeeping staff did not make any remittance in FY2018. The Area 3 Office provided updated directions for schools in FY 2019 to provide funds via a specific budget string. The financial recordkeeping staff provided FY 2019 collections after this reminder, but the balances from FY2017 and FY2018 remained in the school's checking account.

Failure to remit credit recovery program funds to the BOE results in those funds not being available to pay for necessary expenses related to the program.

A review of all PGPCS checking account balances for Credit Recovery indicate that as of September 30, 2019, there was an aggregate **\$135,982.55** in current balances. Although the Area 3 Office has provided instructions to financial recordkeeping staff, there was no monitoring of the process to ensure that all receipts have been properly routed in order to pay related expenses.

Recommendation: The school should immediately remit the balance in the Credit Recovery fund account to Treasury Operations.

The Area 3 Office should review the balances of all schools' credit recovery accounts to ensure that balances have been properly remitted. A full review of the process should be conducted to ensure that collected funds are appropriate and that payments to staff have been properly made. An automatic debit process through Treasury Operations, such as the one used for sales tax or football gate receipts, should be considered to ensure all future credit recovery funds are collected timely.

STATUS OF PRIOR AUDIT FINDINGS

The previous audit report for Parkdale High School was issued for the period ended December 31, 2015. The Principal began in September 2016 and was never provided a copy of the previous audit report. The financial recordkeeping staff has been in place since the last audit. The following findings were noted as a result of the last audit and the current status is indicated below.

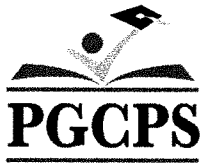
- **Mismanagement of Funds Received** – Condition still exists. See Finding 2020.01 regarding *Mismanagement of Funds Received*.
- **Mismanagement of Disbursements-** Condition still exists. See Finding 2020.02. regarding *Mismanagement of Disbursements*.

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- **Missing Funds** – Controls appear to be working.
- **Administration of Sales Tax** – Controls appear to be working.
- **Year-End Monetary Transmittal Form Envelopes Collection Process** – Controls appear to be working.
- **Excessive Spending in Restricted Accounts** – Condition still exists. **See Finding 2020.05** regarding *Insolvent Principal Sponsored Activities Fund Account*.
- **Inappropriate Use of Advance, Reimbursement and Refunds** – Controls appear to be working.
- **Contract Administration** – Condition still exists. **See Finding 2020.10** regarding Failure to Maintain a Current Vending Contract.
- **Unpaid Bills** – Condition still exists. **See Finding 2020.06** regarding *Unpaid Bills Spreadsheets Not Completed*.

ACKNOWLEDGEMENT

We would like to thank the principal and staff of Parkdale High School for their cooperation and assistance extended during the audit.



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9/30/19**

APPENDIX A

Noted Personnel:

- **Principal** – Tasha Henderson-Graves, Ed. D
- **Financial Recordkeeping Staff** – Yenny Navarette-Rios