



December 15, 2021

**MEMORANDUM**

To: Sheena Hardy, Instructional Director  
Cluster 3

**Viola Lynch**, Ed. D. Principal  
Barnaby Manor Elementary School

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

Re: Financial Audit for January 1, 2016 through September 30, 2021

An audit of the financial records of **Barnaby Manor Elementary School** was conducted for the period January 1, 2016 through September 30, 2021. 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 exceptions noted in the audit are documented in the attached audit report.

As the principal of the school, you will be responsible for preparing an action plan by **January 18, 2022** 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 the action plan should be forwarded to Danyelle Washington, Business Analyst, email address: [dany.washington@pgcps.org](mailto:dany.washington@pgcps.org); Katrina Greene, School Activity Funds Support Specialist, email address: [katrina.greene@pgcps.org](mailto:katrina.greene@pgcps.org) and Joeday Newsom, Esq., Ethics Compliance Officer, email address: [joeday.newsom@pgcps.org](mailto:joeday.newsom@pgcps.org).

Enc.

cc:

**Juanita Miller**, Ed. D., Board Chair  
**Monica Goldson**, Ed. D., Chief Executive Officer  
**Members**, Board of Education  
**Mychael Dickerson**, Chief of Staff  
**Helen Coley**, Ed. D., Chief, School Support and Leadership  
**Kassandra Lassiter**, Ed. D., Associate Superintendent, Area 1  
**Michael Herbstman**, Chief Financial Officer  
**James Dougherty**, CPA, Director, Financial Services  
**Joeday Newsom**, Esq., Ethics Compliance Officer  
**Robin Welsh**, Director of Monitoring, Accountability and Compliance  
**Janice Walters-Semple**, CPA, Internal Audit Supervisor  
**Derrick Martin**, Internal Auditor II

# Internal Audit Report

Barnaby Manor Elementary School  
Student Activity Funds

For the Period Ended September 30, 2021

Barnaby Manor Elementary School  
Student Activity Funds  
Internal Audit Report  
For the Period Ended September 30, 2021

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Internal Auditor's Report

We have examined the Student Activity Funds (SAF) of Barnaby Manor Elementary School for the period January 1, 2016 through September 30, 2021. Barnaby Manor Elementary 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 Generally Accepted Government Auditing Standards 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:

- *Incomplete School Funds Expenditure Forms;*
- *Delinquent Monthly Bank Reconciliations; and*
- *End of The Year Monetary Transmittal Forms Envelope Submission*

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 September 30, 2021.



Michele Winston, CPA  
Director, Internal Audit

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Student Activity Funds  
Internal Audit Report  
For the Period Ended September 30, 2021

**SUMMARY**

Internal Audit completed an audit of the school activity funds (SAF) for Barnaby Manor Elementary School for the period January 1, 2016 to September 30, 2021.

The audit indicated that the school's financial records and procedures require improvement to be in accordance with the Accounting Procedures Manual for School Activity Funds (APM) and Board of Education (BOE) policies and procedures.

The 3 findings included in this audit report occurred under the leadership of the current principal. A listing of the findings and the personnel responsible are included in the appendix at the end of the audit report. In addition, 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 January 1, 2016 to September 30, 2021. Also, selected receipts, disbursements and supporting documentation were reviewed for the said period.

This is an audit of funds related to students' activities at the school and does not include SOR funds or any funds not derived from students' activities for the audit period.

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**FINDINGS AND RECOMMENDATIONS**

The audit resulted in the following findings and recommendations:

**2022.01: Incomplete School Funds Expenditure Forms**

There were **5** instances where the recordkeeping staff failed to complete the *Funds Available* field on School Funds Expenditure Forms (SFEF).

The APM, Section 4.5.3 *Cash Disbursements* requires the completion of SFEF in its entirety as part of the process for initiating the purchase of goods or services.

Reportedly, the recordkeeping staff did not complete the funds available section of the SFEF because she was unclear as to how to complete that section. The *Funds Available* field was left blank in cases where there was no balance in the fund account because payments to vendors were required prior to the collection of funds e. g. advance payments for field trips or some types of fundraisers.

When SFEFs are not completed as required it increases the school's risk of insolvency. The amount of funds available is essential for determining that there is sufficient funding to cover a requested expenditure.

**Recommendation:** The principal and recordkeeping staff should implement procedures to ensure that the SFEF is completed entirely prior to initiating any purchase. The recordkeeping staff should ensure the funds available line is completed prior to forwarding the SFEF to the principal for approval. The principal must review the SFEF for completeness prior to approval.

**2022.02: Delinquent Monthly Bank Reconciliations**

There were **5** instances where the recordkeeping staff failed to complete monthly bank reconciliations by the 15<sup>th</sup> of the subsequent period, which is required according to the APM. As such, the bank reconciliations could not be reviewed in a timely manner.

According to the APM Section 5.1.2 *Procedures: Monthly Reconciliations and Financial Reporting* states the following: The reconciliation should be completed by the bookkeeper within 7 days after receiving the statement from the bank. Typically this process should be completed by the 15<sup>th</sup> of each month. The completed reconciliation should be forwarded to the principal every month for review and approval.

Reportedly, failure to complete the monthly bank reconciliations by the 15<sup>th</sup> of the subsequent month occurred because the school was having issues with receiving the bank

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statements in the mail on time. Staff has since signed up for online statements to help with the timing issue.

Failure to complete monthly bank reconciliations prevents the principal from identifying discrepancies and timing differences in a timely manner.

**Recommendation:** The principal should provide oversight to ensure monthly reconciliations are reviewed and signed by the 15<sup>th</sup> of the subsequent month of the closing period. The bookkeeper should ensure the monthly report is prepared timely to provide the principal adequate time to review and sign the report as required.

**2022.03 End of Year Monetary Transmittal Forms Envelope Submission**

The following conditions pertaining to the End of the Year MTF envelope submission process were identified:

- There were **5** instances in FY 2021 where pink MTF remittances were not available for review.
- There were **2** instances (1 in FY 2021 and 1 in FY 2020) where MTF envelopes were not sealed as required. Teachers' signatures were excluded from across the MTF envelopes.

According to the APM, staff members collecting funds are required to complete MTFs and retain remittance copies. The pink MTF remittance is required to be retained by the preparer of the form. The white and yellow remittances are submitted to the bookkeeper with funds collected. After approving the white and yellow MTF remittances, the bookkeeper returns the yellow copy to the originator. Prior to departing the school at year-end, staff and program managers are required to submit the pink and yellow MTF remittances in a sealed envelope (with their signature over the seal) to the designated administrator.

According to the recordkeeping staff, the principal was unaware of the MTF end of the year MTF envelope submission requirements. The recordkeeping staff instructed staff members to only include the yellow copies of MTF remittances in their MTF envelopes.

**Recommendation:** The principal must be familiar with the requirements for administering End of Year MTF Submission. The principal should incorporate end of year MTF submission requirements as a part of the professional development at the beginning of the school year to ensure that all staff members are knowledgeable of their responsibility for the year MTF submission process. In addition, the principal should consider requiring staff to sign a memorandum of understanding to document accountability for compliance.

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The principal should ensure that the recordkeeping staff is excluded from the end of year MTF collection process.

**STATUS OF PRIOR AUDIT FINDINGS**

The previous audit report for Barnaby Manor Elementary School was issued for the period ended December 31, 2015. During that period, the principal and recordkeeping staff were in their current positions. The previous audit report included **5** reportable conditions, of which **2** are repeated in the current audit. The following findings were noted as a result of the prior audit and the current status is indicated below:

- **Mismanagement of Funds Received** – Controls appear to be working.
- **Mismanagement of Disbursements** – Condition still exists. **See finding 2022.01** regarding *Incomplete School Funds Expenditure Forms*.
- **Financial Reporting** – Condition still exists. **See finding 2022.02** regarding *Delinquent Monthly Bank Reconciliations*.
- **Administration of Vending Contracts** – Controls appear to be working.
- **Record Retention** – Controls appear to be working.

**ACKNOWLEDGEMENT**

We would like to thank the principal and record keeping staff of Barnaby Manor Elementary School for their cooperation and assistance during the audit.



**Prince George's County Public Schools**  
**Internal Audit Department**  
**School/Office: Barnaby Manor ES**  
**Response Date January 18, 2022**

	<b>Findings</b>	<b>Recommendations</b>	<b>Concur Non-Concur Partially Concur</b>	<b>Action Plan</b>	<b>Corrective Action Date</b>	<b><u>Status</u> Implemented Partially Implemented Not Implemented</b>
1.	<b><u>2022.01:</u> <u>Incomplete</u> <u>School Funds</u> <u>Expenditure</u> <u>Forms</u></b>	The principal and recordkeeping staff should implement procedures to ensure that the SFEF is completed entirely prior to initiating any purchase. The recordkeeping staff should ensure the funds available line is completed prior to forwarding the SFEF to the principal for approval. The principal must review the SFEF for completeness prior to approval.	Concur	Prior to signing the School Funds Expenditure Form (SFEF), the funds available section will be completed by the Bookkeeper. Principal will not sign until all sections are completed.	Nov. 19, 2022	Implemented
2.	<b><u>2022.02:</u> <u>Delinquent</u> <u>Monthly Bank</u> <u>Reconciliations</u></b>	The principal should provide oversight to ensure monthly reconciliations are reviewed and signed by the 15 <sup>th</sup> of the subsequent month of the closing period. The bookkeeper should ensure the monthly report is prepared timely to provide the principal adequate time to review and sign the report as required.	Concur	The Bookkeeper will provide the Principal with the monthly reconciliation by the 10th, ( Subject to change based on arrival of the bank statement). The Principal will review and sign by the 15th of the subsequent month of the closing period.	Nov. 19, 2022	Implemented

Principal Signature: *Dr. Viola Lynch*

Date: January 19, 2022

3.	<u>2022.03 End of Year Monetary Transmittal Forms Envelope Submission</u>	<p>The principal must be familiar with the requirements for administering End of Year MTF Submission. The principal should incorporate end of year MTF submission requirements as a part of the professional development at the beginning of the school year to ensure that all staff members are knowledgeable of their responsibility for the year MTF submission process. In addition, the principal should consider requiring staff to sign a memorandum of understanding to document accountability for compliance.</p> <p>The principal should ensure that the recordkeeping staff is excluded from the end of year MTF collection process.</p>	Concur	<p>The Principal will train staff on the MTF process with a focus on the Pink and Yellow and sealing the envelope with the signature.</p> <p>The Principal will continue to collect the sealed MTF envelope from staff at end of the school year.</p>		Implemented
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Principal Signature: *Dr. Viola Lynch* 

Date: January 19, 2022