

October 21, 2021

**MEMORANDUM**

To: Janice Briscoe, Ed. D., Instructional Director  
Cluster 13

Eunice Humphrey, Ed. D, Principal  
International High School at Langley Park

From: Michele Winston, CPA, Director  
Internal Audit

Re: Financial Audit for the Period July 1, 2019 through August 31, 2021

An audit of the financial records of **International HS at Langley Park** was completed for the period July 1, 2019 through August 31, 2021. The audit indicates that the school's financial records and procedures require improvement to be in accordance with the Accounting Procedures Manual for School Activity Fund (APM) and Board of Education policies and procedures. The exceptions noted are included in the attached report.

As principal of the school, you will be responsible for preparing an action plan by **November 19, 2021** 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). **Please forward this template as a Microsoft Word document.** A copy of your action plan should also be forwarded to Danyelle Washington, Business Analyst, email address: [dany.washington@pgcps.org](mailto:dany.washington@pgcps.org), Joeday Newsom, Esq., Ethics Compliance Officer, email address: [joeday.newsom@pgcps.org](mailto:joeday.newsom@pgcps.org) and Katrina Greene, School Activity Funds Support Specialist, email address: [katrina.greene@pgcps.org](mailto:katrina.greene@pgcps.org).

Enclosure

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 of School Support and Leadership  
Michael Herbstman, Chief Financial Officer  
James Dougherty, Director, Financial Services  
Carletta Marrow, Ed. D., Associate Superintendent High Schools and Alternative Schools  
Joeday Newsom, Esq., Ethics Compliance Officer  
Katrina Greene, School Activity Funds Support Specialist  
Janice Walters-Semple, CPA, Internal Audit Supervisor  
Theodore Dzodzomenyo, Internal Auditor II

**Internal Audit Report**

**International High School at Langley Park  
School Activity Funds**

**For the Period Ended August 31, 2021**

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Internal Auditor's Report

We have examined the School Activity Funds (SAF) of International High School at Langley Park for the period July 1, 2019 through August 31, 2021. International High School at Langley Park'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:

- *Mismanagement of Funds Received;*
- *Inadequate Documentation of Disbursements;*
- *Delinquent Bank Reconciliations;*
- *Inconsistencies in Check Numbers; and*
- *Restricted Spending in a Restricted Fund Account*

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 deviation from the criteria described in the preceding paragraph, the APM referred to above, was administered in compliance with BOE policies and procedures and the APM, in all material respects, for the period ended August 31, 2021.



Michele Winston, CPA  
Director, Internal Audit

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**SUMMARY**

Internal Audit completed an audit on the school activity funds (SAF) for International High School at Langley Park for the period July 1, 2019 through August 31, 2021. The audit was conducted as part of the department's annual audit plan and to satisfy a request from the newly appointed principal.

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.

This audit report includes **5** findings which occurred under the leadership of the previous principal. A listing of the findings and the personnel responsible are included in the appendix at the end of the audit report. 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 to determine whether the school was in compliance with the policies and procedures of the APM and the 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 all bank statements, financial reports, cancelled checks and all available Monetary Transmittal Form (MTF) envelopes submitted by staff for the period July 1, 2019 through August 31, 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: Mismanagement of Funds Received**

The following exceptions pertaining to the management of funds received were identified:

- A. ***Delinquent Deposits:*** There were **6** instances where funds received were not deposited timely as required. The delinquency ranged from **6 to 15** days after the initial collection by staff members.
  
- B. ***Year-End Monetary Transmittal Forms Submission Process:*** There were 3 year-end envelopes reviewed for FY 2020 containing 22 MTFs that were not sealed and did not contain the signatures of staff members across the seal. Also, the recordkeeping staff did not append her signature of approval on the yellow MTF remittances. An MTF envelope with **5** MTFs in FY 2021 was neither signed nor sealed.

The APM Section 4.5.2.2, *Cash Receipts, Procedures* states the following regarding the administration of funds received.

- A. All funds collected must be submitted to the bookkeeper on the same day collected, along with a completed MTF. The bookkeeper 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. Also, staff members are prohibited from holding funds overnight.
  
- B. Staff members are responsible for completing the MTF and maintaining an envelope containing all the MTF (pink and yellow) remittance copies prepared during the year. Staff members are required to submit copies in signed, sealed MTF envelopes to the designated administrator during the year-end checkout process. Under no circumstances should the signed, sealed MTF envelopes be given to the recordkeeping staff. The envelopes should remain sealed until requested by Internal Audit. The year-end MTF envelopes should not be retained in a place that is accessible to recordkeeping staff.

The following explanations were provided for the mismanagement of receipts:

- A. According to the recordkeeping staff, staff members have received training and are aware of their responsibilities, including the requirement for daily remittance of collection. However, some of the staff have not always complied with the policy.
  
- B. The administrator who collected the envelopes at the end of the school year is no longer employed at PGCPSS; therefore, the cause for improper administration of MTF envelopes

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could not be determined. Pertaining to the failure to approve MTFs, the financial secretary was not aware that her approval was required on the duplicate copies.

Delinquent deposit of funds constitute non-compliance with Board policies and procedures and increases the risk of loss. Improper procedures pertaining to the end-of-year process compromises the audit trail for reviewing cash receipts. Further, internal controls for ensuring that all SAF collected were subsequently deposited was weakened and the potential for loss of assets increased.

**Recommendations:** The following steps must be taken to improve management of collections:

- A. The principal must hold staff members accountable for timely remittance of funds received to the recordkeeping staff. The principal must also remind staff members they are prohibited from keeping funds in their classrooms overnight. The reminder should be communicated verbally during staff development meetings and also in writing. Staff members must indicate that they have received training in the appropriate handling of funds.
- B. Staff must be reminded of their responsibility relative to the year-end MTF submission process. Also, the principal must hold staff members accountable for sealing and signing across the seal as required.

**2022.02: Inadequate Documentation of Disbursements**

There were **2** instances where documentation to substantiate funds disbursed were inadequate. The disbursement documentation did not include School Funds Expenditure Forms (SFEF) for 2 disbursements totaling **\$1,799.81**.

The APM, Section 4.5.3.1 provides that prior to ordering or purchasing goods or services, a School Funds Expenditure Form must be completed and signed by the principal. Schools and their SAF cannot be held liable for financial obligations made by staff if the individual fails to complete this form. The employee can be held personally liable for the obligation, if this procedure is not followed.

According to the recordkeeping staff, the principal requested her to process these checks via email. As such, she did not realize that the documentation of completed SFEFs was required.

Inadequate documentation compromises internal controls and impacts the audit trail for reviewing disbursements. Pertinent information such as available funds and evidence of the principal's approval was not available to determine that these expenditures were authorized.

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**Recommendation:** The principal and recordkeeping staff must adhere to the requirements for adequately documenting disbursement. Each cash disbursement must be supported by an approved SFEF regardless of the method of initiating the expenditure.

**2022.03: Delinquent Bank Reconciliations**

There were **4** instances where monthly bank reconciliations were not prepared timely. Also, the principal did not perform monthly review of the reconciliations timely. The bank reconciliation delinquencies ranged from 14 and 97 days.

According to the APM, Section 4.2.2, *Bank Account Procedures*, the principal should receive the bank statement unopened. After reviewing the statement and the cancelled checks, the principal should sign the bank statement and forward it to the bookkeeper. The bank account must be reconciled within 7 days of receipt of the bank statement. The principal is also required to conduct the review of bank reconciliations by the 15th day of each month.

Reportedly, the recordkeeping staff was on extended leave from October 2020 through January 2021 which impacted the timeliness of monthly bank reconciliations.

Delinquent reconciliations impact the timeliness and reliability of financial information used in the fiscal decision-making process. The principal's ability to promptly verify the school's solvency status and identify individual transactions could have been impacted.

**Recommendation:** The principal must coordinate with the SAF Administrator prior to the anticipated absence of the recordkeeping staff and forward the school's bank statements to the Accounting and Financial Reporting Office promptly to facilitate timely reconciliation of the school's bank account.

**2022.04: Inconsistencies in Check Numbers**

There were **6** instances where the check numbers on the face of the check did not match the check numbers on the check stubs.

According to APM Section 4.5.3.1 (8) *Check Ordering Procedures* states that, all school checks require a) the registered name of the account and address of the school, b) two signature lines, and c) **consecutive check numbering**.

According to the SAF Administrator, these discrepancies occur after voiding a check and subsequently not verifying that the check number in SFO and on the physical check agree.

Inconsistent check numbers in SFO compromises the internal control system thus rendering financial information to be unreliable.



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**Recommendation:** The financial secretary should always verify the check number field in SFO and ensure that, it agrees with the check number on the physical check prior to printing checks and especially after voiding a check.

**2022.05: Excessive Spending in A Restricted Fund Account**

The Class of 2020 fund account, which is a restricted account had a deficit balance of **(\$2,004.58)** as of August 31, 2021.

According to the APM, expenditures for all restricted accounts are limited to the amount of funds collected for those activities. However, if restricted accounts exceed the available cash balance, the account is insolvent. As the fiduciary agent for the SAF, the principal should ensure SAF fund accounts are solvent at all times.

According to the recordkeeping staff, the deficit was due to an erroneous debit to the fund account which has been corrected in subsequent month. As a result of this “erroneous debit” the fund account balance was incorrect at the end of the fiscal year and the financial records did not accurately reflect the balance of this restricted account.

**Recommendations:** The recordkeeping staff should be held accountable for exercising due care when processing transactions in the school’s accounting system to ensure accuracy of transactions. The principal should monitor financial reports each months to ensure that transactions are accurately posted.

**STATUS OF PRIOR YEAR FINDINGS**

The previous audit report for International High School at Langley Park was issued for the period ended June 30, 2019. The principal was not in her current position; however, the recordkeeping staff was in her current position at that time. The current principal was appointed to her position effective July1, 2021. The previous audit report included **5** findings of which **2** are repeated in this audit report. The following findings were noted as a result of the last audit and the current status is indicated below.

- **Mismanagement of Funds Received** – The condition still exists. **See Finding 2022.01** regarding *Mismanagement of Funds Received*.
- **Mismanagement of Disbursements** – The condition partially exists. **See Finding 2022.02** regarding *Inadequate Documentation of Disbursements*.
- **Administration of Voided Checks** - Condition was not noted during this audit.
- **Financial Reporting** - Condition was not noted during this audit, and
- **Fundraiser Forms** - Condition was not noted during this audit.

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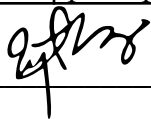
**ACKNOWLEDGEMENT**

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

**Prince George's County Public Schools  
Internal Audit Department  
School/Office: International HS @ Langley Park  
Response Date November 19, 2021**

	<b>Findings</b>	<b>Recommendations</b>	<b>Concur Non-Concur Partially Concur</b>	<b>Action Plan</b>	<b>Corrective Action Date</b>	<b>Status Implemented Partially Implemented Not Implemented</b>
1.	<b><u>2022.01: Mismanagement of Funds Received</u></b>	<p>The following steps must be taken to improve management of collections:</p> <p>A. The principal must hold staff members accountable for timely remittance of funds received to the recordkeeping staff. The principal must also remind staff members that they are prohibited from keeping funds in their classrooms overnight. The reminder should be communicated verbally during staff development meetings and also in writing. Staff members must indicate that they have received training in the appropriate handling of funds.</p> <p>B. Staff must be reminded of their responsibility relative to the year-end MTF submission process. Also, the principal must hold staff members</p>	<b>Concur</b>	<p>A) The staff will be retrained during our next PD on the completion of MTFs. We have also limited the number of individuals who can collect funds at the school level.</p> <p>B) We have talked and decided that whenever either one of us is not available (bookkeeper, principal, instructional specialist); the other person is in charge of taking the money to the bank.</p> <p>C) APM has been read and all procedures are being followed accordingly.</p>	11/10/2021	Implemented

Principal Signature \_\_\_\_\_



Date 11/10/2021

		accountable for sealing and signing across the seal as required.				
2.	<b><u>2022.02:</u></b> <b><u>Inadequate Documentation of Disbursements</u></b>	The principal and recordkeeping staff must adhere to the requirements for adequately documenting disbursement. Each cash disbursement must be supported by an approved SFEF regardless of the method of initiating the expenditure.	Concur	A. This issue has been corrected. An SFEF form will be collected and maintained for each expenditure. B. APM has been read and all procedures are being followed accordingly.	10/1/2021	Implemented
3.	<b><u>2022.03:</u></b> <b><u>Delinquent Bank Reconciliations</u></b>	The principal must coordinate with the SAF Administrator prior to the anticipated absence of the recordkeeping staff and forward the school's bank statements to the Accounting and Financial Reporting Office promptly to facilitate timely reconciliation of the school's bank account.	Concur	A. This has been corrected. I have also standing meetings with the financial secretary to review all reports before the 15th of every month. B. APM has been read and all procedures are being followed accordingly.	10/1/2021	Implemented
4.	<b><u>2022.04:</u></b> <b><u>Inconsistencies in Check Numbers</u></b>	The financial secretary should always verify the check number field in SFO and ensure that it agrees with the check number on the physical check prior to printing checks and especially after voiding a check.	Partially Concur	A. The financial secretary will make sure to verify all check numbers as she has. However, this was an SFO software glitch. B. This issue has been corrected.	10/1/2021	Implemented
5.	<b><u>2022.05:</u></b> <b><u>Excessive Spending in A Restricted Fund Account</u></b>	The recordkeeping staff should be held accountable for exercising due care when processing transactions in the school's accounting system to ensure accuracy of transactions. The principal should monitor financial	Concur	A. APM has been read and all procedures are being followed accordingly. B. Principal and financial secretary will meet to	10/1/2021	Implemented

Principal Signature \_\_\_\_\_



Date 11-10-2-21

		reports each months to ensure that transactions are accurately posted.		monitor spending on a bi-weekly basis.		
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Principal Signature



Date 11-10-2021