



September 30, 2022

MEMORANDUM

To: LaTonya Williams, Instructional Director
Cluster 2

Heather Porterfield, Principal
Glenn Dale Elementary School

From: Michele Winston, CPA, Director
Internal Audit

Re: Financial Audit for the Period April 1, 2017 through June 30, 2022

An audit of the financial records of **Glenn Dale Elementary School** was completed for the period April 1, 2017 through June 30, 2022. 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 **October 31, 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. **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, and Katrina Greene, School Activity Funds Support Specialist, email address: 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
Joeday Newsom, Esq., Board of Education Staff Office
Katrina Greene, School Activity Funds Support Specialist
Janice Walters-Semple, CPA, Internal Audit Supervisor
Iyamide Chris Oduyoye, Internal Auditor II

Internal Audit Report

**Glenn Dale Elementary School
School Activity Funds**

For the Period Ended June 30, 2022

Glenn Dale Elementary School
School Activity Funds
Internal Audit Report
For the period ended June 30, 2022

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For the period ended June 30, 2022

Internal Auditor's Report

We have examined the School Activity Funds (SAF) of Glenn Dale Elementary School for the period April 1, 2017 through June 30, 2022. Glenn Dale 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:

- *Delinquent Deposits*
- *Mismanagement of Disbursements*

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 June 30, 2022.



Michele Winston, CPA
Director, Internal Audit

Glenn Dale Elementary School
School Activity Funds
Internal Audit Report
For the period ended June 30, 2022

SUMMARY

Internal Audit completed an audit on the school activity funds (SAF) for Glenn Dale Elementary School for the period April 1, 2017 through June 30, 2022. The audit was conducted as part of the department's annual audit plan.

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 **2** findings which occurred under the leadership of the former and current principals. 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 April 1, 2017 through June 30, 2022. 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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For the period ended June 30, 2022

FINDINGS AND RECOMMENDATIONS

The audit resulted in the following findings and recommendations:

2023.01: Delinquent Deposits

There were 4 instances where funds collected from students were not deposited promptly as required. This resulted in delinquency that ranged from 5 to 82 days.

APM Guidelines for Bank Deposits requires Bookkeepers to make deposits of all funds received at least every other day. However, no more than \$250 should be kept in the building overnight. Staff members are also prohibited from holding funds overnight.

According to the recordkeeping staff, the delinquent deposits occurred because staff members remitted for deposit in a tardy manner.

Delinquent deposits of funds received constitutes non-compliance with BOE policies and procedures and increases the risk of loss to the school.

Recommendation: The principal should organize a refresher training for staff members on the financial procedures regarding the timely remittance of collection to the recordkeeping staff. Periodic review of financial records should be performed by the principal to ensure compliance.

2023.02: Mismanagement of Disbursements

The following exceptions were identified regarding mismanagement of disbursements:

- **Delinquent Payment - Check** # 1903 was not processed in a timely manner. The check was paid 28 days after the invoice due date.
- **Inappropriate Purchase Approval** - There were 2 instances where expenditures were inappropriately approved. Check numbers 1997 and 1878 were approved by the principal after the dates of purchase.
- **Unrecorded Voided Checks** – There were 16 instances where voided checks were not posted in SFO.

APM Section 4.5.3 Cash disbursements requires the payment of invoices by the due date or within 30 days of receipt.

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Preapproval by the Principal – School expenditures require the principal’s pre-approval. 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.

Check writing - No manual checks should be generated. All checks should be printed from School Funds Online (SFO). Checks may not be erased or altered.

According to the recordkeeping staff, the delinquent payment, was issued for a Fieldtrip. It was the vendor’s practice to receive payment in December for upcoming trips but the school had reached an agreement with the vendor that the payment would be made on the day of the event. This was not reflected in the documentation provided. The inappropriate approvals was pursuant to verbal consent that was not reflected in the documentation. The recordkeeping staff explained that the procedure to void checks in the system after errors in printing was not understood at the time.

Mismanagement of disbursements constitutes non-compliance with BOE policies and procedures and increases financial risk to the school and staff. Delinquent vendor payments could impair the school’s relationship with vendors. Without prior approval expenditures may be incurred that do not provide benefit to the school. Unrecorded voided checks affects the school’s ability to account for all of its financial transactions. It also impacts the completeness of financial reports used by administrators in decision making.

Recommendations: The principal must review the financial records at least monthly to ensure records are complete and accurate. The terms of vendor payments relative to Fieldtrips must be clarified to ensure that invoices are paid as required. The principal must communicate to staff that written approval must be obtained prior to obligating the school. The recordkeeping staff must review the guidance for recording checks as outlined in the APM and ensure that all checks, including voided checks are accurately recorded in SFO. The principal must review the schools financial records to ensure compliance.

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STATUS OF PRIOR AUDIT FINDINGS

The previous audit report for Glenn Dale Elementary School was issued for the period ended March 31, 2017. During that period, the principal was not in the current position. A total of **6** findings were noted in that audit and **1** was repeated in part in this audit as indicated below.

- ***Mismanagement of Funds Received***
 - *Incomplete and/or Inadequate Documentation of Funds Received* – not observed
 - *Year-End Monetary Transmittal Form Envelopes* – not observed
 - *Changes on Monetary Transmittal Forms not Initialed-* not observed
 - *Incomplete Monetary Transmittal Form Log* – not observed
 - *Monetary Transmittal Form Numbers Entered Incorrectly* – not observed

- ***Mismanagement of Disbursements***
 - *Incomplete and Inaccurate Documentation* – not observed
 - *Inadequate Principal Approval* – **still observed. See 2023.02** regarding *Mismanagement of Disbursements*
 - *Sales Taxes Paid* – not observed

- ***Administration of Voided Checks*** – not observed

- ***Financial Reporting-*** not observed

- ***Drop Safe Not on Premises*** –corrected

- ***Items Purchased with SAF not on Property Inventory Listing*** – not observed.

ACKNOWLEDGEMENT

We would like to thank the principal and staff of Glenn Dale Elementary School for their cooperation and assistance extended during the audit.

Prince George's County Public Schools
Internal Audit Department
School/Office: Glenn Dale ES
Response Date October 31, 2022

	Findings	Recommendations	Concur Non- Concur Partially Concur	Action Plan	Corrective Action Date	Status Implemented Partially Implemented Not Implemented
1.	<u>2023.01: Delinquent Deposits</u>	The principal should organize a refresher training for staff members on the financial procedures regarding the timely remittance of collection to the recordkeeping staff. Periodic review of financial records should be performed by the principal to ensure compliance.	Concur	Make deposits at least every other day regardless of amount in safe and daily if amount is greater than \$250. Reviewed with all staff the importance of turning in all money daily so no funds are left in the classroom, regardless of amount.	9/1/2022	Implemented
2.	<u>2023.02: Mismanagement of Disbursements</u>	The principal must review the financial records at least monthly to ensure records are complete and accurate. The terms of vendor payments relative to Fieldtrips must be clarified to ensure that invoices are paid as required. The principal must communicate to staff that written approval must be obtained prior to obligating the school. The recordkeeping staff must review the guidance for recording checks as outlined in the APM and ensure that all checks, including voided checks are accurately recorded in SFO. The principal must review the schools financial records to ensure compliance.	Concur	Invoices and Check Requests: Make sure all ppwk is completed with appropriate notations and copies of documentation for approvals. Make sure prior Void Checks: was a situation primarily caused by migration to new copiers causing damaged checks requiring restart to print job so check did not appear in SFO. Bookkeeper was unfamiliar with process to enter. Corrections were made to processing prior to audit to correctly input "preprint" voided checks.	9/1/2022 SY22	Implemented Prior Implementation

Principal Signature _____

J. Porterfield

Date _____

11/04/2022