



May 18, 2023

**MEMORANDUM**

To: Sheena Hardy, Instructional Director  
Cluster

Sharon H. Porter, Principal  
Rose Valley Elementary School

From: Michele Winston, CPA, Director  
Internal Audit

Re: Financial Audit for the Period December 1, 2016 through October 31, 2022

An audit of the financial records of **Rose Valley Elementary School** was completed for the period December 1, 2016 through October 31, 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 **June 16, 2023** 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), Roderick Adams, Compliance and Procedures Administrator, email address: [roderick.adams@pgcps.org](mailto:roderick.adams@pgcps.org) and Katrina Greene, School Activity Funds Support Specialist, email address: [katrina.greene@pgcps.org](mailto:katrina.greene@pgcps.org).

Enclosure

cc: Judy Mickens Murray, 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  
Lisa Howell, Acting Chief Financial Officer  
James Dougherty, Director, Financial Services  
Roderick Adams, Compliance and Procedures Administrator  
Robin Welsh, Director of Office of Government Relations, Compliance and Procedures  
Katrina Greene, School Activity Funds Support Specialist  
Janice Walters-Semple, CPA, Internal Audit Supervisor  
Iyamide Chris Oduyoye, Internal Auditor II

**Internal Audit Report**

**Rose Valley Elementary School  
School Activity Funds**

**For the Period Ended October 31, 2022**

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Internal Auditor's Report

We have examined the School Activity Funds (SAF) of Rose Valley Elementary School for the period December 1, 2016 through October 31, 2022. Rose Valley 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:

- *Mismanagement of Funds Received*
- *Administration of Checks*
- *Approval of Fund Transfers*

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 October 31, 2022.



Michele Winston, CPA  
Director, Internal Audit

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**SUMMARY**

Internal Audit completed an audit of the school activity funds (SAF) for Rose Valley Elementary School for the period December 1, 2016 through October 31, 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 **3** findings which occurred under the leadership of the current and former 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 December 1, 2016 through October 31, 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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**FINDINGS AND RECOMMENDATIONS**

The audit resulted in the following findings and recommendations:

**2023.01: Mismanagement of Funds Received**

The following exceptions were noted relative to the administration of funds received:

- ***Delinquent Deposits*** – There were 3 instances where funds were deposited between 4 and 10 days late.
- ***End of Year Monetary Transmittal Form Envelopes*** – The End of Year MTF envelopes reviewed for FY 2021 and FY 2022 were not signed and sealed as required.

According to the APM, *Guidelines for Bank Deposits*, bookkeepers are required to make deposits of all funds received at least every other day. However, no more than \$250 should be kept in the building overnight.

The APM, *Collecting Funds: Completing the Monetary Transmittal Form* states that prior to departing at year-end, faculty and program managers are to submit the pink and yellow copies of the MTF(s) in a sealed envelope (with their signature over the seal) to the designated administrator.

The recordkeeping staff explained that staff members are instructed on how to submit school activity funds and the procedures for submitting year end MTF envelopes at the beginning of the school year. However, some staff members still remitted funds in a tardy and noncompliant manner.

Delinquent deposits of funds received constitute noncompliance with BOE policies and procedures and increases the risk of loss to the school. It also impacts the accuracy of financial reports. The integrity of MTF remittances is compromised when the MTF envelopes are not sealed and signed.

**Recommendations:** The following steps should be taken to improve the management of funds received:

- A. A refresher training should be held to remind staff members of their responsibility to remit funds collected in a timely manner. Staff should be held accountable for compliance.

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- B. The principal should conduct periodic review of financial records to ensure timeliness of deposits and compliance with the requirements for MTF envelope submission. Staff should be held accountable for compliance.

**2023.02: Administration of Checks**

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

- ***Cancelled Checks:*** There were **6** instances where cancelled checks could not be located to substantiate funds disbursed.
- ***Voided Checks:*** There were **5** instances where voided checks did not have the signature portion removed as required. There were also **2** instances where voided checks were not available for review.

The APM, *Record Retention*, requires the school's financial records to be retained for a period of 7 years or until audited including the current fiscal year.

The APM, *Summary of Check Disbursement Procedures*, requires the maintenance of voided in check number order with cancelled check images. Also, the signature portion of all voided checks is required to be defaced.

The recordkeeping staff explained that there were times when cancelled checks were not returned by the bank. There were also times when online access was not available to print the missing cancelled check images from the system. Reportedly, failure to remove the signature portion from voided checks was an oversight.

Mismanagement of checks constitutes non-compliance with BOE policies and procedures and increases financial risk to the school and staff. Lack of retention and defacement of voided of checks exposes the school to check fraud.

**Recommendations:** An adequate records management system must be implemented that ensures the maintenance of all financial records, including cancelled and voided checks in an organized manner. Specifically, voided and cancelled checks must be maintained for the required 7 years or until the audit. The recordkeeping staff must ensure that all voided checks are defaced as required. The principal should contact the Treasury Operations Office for assistance with obtaining consistent bank online access. The recordkeeping staff must be held accountable for compliance.

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**2023.03: Approval of Fund Transfers**

There were **9** instances where Fund Transfer Journal Entry Proof Sheets were not approved for restricted fund transfers performed.

APM Section 4.5.4.2 *Transfers between restricted and unrestricted/net accounts*, states that Transfers between restricted accounts are only authorized if reviewed and approved by the principal.

The recordkeeping staff stated that the unsigned Fund Transfer Journal Entry Proof Sheets was an oversight.

Failure to approve fund transfers constitutes non-compliance with BOE policies and procedures and increases financial risk to the school resulting from potential misuse of restricted accounts funds.

**Recommendations:** The principal should review and approve all restricted journal entries as required. The recordkeeping staff should be held accountable for ensuring the principal's documented approval is obtained prior to posting journal entry transfers.

**STATUS OF PRIOR AUDIT FINDINGS**

The previous audit report for Rose Valley Elementary School was issued for the period ended November 30 2016. The current principal was not in the current position during that audit; however, the recordkeeping staff was in the current position. The current principal's tenure began in July 2019. The previous audit included 4 audit findings and 1 was repeated in part in the current audit report. The following findings were noted as a result of that audit and the current status is indicated below:

- ***Inappropriate Credit Line Account - The school has a \$1,500.00 credit line account with Amazon. – Condition was not noted during this audit.***
- ***Mismanagement of Disbursements - Condition was not noted during this audit.***
- ***Sales Taxes not Collected or Remitted for Items Sold: Condition was not noted during this audit.***
- ***Administration of Voided Checks***
  - School Funds Expenditure Forms (SFEF) or Voided Check Proof Sheet (VCPS) were not signed by Principal: *Condition was not noted during this audit.*



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- Voided Checks not Properly Mutilated: *Condition still existed during the audit. See Finding 2023-02 regarding Administration of Checks.*
- Voided Check not entered into the Accounting System: *Condition was not noted during this audit.*

**ACKNOWLEDGEMENT**

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

**Prince George's County Public Schools  
Internal Audit Department**

**School/Office: Rose Valley ES**

**Response Due Date June 16, 2023**

	<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>2023.01: Mismanagement of Funds Received</u></b>	<p>The following steps should be taken to improve the management of funds received:</p> <p>A. A refresher training should be held to remind staff members of their responsibility to remit funds collected in a timely manner. Staff should be held accountable for compliance.</p> <p>B. The principal should conduct periodic review of financial records to ensure timeliness of deposits and compliance with the requirements for MTF envelope submission. Staff should be held accountable for compliance.</p>		<p>A refresher training will be held to remind staff members of their responsibility to remit funds collected in a timely manner.</p> <p>Principal will conduct a periodic review of financial records to ensure timeliness of deposits and compliance with the requirements for MTF envelope submission.</p>	<p>August 2023</p> <p>July 2023</p>	<p>Partially Implemented</p> <p>Not Implemented</p>

**Principal Signature**

*Sharon H. Porter*

**Date** 06/20/2023

2.	<b><u>2023.02:</u></b> <b><u>Administration of Checks</u></b>	An adequate records management system must be implemented that ensures the maintenance of all financial records, including cancelled and voided checks in an organized manner. Specifically, voided and cancelled checks must be maintained for the required 7 years or until the audit. The recordkeeping staff must ensure that all voided checks are defaced as required. The principal should contact the Treasury Operations Office for assistance with obtaining consistent bank online access. The recordkeeping staff must be held accountable for compliance.		Principal will review with the Financial secretary regarding voided checks.  The principal will contact the Treasury Operations Office for assistance with obtaining consistent bank online access.	June 2023  July 2023	Implemented  Not Implemented
3.	<b><u>2023.03:</u></b> <b><u>Approval of Fund Transfers</u></b>	The principal should review and approve all restricted journal entries as required. The recordkeeping staff should be held accountable for ensuring the principal's documented approval is obtained prior to posting journal entry transfers.		The principal will review and approve all restricted journal entries as required.	June 2023	Implemented

Principal Signature *Sharon H. Porter*

Date 06/20/2023