



August 28, 2019

**MEMORANDUM**

To: Elizabeth Saunders, Instructional Director  
Cluster 12

H. Douglas Rice, II, Principal  
Imagine Andrews Public Charter School

From: Michele Winston, CPA, Director  
Internal Audit

Re: Student Activity Funds Financial Audit as of June 30, 2019

An audit of the financial records **Imagine Andrews Public Charter School** was completed for the period July 1, 2018 through June 30, 2019. The audit indicates that the school's financial records and procedures were generally in compliance with the Accounting Procedures Manual for School Activity Funds (APM) and Board of Education policies and procedures.

As the principal of the school, you will be responsible for preparing an action plan by September 30, 2019, indicating steps that will be taken to ensure compliance with the APM. Please note that you are required to provide your signed and dated 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 Jerry Chandler, Business Analyst, email address: [jerry.chandler@pgcps.org](mailto:jerry.chandler@pgcps.org); Deborah Smalls, Business Operations Technician, email address: [deborah.smalls@pgcps.org](mailto:deborah.smalls@pgcps.org); and Joeday Newsom, Esq., Ethics Compliance Officer, email address: [joeday.newsom@pgcps.org](mailto:joeday.newsom@pgcps.org).

cc: Alvin Thornton, Ph. D., Chairman, Board of Education  
Monica Goldson, Ed. D., Chief Executive Officer  
Members, Board of Education  
Christian Rhodes, Chief of Staff  
Helen Coley, Ed. D., Chief of School Support and Leadership  
Suzann King, Esq., Executive Director, Board of Education  
Loretta White Khaalid, Executive Assistant, Charter Schools  
Joeday Newsom, Esq., Ethics Compliance Officer  
Alicia Robinson, Internal Auditor II

# Internal Audit Report

Imagine Andrews Public Charter School  
Student Activity Funds

For the Period Ended June 30, 2019

**Imagine Andrews Public Charter School  
Student Activity Funds  
Internal Audit Report  
For Period Ended June 30, 2019**

**Table of Contents**

INTERNAL AUDITOR’S REPORT.....	2
SUMMARY.....	3
OBJECTIVES.....	3
SCOPE.....	3
FINDINGS AND RECOMMENDATIONS.....	4
STATUS OF PRIOR AUDIT FINDINGS .....	5
ACKNOWLEDGEMENT .....	6

**Imagine Andrews Public Charter School  
Student Activity Funds  
Internal Audit Report  
For Period Ended June 30, 2019**

Internal Auditor's Report

We have examined the Student Activity Funds (SAF) of Imagine Andrews Public Charter School for the period July 1, 2018 to June 30, 2019. Imagine Andrews Public Charter School's principal is responsible for the administration of the 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:

- *Disbursement Deficiencies*
- *Contracts not Signed by the Principal*

The findings, individually or in aggregate, resulted in a material deviation from Board of Education (BOE) policies and procedures and the requirements of the Accounting Procedures Manual for the School Activity Funds (APM).

In our opinion, considering the deviations from the criteria described in the preceding paragraph, the SAF referred to above, has not been administered in compliance with BOE policies and procedures and the APM, in all material respects, for the period ended June 30, 2019.



Michele Winston, CPA  
Director, Internal Audit

**Imagine Andrews Public Charter School  
Student Activity Funds  
Internal Audit Report  
For Period Ended June 30, 2019**

**SUMMARY**

The Internal Audit Department has completed an audit of the student activity funds (SAF) for Imagine Andrews Public Charter School for the period July 1, 2018 through June 30, 2019. The audit was conducted as part of the annual audit plan.

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 for School Activity Funds (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 examination of selected bank statements, financial reports, cancelled checks, all voided checks and Monetary Transmittal Form (MTF) envelopes submitted for the period July 1, 2018 to June 30, 2019. Also, available receipts, disbursements and supporting documentation were reviewed for the said period.

**Imagine Andrews Public Charter School  
Student Activity Funds  
Internal Audit Report  
For Period Ended June 30, 2019**

**FINDINGS AND RECOMMENDATIONS**

The audit resulted in the following findings and recommendations:

**2020.01 Disbursement Discrepancies**

There were at least **2** instances of non-compliance regarding disbursements. The following indicates the issues of non-compliance:

- A. ***Delinquent Payment of Invoice:*** There was at least **1** instance where a payment made to a vendor was not issued timely. The payment was processed 13 days after the due date.
  
- B. ***Misuse of Refunds Vendor Account in SFO:*** There was at least **1** instance where the recordkeeping staff used the Refund Vendor Account incorrectly when issuing a reimbursement to a staff member. ***(This finding was noted during the previous audit period ended June 2018.)***

The APM provides the following guidelines relative to the administration of disbursements:

- A. Invoices should be paid by the stated due date or within 30 days of the invoice date.
  
- B. During January 2015 the BOE implemented SFO, to track SAF. The *Reimbursement Vendor* was created to post reimbursable expenses to the staff and the *Refund* was created to post refundable expenses to parents within SFO.

Contributory factors to the disbursement deficiencies are as follows:

- A. This single instance was an oversight. The recordkeeping staff's failure to make timely payment to the vendor which could have resulted in the vendor not conducting business with the school and/or BOE.
  
- B. The recordkeeping staff was not aware that there was a difference between the reimbursement and refund vendor accounts in SFO. Using the Refund Vendor Accounts in SFO could result in the school's financial records inaccurately stated.

**Imagine Andrews Public Charter School  
Student Activity Funds  
Internal Audit Report  
For Period Ended June 30, 2019**

**Recommendation:** The following recommendations are suggested to ensure compliance with disbursements of policies and procedures:

- A. The recordkeeping staff should ensure payments are made by the due date and/or within 30 days of receipt of invoices to ensure prompt payment and to remain in good standing with vendors.
- B. The recordkeeping staff should ensure that the Reimbursement/Refund Vendor option is used appropriately when issuing checks through SFO. Reimbursement to staff must only be processed using the Reimbursement Vendor option.

**2020.02 Administration of Contracts**

The school's yearbook contract and picture contract were not signed by the principal.

Administrative Procedure 5135.2 *Principal's Contracting Authority*, requires the principal, as the fiduciary agent of the BOE, to approve and sign all contracts entered into for all school activities.

The yearbook and picture sponsors failed to ensure that the principal was provided the contracts for review and ratification.

Failure to have a formal signed contract in place constitutes non-compliance with BOE policies and procedures. There is an increased risk that the principal is not aware of the financial obligations of the school when not provided the opportunity to review and approve the terms and conditions of the contract.

**Recommendation:** The principal should establish procedures to ensure that a current yearbook and picture contract is provided to him for approval prior to obligating the school. Sponsors should be held accountable for compliance. Signed contracts must be maintained on file in compliance with BOE policies and procedures.

**STATUS OF PRIOR AUDIT FINDINGS**

The previous audit report for Imagine Andrews Public Charter School was issued for the period ended June 30, 2018. The current principal and recordkeeping staff were on staff during that audit. There were 2 finding noted as a result of that audit. The current status of the previous findings are noted below:

- **Mismanagement of Funds Received** - Controls appear to be working.

**Imagine Andrews Public Charter School  
Student Activity Funds  
Internal Audit Report  
For Period Ended June 30, 2019**

- **Mismanagement of Disbursements Issued:**
  - *Overpayment of Vendor* – Controls appear to be working.
  - *Use of Refund Vendor Account in SFO* – Condition still exists. See **Finding 2020.01** regarding *Disbursement Discrepancies*.

**ACKNOWLEDGEMENT**

We would like to thank the principal and staff of Imagine Andrews Public Charter School for their cooperation and assistance extended during the audit.