



September 29, 2020

**MEMORANDUM**

To: Niki Brown, Ed. D., Instructional Director  
Cluster 4

Lila Walker, Principal  
Beacon Heights Elementary School

From: Michele Winston, CPA,  
Director Internal Audit

Re: Financial Audit for July 1, 2017 to July 31, 2020

An audit was completed on the financial records of Beacon Heights Elementary School for the period July 1, 2017 to July 31, 2020. The audit indicates that the school's internal controls require improvement to be in full compliance with the Accounting Procedures Manual 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 principal of the school, you will be responsible for preparing an action plan by October 26, 2020 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 your action plan should also be forwarded to Danyelle Washington, Business Analyst, email address: [dany.washington@pgcps.org](mailto:dany.washington@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).

Enclosure

cc: Alvin Thornton, Ed. D., Chairman Board of Education  
Monica Goldson, Ed. D., Chief Executive Officer  
Members, Board of Education  
Christian Rhodes, Chief of Staff  
Michael Herbstman, Chief Financial Officer  
James Dougherty, Director, Financial Services  
Helen Coley, Ed. D., Chief, School Support and Leadership  
Kassandra Lassiter, Ed. D, Associate Superintendent for Elementary Schools  
Joeday Newsom, Esq., Ethics Compliance Officer  
Suzann King, Esq., Executive Director, Board of Education  
Robin Welsh, Director of Monitoring, Accountability and Compliance  
Janice Walters-Semple, CPA, Supervisor Internal Audit  
Dan Reagan, Internal Auditor II

**Internal Audit Report**

**Beacon Heights Elementary School  
Student Activity Funds**

**For the Period Ended July 31, 2020**

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Internal Auditor's Report

We have examined the Student Activity Funds (SAF) of Beacon Heights Elementary School for the period July 1, 2017 to July 31, 2020. Beacon Heights 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 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:

- *Mismanagement of Funds Received;*
- *Mismanagement of Disbursements;*
- *Mismanagement of Monthly Reporting;*
- *Excessive Spending in Restricted Accounts;*
- *Mismanagement of Field Trip Collections;*
- *Voided Checks Not Properly Administered;*
- *Fundraiser Forms Not Completed; and*
- *Year-End Monetary Transmittal Form Procedures Not Followed.*

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 deviations 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 July 31, 2020.

Michele Winston, CPA, Director  
Internal Audit



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**SUMMARY**

The Internal Audit Department completed an audit of the student activity funds (SAF) for Beacon Heights Elementary School for the period July 1, 2017 to July 31, 2020.

The audit and investigation indicate that the school's internal controls requirement improvement to be in full compliance with the Accounting Procedures Manual for School Activity Funds (APM) and Board of Education (BOE) policies and procedures.

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 complies with the policies and procedures of the APM and the BOE. It is important to recognize that, while the audit 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 bank statements, financial reports, selected cancelled checks, and all voided checks and Monetary Transmittal Form (MTF) envelopes submitted by staff, for the period July 1, 2017 to July 31, 2020. In addition, selected receipts, disbursements and supporting documentation were reviewed for the said period.

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**FINDINGS AND RECOMMENDATIONS**

The audit resulted in the following findings and recommendations:

**2021.01 Mismanagement of Funds Received**

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

- A. ***Delinquent Deposits:*** There were **3** instances where deposits were not made timely following initial collection of funds. Deposits were made up to 24 days after initial collection by the staff member.
- B. ***Lack of Validated Deposit Slips:*** There were **2** instances where validated deposit slips were not included to support MTFs. The validated deposit slips did not match the corresponding MTF amount in **2** other instances and were with the wrong MTFs.
- C. ***Missing Documentation:*** There were also **2** MTFs and corresponding deposit slips that could not be located in the schools' files.

The Accounting Procedures Manual (APM), Section 4.5.2.2, *Cash Receipts, Procedures* states that 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. The validated copy of the deposit slip must be filed at the school with the corresponding MTF to provide support.

The APM, Section 6.12, *Record Retention*, states that all SAF records must be retained for a period of 7 years and/or until audited, including the current fiscal year.

All three instances of delinquent deposits occurred during the 2018-19 school year. The principal explained that the previous financial recordkeeping staff was not effective in their administration of the SAF. Despite many disciplinary efforts, the previous financial recordkeeping staff did not make timely bank deposits. The principal stated that she had to make deposits in some instances because funds were being held in the safe for an extended period of time. Deposits reviewed in 2019-2020 appeared to be timely.

The missing MTFs and deposit slips also occurred in 2018-2019, due to a lack of effective filing established by the previous financial recordkeeping staff.

The current financial recordkeeping staff stated that she has never fully reviewed the APM prior to beginning the role in July 2019. As such, she was not initially aware of the requirement to

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include validated deposit slips, and to make sure that they fully supported the attached MTF. The current financial recordkeeping staff is now aware of this requirement.

The lack of effective internal controls over cash collections constitute non-compliance with Board policies and procedures. Additionally, funds not deposited timely are at greater risk of being lost or stolen. The lack of effective practice of matching MTFs with validated deposit slips, and maintaining those records, compromises the audit trail necessary to ensure that funds are properly being safeguarded and deposited.

**Recommendation:** The Principal and current financial recordkeeping staff should ensure they are familiar with the procedures for cash collections and deposits in the Accounting Procedures Manual. The current financial recordkeeping staff should ensure that deposits are made timely and that they are properly supported. In addition, files should be effectively maintained. The Principal should provide oversight to this process.

**2021.02 Mismanagement of Disbursements**

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

- A. ***Lack of Proper Support:*** Supporting documentation was not provided to validate the check amount in **2** instances.
  
- B. ***Lack of Proper Approvals:*** The principal did not provide proper pre-approval and/or approval for expenditures in **7** instances including the following:
  - a. **1** instance where no School Funds Expenditure Form (SFEF) was completed for an expenditure.
  
  - b. **1** instance where the principal did not sign the SFEF for either pre-approval or approval.
  
- C. **5** instances where the principal's pre-approval was not made prior to the school's commitment of funds for the expenditure.
  - a. There were an additional **4** instances where the financial recordkeeping staff did not properly indicate the amount of funds available for the expenditure on the pre-approval section of the SFEF.
  
- D. ***Missing Cancelled Check Images:*** There were **16** instances where cancelled check images could not be located.

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- E. ***Lack of Third Check Signer:*** As of July 31, 2020 and as of the date of issuance of this audit report, the school has only two check signers – the principal and the current financial recordkeeping staff.

The APM, Section 4.5.3, *Cash Disbursements*, includes the following provisions:

- A. All checks must have itemized documentation attached to the SFEF that supports the amount of the check. Examples of supporting documents are original cash register receipts, invoices, bills of sale, etc. Examples of documents that are not itemized invoices or receipts includes credit card receipts, statements, order confirmations, price quotes, and packing slips.
- B. Prior to ordering or purchasing goods or services, a SFEF must be completed and signed by the Principal. The SFEF has a section for the financial recordkeeping staff to indicate the amount of funds available and to verify that the vendor is approved.
- C. Images of cancelled checks must be returned with the bank statement. Once received, these images are to be maintained in a separate cancelled check file for the entire year. The Bookkeeper must safeguard these images of cancelled checks, including endorsement information the bank of the checks.
- D. Administrative Procedure 4180, *School Bank Accounts: Opening of New Accounts and Changing of Signatures* states that three individuals should be designated as check signers on the account and are listed on the bank “Signature Card”. The two standard check signers should be the school Principal and Bookkeeper/Secretary. The third alternate check signer must be a Vice Principal or other school administrator.

The current financial recordkeeping staff stated that she has never fully reviewed the Accounting Procedures Manual prior to beginning the role in July 2019. As such, she was not fully aware of the strict requirements to attach supporting documentation to each check, and to maintain all cancelled check images returned from the bank. They were also not aware of the requirement to have a third check signer.

The Principal confirmed that the school has never had an effective process to ensure that all expenditures are properly pre-approved. Often times, the SFEF is completed after a staff member has already brought in a receipt, or after the school has already received an invoice from a vendor.

Inadequate management of disbursements constitutes non-compliance with BOE policies and procedures and increases financial risk to the school and staff. Specifically, the requirement for supporting documentation ensures that check amounts are appropriate. Cancelled check images are critical for documenting the audit trail. A third check signer is needed to ensure that all checks, including those made to other check signers, still include two independent signatures.



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An effective pre-approval process ensures that all expenditures are appropriate and that all payment amounts can be covered by the balance in the relevant fund account. The school has a number of restricted account deficits due to expenditures being incurred before the pre-approval process confirms that funds are available (See Finding 2021.04).

**Recommendation:** The principal and current financial recordkeeping staff should ensure they are familiar with the procedures for expenditures in the Accounting Procedures Manual.

- A. The staff should be trained on the requirement for all expenditures to be pre-approved by the principal.
- B. The current financial recordkeeping staff should ensure that all checks are supported by itemized documentation.
- C. The current financial recordkeeping staff should maintain all cancelled check images returned from the bank in a file as required by the APM.
- D. The principal and current financial recordkeeping staff should identify a third check signer and following the procedures in Administrative Procedure 4180, *School Bank Accounts: Opening of New Accounts and Changing of Signatures*, to quickly add them to the bank account.

**2021.03 Mismanagement of Monthly Reporting**

The following exceptions pertaining to bank reconciliations were identified:

- A. There were **2** of 12 bank reconciliations reviewed that were not signed by the principal
- B. There were **4** of 12 bank reconciliations reviewed that were signed by the principal after the 15<sup>th</sup> of the following month.
- C. There were **2** of 12 bank reconciliations reviewed that were prepared by the financial recordkeeping staff after the 15<sup>th</sup> of the following month.

The APM, Section 5.0, *Monthly Reconciliation and Financial Reporting*, states that the purpose of the bank reconciliations is to ensure that differences between the bank and SFO balances are due to timing, rather than error. Further, it states that the Principal should receive and approve the package of reports, to include the bank reconciliation and the Insolvency Report, by the 15<sup>th</sup> of each month.

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The principal explained that the previous financial recordkeeping staff was not effective in their administration of the SAF. Despite many disciplinary efforts, the previous financial recordkeeping staff did not complete the monthly reporting timely.

The current financial recordkeeping staff, due to a learning curve, also struggled to complete the monthly reporting timely during the beginning of the 2019-20 school year. Further, the April 2020 bank reconciliation was not completed timely due to complications from the COVID-19 school closure.

Untimely and unapproved bank reconciliations constitute non-compliance with BOE policies and procedures and have increased financial risk to the school. The bank reconciliation process is the most effective internal control to ensure that funds are properly deposited and recorded.

**Recommendation:** The current principal and current financial recordkeeping staff should ensure that reconciliations are completed and approved by the 15<sup>th</sup> of the subsequent month as required by the APM. A set meeting time should be scheduled and honored each month to provide the current Principal and financial recordkeeping staff an opportunity to review and approve the monthly reports timely and discuss other issues with the School Activity Funds.

**2021.04 Excessive Spending in Restricted Accounts**

The school's chart of accounts includes **5** restricted fund accounts with deficits totaling **(\$2,471.78)** as of July 31, 2020. The following is a listing of accounts with deficits:

- 308.00 Employee Sunshine Fund: (\$477.26)
- 423.00 School Uniform: (\$252.61)
- 424.00 Spruce-Up Day: (\$288.16)
- 430.00 Grants: (\$99.30)
- 450 Principal Sponsored Activities (PSA): (\$1,354.45)

The APM Section 4.3, *Fund Accounts*, explains that restricted accounts include all funds that are deposited into the SAF for a specific purpose and cannot be used for any other reason. Expenditures for all restricted accounts are therefore limited to the amount of funds collected for those activities.

The APM, Section 9.6, PSA for Staff, states that discretionary expenditures incurred by the Principal on behalf of school staff are grouped in the PSA accounting category. These activities must be of a professional nature that enhances staff members' job performance. If the PSA account has a deficit, faculty spending must be ceased until the existing PSA deficit is resolved. Expenditures for authorized Principal-sponsored activities are restricted to the funds available from the following sources:

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- 100% of Vending commission from machines located in the staff lounge
- 25% of student vending commission
- 15% of school-wide fundraiser profits, including picture commissions
- Up to 25% of senior class residual funds.

The principal and current financial recordkeeping staff confirmed that an effective pre-approval process for expenditures has never been established at the school. As such, expenditures have been made without proper validation of available funds. Although several of the above accounts have been insolvent since prior to the audit period, the following expenditures were made during the audit period affecting the insolvent accounts:

- Account 308.00 Employee Sunshine Fund: \$268.85 payment for flowers on February 23, 2018. The account was already insolvent when this purchase was made.
- Account 430.00 Grants: \$2,099.30 payment for choral risers on December 13, 2018. The balance in the account was \$2,000.00.
- Account 450 Principal Sponsored Activities: \$225.00 for Professional Development Lunch on October 18, 2019. The account was already insolvent when this purchase was made.

The principal stated that the previous financial recordkeeping staff was not effective in managing the accounts and communicating available funds to the principal. In particular, the principal was not aware that funds were not fully available for the choral risers. The Professional Development payment in October 2019 was made from the SAF in error by the current financial recordkeeping staff, who meant to make the payment out of School-Based Budget (SBB).

The ineffective management of restricted accounts constitutes non-compliance with BOE policies and procedures and increases financial risk to the school. Students are not receiving the maximum possible benefit of the resources that should have been available to them. In particular, over-spending out of the Principal-Sponsored Activities account represents student funds being used for staff purchases.

**Recommendation:** The current financial recordkeeping staff should ensure that fund balances are included on all SFEFs when presented to the principal for pre-approval. The principal should review all requested expenditure balances carefully prior to pre-approval to ensure that collection estimates are sufficient to cover the costs (See Finding 2021.02).

The principal and current financial recordkeeping staff should carefully review all restricted accounts and confer with the Accounting and Financial Reporting Office to close out all defunct accounts.

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**2021.05 Mismanagement of Field Trip Collections**

The restricted account, 420.00 Field Trips, had a balance of **\$20,765.42** as of July 31, 2020, with no known open invoices or reimbursements due. The balance on July 1, 2017 was **\$13,749.94**. The account has increased by **\$7,015.48** during the audit period.

<b>Year</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Excess</b>
2017-2018	\$10,278.50	\$8,053.87	\$2,224.63
2018-2019	\$3,739.85	\$258.00	\$3,481.85
2019-2020	\$1,819.00	\$510.00	\$1,309.00
<b>Total</b>	<b>\$15,837.35</b>	<b>\$8,821.87</b>	<b>\$7,015.48</b>

The APM, Section 1.2, *Activity Funds*, states that Student Activity Funds are resources held by a school on a temporary, purely custodial manner. The funds are used for the general welfare of students, and for activities not a part of the regular curriculum.

The APM, Section 3.2.1, *Principals*, states that the Principal is the fiduciary agent for the SAF and is responsible for the accounting, safeguarding and managing of the SAF. The Principal should review budgets of all organizations at the start of the school year.

The APM, Section 4.3, *Fund Accounts*, states that restricted funds are those funds that are raised by a specific group and/or for a specific purpose and are used exclusively for that group and/or purpose and not for general needs of the school. Unrestricted funds are those funds raised to benefit the entire student body and/or meet the general needs of the school.

The principal stated that most field trips taken during the audit period were either free or very low cost. The only significant planned expenditures were for the buses. On some occasions, there were no cash collections from students, with bus transportation covered by School-Based-Budget (SBB) funds. In other instances, students turned in money to the SAF to pay for the buses.

Oracle records indicate that \$21,140.27 in payments for field trip transportation was made out of the SBB during the audit period. The principal confirmed that these payments were for field trips without student collections as well as field trips with student collections. The Accounting and Financial Reporting Office provided instructions in both November and December 2019 to the school regarding how to transfer funds from SAF to SBB when collecting cash from students for field trips. However, neither the principal nor the current financial recordkeeping staff recognized that this required action on their end. As a result, the SBB was never reimbursed as intended, and the field trip balance in the SAF increased dramatically.

The lack of effective financial management and budgeting for field trips has resulted in unintentional spending from the SBB for student field trips, and funds collected from students

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not being matched to expenditures as intended. Students did not receive the full benefits of the funds they remitted to the school.

**Recommendation:** The principal should develop an overall field trip strategy to determine how the accumulated funds will be expended on student activities. The strategy should be shared with both field trip sponsors and the financial recordkeeping staff. Field trip sponsors should not be collecting for field trip transportation unless the principal deems it necessary. If payments are collected, the current financial recordkeeping staff should be diligent to ensure that payments are promptly transferred to the SBB by following the specific instructions provided by Accounting and Financial Reporting.

**2021.06 Voided Checks Not Properly Administered**

There **2** instances where the voided checks were not properly defaced. There were **2** additional instances where voided checks could not be located.

The APM, Section 4.5.3, *Cash Disbursements*, states that voided checks must be defaced and filed in check number order with cancelled check images. All transactions must be entered into SFO.

The previous financial recordkeeping staff did not properly deface and file voided checks. The failure to properly deface voided checks represents non-compliance with Board policies and procedures and increases the risk of check fraud for the school.

**Recommendation:** The current financial recordkeeping staff should continue to properly deface and file voided checks. The principal should provide oversight to the process.

**2021.07 Fundraiser Forms Not Completed**

Fundraiser Completion Reports, and Annual Fundraising Summaries have not been completed during the audit period. The school conducted **9** school-wide fundraisers during the audit period.

The APM, Section 7.2.2, *Fundraising Procedures*, states that club fundraisers must be formally approved by the Principal using a Fundraiser Authorization Form. At the conclusion of all fundraisers, a Fundraiser Completion Report must be prepared by the sponsor. Additionally, the Principal should prepare an annual report summarizing all fundraising activities concluded during the year. The data in this annual report should be available for review by parents, other interested members of the community, and include the net amount retained as profit from each fundraising activity.

The principal and current financial recordkeeping staff were unaware of the requirements for completing and retaining fundraiser forms.

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Failure to complete fundraiser forms constitutes non-compliance with BOE policies and procedures and increases financial risk to the school. It decreases transparency of fundraising activities and the associated profits to interested parents and community members. Further, Fundraiser Completion Reports bolster the budgeting process which can ensure optimal performance by each fundraiser.

**Recommendation:** The principal and current financial recordkeeping staff should document and develop internal controls for fundraising. The controls should include specific responsibilities for the staff, financial recordkeeping staff and principal. Training for staff should be provided prior to 2020-21 fundraiser activities.

**2021.08 Year-End Monetary Transmittal Form Procedures Not Followed**

The following exceptions pertaining to the end-of-year MTF procedures were identified:

- A. ***Missing MTF copies:*** 2 MTF envelopes, representing \$1,367 in collections, could not be found.
- B. ***Misplaced MTF copies:*** 3 MTFs, totaling \$1,565, were placed in another teacher's end-of-year envelope.
- C. ***Lack of Segregation of Duties:*** The school's current financial recordkeeping staff collected and stored the 2019-20 school year's MTF envelopes.

The APM, Section 4.5.2.2, *Cash Receipts: General Policies*, requires the pink MTF remittance copies to be retained by the preparer. The white and yellow MTF remittance copies are submitted to the bookkeeper with remitted funds. After approving MTFs, the Bookkeeper returns yellow MTF remittance copies to the originator. Prior to departing the school at year-end, faculty and program managers seal envelopes containing yellow and pink remittance copies of MTFs (with their signature over the seal) and submit them to the designated administrator. The bookkeeper will print the SFO "*Receiptee History*." Report and submit it to the designated administrator, which can not be the Bookkeeper. This alerts the administrator which MTF envelope packages to expect.

The current financial recordkeeping staff stated that they were aware that they could not collect the end-of-year MTF envelopes, but due to the COVID-19 school closures at the end of the 2019-2020 school year, the normal close-out procedures were not carried out. There was no designated administrator assigned to collect and store the envelopes.

Although teachers have been reminded of their duties regarding MTF copies, they are not always diligent to follow procedures and return the copies at the end of the year in their own envelopes.

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The ineffective year-end MTF process constitutes non-compliance with BOE policies and procedures and increases financial risk to the school. The audit trail for ensuring that SAF collected were subsequently remitted and deposited was compromised.

**Recommendation:** The Principal should provide more effective oversight during the MTF envelope close-out process to ensure that staff members are following all directions provided to them by the current financial recordkeeping staff. A designated administrator other than the financial recordkeeping staff should be established each year to collect and store the envelopes in compliance with the APM.

### **STATUS OF PRIOR AUDIT FINDINGS**

The previous audit report for **Beacon Heights Elementary School** was issued for the period ending **December 31, 2011**. The previous report had 10 findings and 4 are repeated. The Principal has been in her position since the beginning of the audit period, July 1, 2017. The previous financial recordkeeping staff was in place from the beginning of the audit period through June 2019. The current financial recordkeeping staff began in July 2019. The following findings were noted as a result of the last audit and the current status is indicated below.

- **Management of Receipts** – Condition still exists. **See Finding 2021.01** regarding *Mismanagement of Funds Received*.
- **No Sales Tax Collected for All Items Sold** – Controls appear to be working.
- **Fundraiser Forms** – Condition still exists. **See Finding 2021.07** regarding *Fundraiser Forms Not Completed*.
- **Payment for Services Rendered Out of the SAF** - Controls appear to be working.
- **Mismanagement of Disbursements**– Condition still exists. **See Finding 2021.02** regarding *Mismanagement of Disbursements*.
- **Late Payment of Invoices** – Controls appear to be working.
- **Schools Paid Sales Tax on Purchases** – Controls appear to be working.
- **Transactions Misclassified** – Controls appear to be working.
- **Principal Sponsored Activity Overspending** - Condition still exists. **See Finding 2021.04** regarding *Excessive Spending in Restricted Accounts*.
- **Funds Not Deposited** – Controls appear to be working.

### **ACKNOWLEDGEMENT**

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

**Prince George's County Public Schools**  
**Internal Audit Department**  
**School/Office: Beacon Heights ES**  
**Response Date October 30, 2020**

	<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>2021.01</u></b> <b><u>Mismanagement of Funds Received</u></b>	The Principal and current financial recordkeeping staff should ensure they are familiar with the procedures for cash collections and deposits in the Accounting Procedures Manual. The current financial recordkeeping staff should ensure that deposits are made timely and that they are properly supported. In addition, files should be effectively maintained. The Principal should provide oversight to this process.	concur	The principal and financial record keeper will ensure that they are familiar with the procedures for cash collections and deposits by reviewing the accounting procedures manual during our monthly meeting (1st Wednesday @ 9am). These monthly meetings will be conducted to ensure that Mrs. Mitchell and I are on the same page with all things financial.	10/5/2020	Implemented
2.	<b><u>2021.02</u></b> <b><u>Mismanagement of Disbursements</u></b>	The principal and current financial recordkeeping staff should ensure they are familiar with the procedures for expenditures in the Accounting Procedures Manual.  A. The staff should be trained on the requirement for all expenditures to be pre-approved by the principal.  B. The current financial recordkeeping staff should ensure that all checks are supported by itemized documentation.	concur	The principal and the financial record keeper will ensure the following: A. The record keeper, Mrs. Mitchell, will hold Money Matters with Mrs. Mitchell, on Oct. 28th at 2pm and Nov. 18th at 2pm to PD staff on the required expenditures. Thereafter, once a month, as needed,	10/5/2020	Implemented

Principal Signature: *Dr. Lila J. Walker*

Date: October 21, 2020



		<p>C. The current financial recordkeeping staff should maintain all cancelled check images returned from the bank in a file as required by the APM.</p> <p>D. The principal and current financial recordkeeping staff should identify a third check signer and following the procedures in Administrative Procedure 4180, <i>School Bank Accounts: Opening of New Accounts and Changing of Signatures</i>, to quickly add them to the bank account.</p>		<p>for sessions that will delve into subjects that staff need to be updated on.</p> <p>B. The financial recordkeeper will continue to itemize checks as they are supposed to be.</p> <p>C. The financial recordkeeper will continue to maintain cancelled checks in a secured file.</p> <p>D. The principal and record keeper have secured the assistant principal as the third check signer following AP 4180.</p>		
3.	<b><u>2021.03 Mismanagement of Monthly Reporting</u></b>	The current principal and current financial recordkeeping staff should ensure that reconciliations are completed and approved by the 15 <sup>th</sup> of the subsequent month as required by the APM. A set meeting time should be scheduled and honored each month to provide the current Principal and financial recordkeeping staff an opportunity to review and approve the monthly reports timely and discuss other issues with the School Activity Funds.	concur	The principal and the financial record keeper will meet each month on the 1st Wednesday at 9am to review records, reconcile, and complete required necessary recordkeeping duties by the APM.	10/5/2020	Implemented
4.	<b><u>2021.04 Excessive Spending in Restricted Accounts</u></b>	The current financial recordkeeping staff should ensure that fund balances are included on all SFEFs when presented to the principal for pre-approval. The principal should review all requested expenditure balances carefully prior to pre-approval to ensure that collection estimates are sufficient to cover the costs (See Finding 2021.02).	concur	The financial recordkeeper ensured that the following accounts were transferred funds from the school donation account to clear the negative balances in the following accounts: 423.00, 424.00, 504.00, & 430.00.	10/7/2020	Implemented

Principal Signature: *Dr. Lila J. Walker*

Date: **October 21, 2020**

		The principal and current financial recordkeeping staff should carefully review all restricted accounts and confer with the Accounting and Financial Reporting Office to close out all defunct accounts.		She was able to find that the financial office could not approve funds to be transferred into the PSA accounts, and the employee sunshine account, as these were staff related expenses.		
5.	<b><u>2021.05 Mismanagement of Field Trip Collections</u></b>	The principal should develop an overall field trip strategy to determine how the accumulated funds will be expended on student activities. The strategy should be shared with both field trip sponsors and the financial recordkeeping staff. Field trip sponsors should not be collecting for field trip transportation unless the principal deems it necessary. If payments are collected, the current financial recordkeeping staff should be diligent to ensure that payments are promptly transferred to the SBB by following the specific instructions provided by Accounting and Financial Reporting.	concur	The recordkeeper and registrar work together as our field trip destination team. They will conduct a session during Mrs. Mitchell's Money Matters and discuss the entire process.  Once field trips resume, the team will have another session to recount the steps for field trip sponsors so they will be refreshed on the information.	10/7/2020	Implemented
6.	<b><u>2021.06 Voided Checks Not Properly Administered</u></b>	The current financial recordkeeping staff should continue to properly deface and file voided checks. The principal should provide oversight to the process.	concur	The financial record keeper will continue to ensure that she will properly deface and file voided checks in the secured file box. The principal will follow up with the recordkeeper during the monthly meeting.	10/7/2020	Implemented
7.	<b><u>2021.07 Fundraiser Forms Not Completed</u></b>	The principal and current financial recordkeeping staff should document and develop internal controls for fundraising. The controls should include specific responsibilities	concur	The principal and financial record keeper will meet to discuss the correct steps for fundraising. We will ensure that we know the proper steps before sharing that		Implemented

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		for the staff, financial recordkeeping staff and principal. Training for staff should be provided prior to 2020-21 fundraiser activities.		information with teachers. During one of Mrs. Mitchell's Money Matters sessions, she will discuss with the staff the proper steps to fundraising, as to what their responsibilities are.		
8.	<b><u>2021.08 Year-End Monetary Transmittal Form Procedures Not Followed</u></b>	The Principal should provide more effective oversight during the MTF envelope close-out process to ensure that staff members are following all directions provided to them by the current financial recordkeeping staff. A designated administrator other than the financial recordkeeping staff should be established each year to collect and store the envelopes in compliance with the APM.	concur	The principal and financial record keeper will ensure that staff members will understand the process for the MTF envelope and close-out process. There will be sessions conducted in January, March, April and June in Mrs. Mitchell's Money Matters to determine that staff have a clear understanding. The principal will follow up during staff meetings as needed.		Implemented

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