

November 01, 2021

MEMORANDUM

To: Ed Ryans, Ed. D., Instructional Director
Cluster 11

Jeffery Parker, Principal
Dr. Henry A. Wise, Jr. High School

From: Michele Winston, CPA, Director
Internal Audit

Re: Student Activity Funds Financial Audit as of June 30, 2021

An audit of the financial records of **Dr. Henry A. Wise, Jr. High School** was completed for the period February 1, 2019 through June 30, 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 Funds (APM) and Board of Education policies and procedures. The exceptions noted are included in the attached report.

As the principal of the school, you will be responsible for preparing an action plan by **December 01, 2021** 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. A copy of the action plan should be forwarded to Danyelle Washington, Business Analyst, email address: dany.washington@pgcps.org; Katrina Greene, School Activity Fund Support Specialist, email address: katrina.greene@pgcps.org; and Joeday Newsom, Esq., Ethics Compliance Officer, email address: joeday.newsom@pgcps.org.

cc: Juanita Miller, Ed. D., Board Chair
Monica Goldson, Ed. D., Chief Executive Officer of Schools
Members, Board of Education
Mychael Dickerson, Chief of Staff
Michael Herbitsman, Chief Financial Office
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Internal Audit Report

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Internal Auditor's Report

We have examined the School Activity Funds (SAF) of Dr. Henry A. Wise, Jr. High School for the period February 1, 2019 to June 30, 2021. Dr. Henry A. Wise, Jr. High School's principal is responsible for the administration of SAF. Our responsibility is to express an opinion based on our examination.

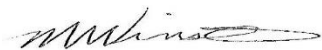
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and Generally Accepted Government Auditing Standards and, accordingly, included examining on a test basis evidence supporting SAF and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Our examination disclosed the following findings:

- *Mismanagement of Funds Received;*
- *Mismanagement of Disbursements;*
- *Administration of Checks;*
- *Financial Reporting Non-Compliance;*
- *Athletic Allotment Not Distributed*
- *Mismanagement of Class Accounts*
- *Unremitted Funds;*
- *Assets Purchased with SAF Not on School's In-house Inventory Listing;*
- *End of Year MTF Procedures Not Followed;*
- *Fundraiser Forms Not Completed; and*
- *Management Oversight*

Individually or in 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, the SAF referred to above, was not administered in compliance with BOE policies and procedures and the APM, in all material respects, for the period ended June 30, 2021.



Michele Winston, CPA
Director, Internal Audit

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SUMMARY

Internal Audit completed an audit of school activity funds (SAF) for Dr. Henry A. Wise, Jr. High School for the period February 1, 2019 to June 30, 2021. The audit was performed as part of the annual audit plan.

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

This audit report includes **11** findings, which occurred under the leadership of the current principal. A listing of the findings and the personnel responsible are included in the appendix at the end of the audit report. In addition, 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 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 selected bank statements, financial reports, available cancelled checks, all voided checks and monetary transmittal form (MTF) envelopes submitted by staff for the period February 1, 2019 to June 30, 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 **25** exceptions pertaining to the management of receipts were identified:

- A. ***Incomplete and/or Inadequate Documentation of Funds Received:*** There were **11** instances where remittance information was not included or did not adequately support the source and amount of funds collected. This includes 3 instances where MTFs for athletic ticket receipts were not supported by an Athletic Ticket Form and/or first/last ticket stubs. *(This condition was also noted in the previous audit as of January 31, 2019)*

- B. ***Delinquent Deposits:*** There were **14** total instances where deposits were not made timely. There were 7 instances where the financial recordkeeping staff failed to deposit funds timely to the financial institution and 7 instances where staff failed to remit funds timely to the financial recordkeeping staff. The delinquency ranged from **4 days** to **152 days** prior to being remitted to the financial institution. *(This condition was also noted in the previous audit as of January 31, 2019)*

- C. ***Un-deposited Funds:*** During the commencement of the audit on August 31, 2021, a total of **\$1,325.00** in cash was found in the school safe. The related MTF #s 424165 and 424166 were completed on August 18, 2021, for football donations and dropped in the dropped safe. However, the funds were not deposited until August 31, 2021. There was also an unopened cheerleading uniform check dated August 9, 2021 for **\$4,457.60** on the financial recordkeeping staff's desk awaiting the cheerleading sponsor completion of a MTF. The recordkeeping staff stated that she informed the cheerleading sponsor that the check had arrived, but that she had not come to the school to prepare the MTF.

The following provisions are included in the APM:

APM Section 4.5.2.2, *Cash Receipts, Procedures:*

- A. The MTF must be completed with the following information. 1) who collected money; 2) when it was collected; 3) from whom it was collected; 4) the amount and form of the collection; and 5) the reason for collecting. If additional space is needed a Student Remittance Report, Excel spreadsheet, class list, receipts, or ticket/report stubs, can be used as an attachment.

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- B. The bookkeeper must make deposits of all funds received at least every other day. However, no more than \$250,000 should be kept in the building overnight.
- C. The financial recordkeeping staff is responsible for counting cash, verifying the total on the MTF and applicable attachments. The funds counted must agree with the MTF and the actual funds submitted.

APM, Section 7.4.2, *Sporting Events and Ticketing*:

- D. All sports, the athletic director, bookkeeper and principal must account for all tickets by completing the Mandatory Ticket Report.

The financial recordkeeping staff did not follow up with the staff to ensure that documentation was provided for all MTFs remitted. Also, staff was not compliant by including all remittance information timely and with supporting documentation.

Regarding deposits, staff held funds for several days while still collecting on various activities before remitting the funds to the recordkeeping staff. The recordkeeping staff indicated that some of the late deposits were a result of the staff not completing the safe log and she was not aware that funds were dropped in the safe.

Also, the financial recordkeeping staff is given checks that arrive in the mail. She then instructs the applicable club or organization to complete a MTF and remit the funds.

Mismanagement of funds received constitutes non-compliance with BOE policies and procedures and increases financial risk to the school. The lack of inclusion of remittance information in the school files compromises the audit trail to detect fraud, and makes potential refunds difficult. Consistent delays in deposits greatly increases the risk of lost or stolen funds.

The school is exposed to greater risks of loss and potential fraud when funds are given directly to the financial recordkeeping staff without a MTF.

Recommendation: The financial recordkeeping staff and principal should develop and document specific procedures for the collection, remittance and deposit of funds. The procedures should include responsibilities for staff members, financial recordkeeping staff and principal and should reflect requirements in the APM. The principal should closely monitor deposits to ensure that controls are properly established and that financial recordkeeping staff are held accountable for compliance.

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The principal should designate another staff member to complete a MTF and/or open the mail. Checks received in the mail should then be given to the respective sponsor and/or staff member to complete a MTF and then remit the funds to the financial recordkeeping staff. The financial recordkeeping staff should be prohibited from accepting funds without a MTF.

2022.02 Mismanagement of Disbursements

The following **35** exceptions pertaining to the management of disbursements were identified:

- A. ***Inadequate Supporting Documentation:*** There were **7** instances where supporting documentation did not adequately substantiate the amount of the expenditure. There was no School Funds Expenditure Form (SFEF) completed to document the payee, purpose, account, etc. in 4 instances. The check amount was not supported by sufficient invoice documentation in 2 other instances. An overpayment of \$47.03 occurred in the final instance. *(This condition was also noted in the previous audit as of January 31, 2019)*

- B. ***Inadequate Approval of Expenditure:*** There were **8** instances where the required approval was not documented on the SFEF to substantiate the check processed by the financial recordkeeping staff. The pre-approval process was not initiated until after the purchase or commitment of funds in 7 instances. Also, the SFEF was not signed by the principal until after the issuance of the payment in 1 instance. *(This condition was also noted in the previous audit as of January 31, 2019)*

- C. ***Delinquent Payments:*** There were **16** instances where payments were made to vendors after the due dates on the invoices. The delinquency ranged from 111 to 314 days. *(This condition was also noted in the previous audit as of January 31, 2019)*

- D. ***Sales Tax Reimbursement:*** There were **3** instances where sales taxes of \$12.29, \$9.00 and \$6.30 were reimbursed to staff members for school purchases.

- E. ***Contract/Agreement Signing Authority:*** There was at least **1** instance where the financial recordkeeping staff signed a contract in the amount of \$219.12 for paper shredding services for the school.

The following provisions are included in the APM and Administrative Procedures:

APM Section 4.5.3, *Cash Disbursements:*

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- A. All checks must have itemized documentation attached to the SFEF that supports the amount of the check. Examples of supporting documents are cash register receipts, invoices, bills of sales, etc. Examples of documents that are not itemized invoices or receipts include credit card receipts, statements, order confirmations, price quotes and packing slips. Supporting documentation should be calculated properly to ensure accurate payments.
- B. Prior to ordering or purchasing goods or services, a SFEF must be completed and signed by the principal. The form includes space for front office staff to indicate funds available in the relevant account prior to the principal providing pre-approval. The SFEF and accompanying check should be signed as final approval of payment.
- C. Principals should review invoices and statements for past due amounts and ensure payments are made within 30 days of the invoice, or by the due date on the invoice.

APM Section 8.3, *Sales Tax*:

- D. Sales tax will not be reimbursed if paid when purchasing items for education purposes.

Administrative Procedure 5135.2, *Principal's Contracting Authority*:

- E. The principal's contract signing authority cannot be delegated to another individual.

The principal and financial recordkeeping staff reportedly provided training to staff regarding the importance of obtaining pre-approval prior to purchases, as well as the importance of including accurate invoices timely so that payments could be made promptly. The principal and financial recordkeeping staff also stated that with the school's wide array of athletic teams and clubs it is difficult to enforce controls and ensure all invoices are paid timely.

Sales taxes were inadvertently reimbursed to staff members. Also, the financial recordkeeping staff was not aware that the principal was the only person authorized to sign the paper shredding contract.

Inadequate management of disbursements constitutes non-compliance with BOE policies and procedures and increases financial risk to the school and staff. Inadequate support for check amounts can potentially lead to incorrect payments. Failure to obtain pre-approval from the principal can lead to insolvent accounts when the principal is not made aware of all disbursements being made by the school. Late payments can lead to unnecessary late charges, or eroding relationships with vendors that could impact students'

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experiences. Payments of sales tax is a misuse of school resources. Also, by not signing all contracts the principal is unaware of the potential financial risk/obligation to the school.

Recommendations: The principal and financial recordkeeping staff should develop and document specific procedures for expenditures. The procedures should provide specific responsibilities for staff, financial recordkeeping staff and principal, and they should reflect

APM requirements. Staff should be trained on the current procedures. The principal should provide all pre-approvals and also provide oversight of the disbursement process to ensure that check requests are properly supported and promptly paid. Sales taxes should not be reimbursed and/or paid for school related purchases. The tax-exempt certificate should be used whenever possible to avoid paying sales taxes.

The principal should ensure that all staff are aware that they are not permitted to sign a contract financially obligating the school. The principal should consult with Purchasing and Supply Services regarding available resources for shredding.

2022.03 Administration of Checks

The following exceptions pertaining to administration of checks were identified:

- A. ***Principal's Signature Stamp:*** There were at least **4** instances during May 2020 where the principal's signature stamp was used to sign checks when issuing refunds to students. **(Note: There were also 42 checks identified as having the principal's signature stamp affixed that were not part of the disbursement sample.)**
- B. ***Authorized Check Signers:*** The school has designated **4** check signers on the school's checking account to include the principal, the recordkeeping staff and 2 assistant principals instead of 3 check signers required by the APM.

The following provisions are provided in the APM and AP 4180, *School Bank Accounts*, relative to the principal's signature stamp and authorized check signers to the account:

APM Section 4.5.3.1 (4g), *Cash Disbursements – Check Writing*, indicates that all checks must contain signatures affixed by the authorized individual signing their own name, not another person signing their name or using a signature stamp.

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APM Section 4.5.3.1 (4f), *Cash Disbursements – Check Writing*, and *AP 4180 School Bank Accounts*, indicates two authorized signatures are required on all checks. In accordance with AP 4180, the two standard check signers should be the principal and the recordkeeping staff. The third signer must be a vice-principal or school administrator.

The financial recordkeeping staff indicated that during months of May and June 2020 there were many refunds issued to students because various activities were canceled due to the Covid-19 pandemic. Instead of the principal signing each check, his signature stamp was used. The principal and financial recordkeeping staff were not aware that only 3 authorized check signers are required on the school's bank account.

Internal controls are compromised and the risk of fraud increased when the principal's signature stamp is used and/or additional check signers are added to the account. Also, the principal might not be aware when checks are issued without his approval or knowledge.

Recommendations: The principal should ensure that his signature stamp is not used to sign checks. The principal should consider developing an alternative process for ensuring that checks are properly signed during absences. The principal should also remove the 4th check signer from the school bank card to ensure compliance with the school's bank signatory requirement as outlined in AP 4180.

2022.04 Financial Reporting Noncompliance

There were **5** instances where the financial recordkeeping staff did not prepare monthly financial reports timely resulting in untimely review of financial reports. The delinquency ranged from 1 to 16 days. (*This condition was also noted in the previous audit as of January 31, 2019*)

The APM, Section 5.2, *Financial Reporting Requirements*, states that the principal should receive and approve the package of reports, to include the bank reconciliation, by the 15th of each month.

The recordkeeping staff indicated that the financial reporting delinquency occurred due to not receiving the bank statement in a timely manner via mail delivery. The recordkeeping staff also indicated there was a delay in reconciling due to the check numbers being misprinted and not corresponding to the bank statement. Also, once the financial reporting was completed, the principal did not always review timely.

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Untimely financial reports and supervisory review constitutes non-compliance with BOE policies and procedures and increases financial risk to the school. Further it impacts the availability of accurate financial information for critical decision making.

Recommendation: The principal and financial recordkeeping staff should establish and document a process for preparing and reviewing financial reports timely. A set meeting should be scheduled each month to review reports and discuss the SAF. The principal should provide oversight to ensure the recordkeeping staff completes bank reconciliations timely.

Also, due to the mail delay, the principal should ensure that the bank statement is either downloaded electronically after the first of the month or that a copy of the bank statement is obtained from the bank to facilitate timely financial reporting.

2022.05 Athletic Allotment not Distributed

The FY 2021 Athletic Allotment was not allocated to the various athletic accounts.

The APM Section 7.4.1, *Athletic Allotment*, states that upon receiving the allotment, it should be posted to the main Athletic Allotment account and transferred into each specific sports allotment account. The school athletic director (AD) recommends to the principal an allocation of the allotment for each sport.

The AD did not provide guidance for the FY 2021 Athletic Allotment due to COVID-19 and virtual learning. Internal Audit sent at least 2 emails to the AD regarding the FY 2021 Athletic Allotment but no response was received. Per the AD, in lieu of allocating the Athletic Allotment to each sport account, he allocated most of it to the Non-Sport Specific Supplies/Equipment and transferred the funds on an as needed basis since the school was in virtual learning and there was no in-person sports activity. A balance of \$12,281.41 was *Were carried forward to the FY22 Non-sport Specific Equipment/ Supplies account.*

The non-allocation of the Athletic Allotment constitutes non-compliance with BOE policies and procedures. The sports accounts totals are not accurate since the allotment funds were not allocated to each specific sports account. Allocation of funds to certain, but not all sport accounts may be considered inequitable.

Recommendation: The AD and principal should ensure that the athletic allotment is allocated to each sport allotment account to ensure compliance with BOE policies and procedures. The carried forward balance in the Non-Sport Specific account should be distributed to the FY22 Sport accounts.

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2022.06 Mismanagement of Class and Club Accounts

The school's clubs have not developed and submitted annual budgets. The Senior Class Planning and Budget Workbook has not been properly completed during the audit period. The Class of 2021 did not complete the required *Senior Class Planning and Budget Workbook*. Also, even though the workbook was completed for the Class of 2020, the residual funds allocation was not in compliance with the requirements of the APM since it allocated \$6,000.00 for a future class picnic.

Further, **\$5,231.40** and **\$23,036.01** residual funds for the Class of 2020 and Class of 2021 respectively have not been transferred to other accounts. (*This condition was also noted in the previous audit as of January 31, 2019*)

The APM, Section 7.3, *Class and Club Accounts*, states that a copy of annual budgets for all school clubs should be provided to the school's bookkeeper. It also states that a Senior Class Planning and Budget Workbook must be included in the school's annual report submission due in mid-July. A senior class plan with the approval of the principal is required for the final disposition of any residual class funds. Appropriate uses of residual funds include:

- Unrestricted donation to the school or upcoming senior class
- Restricted donation to materials of instruction account
- Restricted donation for specific school improvement or equipment
- Reservation for a scholarship account
- Transfer to Principal-Sponsored Activities (PSA) account, up to a maximum of 25% of residual funds

Also, AP 3450, *Class and Club Fund Terminations, Procedures E*, states that in no case shall funds be withdrawn from the SAF or retained therein to finance future class reunions or class social functions.

The principal and financial recordkeeping staff did not establish an effective process for club budgeting. Even though an updated budget was completed for the Class of 2020, residual funds still remain, which also includes funds for a future picnic. The Class of 2021 sponsor indicated that she would finalize the updated budget on Monday, September 27, 2021. As of the date of issuance of this report, updated budgets have been prepared.

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The lack of club and class budgeting constitutes non-compliance with BOE policies and procedures and increases financial risk to the school. It decreases the coordination between club sponsors and the school administration when it comes to planning and executing necessary payments.

Recommendations: The principal and financial recordkeeping staff should develop and document budgeting procedures, with specific requirements for class and club sponsors. The budgets should be developed and reviewed at the beginning of each year. In particular, the Senior Class Planning and Budgeting Workbook should be used as a working document throughout the year so that senior class payments are used for positive experiences in the most efficient way. The senior class budget workbook should be submitted with the annual financial report due in mid-July.

The financial recordkeeping staff should transfer **\$5,231.40** and **\$23,036.01** in residual Class of 2020 and Class of 2021 funds respectively to the designated accounts. If a residual fund plan is not provided by the senior class, these funds should then be transferred to the materials of instruction account.

2022.07 Unremitted Funds

The following deficiencies were noted relative to remittance of funds collected:

- A. ***Core Textbook Fines*** - Funds totaling \$96.00 were collected for core textbook fines in FY 2020. As of June 30, 2021, these funds have not been remitted to the BOE. ***(This condition was also noted in the previous audit as of January 31, 2019)***

- B. ***Athletic Playoff Gate Receipts*** - Funds totaling \$3,408.00 were collected for girls' basketball playoffs in March 2020 but were not remitted. As of June 30, 2021, these funds have not been remitted to the District 3 of MPSSAA. ***(This condition was also noted in the previous audit as of January 31, 2019)***

The APM, Section 9.7 *Textbook Replacement Fees*, states that reimbursements for core textbooks are required to be deposited into the school's checking account and recorded in *SchoolFunds Online (SFO)* as restricted funds. These monies must be remitted to the Accounting and Financial Reporting Office (AFRO) on a quarterly basis with a completed Textbook Reimbursement Form.

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The financial recordkeeping staff was aware that the core textbook fines were required to be submitted, however, due to COVID-19, she failed to remit the FY 2020 outstanding amount to the BOE. Also, the school's AD admitted that due to COVID-19, the FY 2020 girls' basketball gate receipts totaling \$3,408.00 were not reconciled and remitted to District 3 MPSSAA.

Failure to remit funds collected on behalf of other organizations constitutes non-compliance with BOE policies and procedures and increases financial risk to the school system. The AFRO is not able to conduct their duties regarding core textbook fines without proper reporting and remittance of funds. The Office of Interscholastic Athletics is unable to properly account for ticket revenue without proper reporting and remittance of funds.

Recommendation: The recordkeeping staff should immediately perform the following to address unremitted funds:

- A. Contact AFRO to coordinate reporting and remittance of core textbook fines from the 2020 school year.
- B. Coordinate with the school's AD and remit the applicable 2020 girls' basketball playoff receipts totaling \$3,408 to District 3 of MPSSAA.

Further, the principal and financial recordkeeping staff should review account balances on a monthly basis to identify funds that are due to the BOE and ensure prompt remittance.

2022.08 Assets Purchased with SAF Not Included on the School's In-house Inventory Listing

The school did not maintain a property inventory listing for the following items costing less than \$1500.00: Drama camera (\$899.99): Dance TV monitor (\$299.99): and 3 prepaid mobile phones (\$39.98 each) purchased with SAF to facilitate the answering of the school's phones (call forwarding) during school closure during the pandemic. The appropriate in-house inventory forms to ensure the assets were included in the school's inventory were not completed. *(This condition was also noted in the previous audit as of January 31, 2019)*

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The APM, Section 9.5, *Accounting for Property Inventory*, requires all equipment purchased with SAF to be reported on a self-insurance inventory form known as the In-Use Inventory Equipment Receiving Report. The school must report to the Accounting and Financial Reporting Office all equipment valued in excess of \$1,500.00 and maintain a record at the school of all equipment valued at \$1,500.00 or less.

Even though this was mentioned as part of the criteria from previous inventory finding for inventory exceeding \$1,500.00, the principal and financial recordkeeping staff were not aware that the school had to maintain property in-house inventory for the acquisition of equipment valued at less than \$1,500.00, therefore, one was never formalized.

There is a potential for loss when assets are not adequately monitored and accounted for.

Recommendations: The financial recordkeeping staff and/or principal's designee should prepare an In-Use Inventory Equipment Receiving Report for all equipment purchased with SAF. A physical inventory should be performed periodically to ensure items are located on the school's premises. The principal should provide oversight to this process.

The financial recordkeeping staff should also review existing property to determine whether any individual items exceed \$1,500.00 and report to Accounting and Financial Reporting as appropriate.

2022.09 Year-End Monetary Transmittal Form Procedures Not Followed

The year-end MTF submission process is not operating as required by the policies outlined in the APM. There were **6** staff members who failed to submit either or both copies of their end-of-year MTF remittances for 2020-2021 school year. There were also at least **30** staff members who failed to submit either or both copies of their end-of-year MTF remittances for 2019-2020 school year. (*This condition was also noted in the previous audit as of January 31, 2019*).

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. This alerts the administrator which MTF envelope packages to expect.

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The principal was responsible for collecting envelopes for each of the last two school years as part of the overall closeout process for staff. However, due to COVID-19 not all staff members submitted their end of year MTFs for the 2019-2020 and 2020-2021 school years. Also, once school started for FY 2021-2022, the principal did not have staff members submit their end of year MTFs from previous years.

The ineffective year-end MTF submission 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 and/or the principal's designee, with the assistance of the SFO Receiptee History report provided by the financial recordkeeping staff, should ensure that all envelopes are collected prior to the end of each school year. The principal should consider having teachers identify specific spaces within the school for safekeeping of year end documents including MTF remittances. This will facilitate retrieval in the event of unplanned long term absences.

2022.10 Fundraiser Forms Not Completed

Fundraiser Completion Reports were not located for **3** of the **5** fundraisers during the 2020-2021 school year. There were also missing Fundraiser Authorization Forms and Fundraiser Completion Reports for **20** of the **28** fundraisers during the 2019-2020. The annual fundraising summary report was not completed by the principal or designee for the 2019-2020 or 2020-2021 school year. *(This condition was also noted in the previous audit as of January 31, 2019)*

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 assistant principal was designated to oversee fundraisers; however, oversight was not adequate to ensure all sponsors completed the necessary fundraising documents. Some athletic sports, class accounts, and club fundraisers were conducted without approval. The principal did not prepare annual fundraising reports and did not delegate the responsibility to the assistant principal or the financial recordkeeping staff.

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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 of each fundraiser. Athletics, Classes and Clubs and Organizations were not held accountable for non-compliance.

Recommendation: The principal and current financial recordkeeping staff should develop and document specific procedures for fundraisers. The procedures should specify responsibilities for staff and administration and it should reflect APM procedures regarding fundraising approvals and reporting. The principal should provide oversight to ensure all required fundraiser reports are completed and used to inform decision making. All fundraiser forms should be maintained for future review.

2022.11 Management Oversight

The principal did not administer proper oversight relative to periodic review of deposits, financial reporting and SAF expenditure documentation. The principal failed to implement the action plan submitted in 2019 for the prior audit. There are **9** repeat findings, with **2** additional findings.

The principal is the fiduciary agent for the School Activity Funds. In this role, the principal is responsible for ensuring that these funds are administered in accordance with Prince George's County Public Schools (PGCPS) policies and procedures and spent to provide the maximum benefit possible to the students. It is also important that the principal, who is ultimately responsible for these funds, be aware that the success of the internal control system rests largely with them.

Several BOE policies and procedures as established in the APM were not followed. This resulted in internal controls being compromised. Students are not receiving the maximum possible benefit of the resources available to them.

Recommendation: The current acting principal should make the time to read the APM and adopt a hands-on approach with respect to administration of the school's finances. The following **5** basic principles must be incorporated into the school's policies and procedures, to achieve the internal control objectives:

- Clearly Defined Lines of Authority and Responsibility;
- Segregation of Duties;
- Maintenance of Adequate Documentation and Records;

Dr. Henry A. Wise, Jr. High School
School Activity Funds
Internal Audit Report
For the Period Ended June 30, 2021

- Limited Access to Assets, and
- Independent Checks on Performance.

STATUS OF PRIOR AUDIT FINDINGS

The previous audit report for **Dr. Henry Wise High School** was issued for the period ended **January 31, 2019**. The current principal began his tenure in February 2019 and the current financial recordkeeping staff began her tenure in February 2019. Both the principal and financial recordkeeping staff were present during the previous audit. The principal submitted an action plan for the previous audit. The following findings were noted as a result of the last audit and the current status is indicated below:

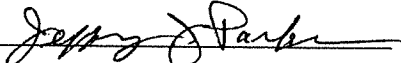
- **Unremitted Funds** – Condition still exists (See Finding 2022.07) regarding *Unremitted Funds*.
- **Mismanagement of Funds Received** – Condition still exists (See Finding 2022.01) regarding *Mismanagement of Funds Received*.
- **Mismanagement of Disbursements** – Condition still exists (See Finding 2022.02) regarding *Mismanagement of Disbursements*.
- **After School Pizza Sale Not Compliant with Financial Procedures** – Controls appear to be working.
- **Year-End Monetary Transmittal Form Procedures Not Followed** – Condition still exists. (See Finding 2022.09) regarding *Year-End Monetary Transmittal Form Procedures Not Followed*.
- **Financial Reporting Noncompliance** – Condition still exists (See Finding 2022.04) regarding *Financial Reporting Noncompliance*.
- **Fundraiser Forms Not Completed** – Condition still exists (See Finding 2022.10) regarding *Fundraiser Forms Not Completed*.
- **Mismanagement of Class and Club Accounts** – Condition still exists (See Finding 2022.06) regarding *Mismanagement of Class and Club Accounts*.
- **Assets Purchased with SAF not on Property Inventory Listing** – Condition still exists (See Finding 2022.08) regarding *Assets Purchased with SAF Not Included on the School's In-house Inventory Listing*.
- **Grants and Donations Not Properly Reported** - Controls appear to be working.
- **Management Oversight** – Condition still exists (See Finding 2022.11)

ACKNOWLEDGEMENT

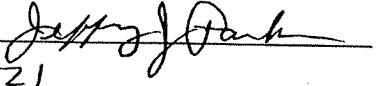
We would like to thank the principal and staff of Dr. Henry A. Wise High School for their cooperation and assistance during the audit.

**Prince George's County Public Schools
Internal Audit Department
School/Office: Dr. Henry A. Wise, Jr. HS
Response Date December 01, 2021**

	Findings	Recommendations	Concur Non-Concur Partially Concur	Action Plan (What will you do to remedy this finding?)	Corrective Action Date (Timeline in which this will occur)	Status Implemented Partially Implemented Not Implemented
1.	<u>2022.01</u> <u>Mismanagement of Funds Received</u>	<p>The financial recordkeeping staff and principal should develop and document specific procedures for the collection, remittance and deposit of funds. The procedures should include responsibilities for staff members, financial recordkeeping staff and principal and should reflect requirements in the APM. The principal should closely monitor deposits to ensure that controls are properly established and that financial recordkeeping staff are held accountable for compliance.</p> <p>The principal should designate another staff member to complete a MTF and/or open the mail. Checks received in the mail should then be given to the</p>	Concur	<p>Mr. Parker and Ms. Jamison will review existing in-house financial procedures for the collection, remittance and deposit of funds and update them per the action plan. Afterwards, the staff will be trained on the updated procedures.</p> <p>Ms. Hall will be the designated staff to complete MTF. Ms. Hall will participate in the training meeting with Mr. Parker, Ms. Jamison, and Ms. Robinson to ensure she is familiar with her responsibilities as it pertains to this process (MTF).</p>	December 22, 2021	Not Implemented

Principal Signature 
Date 12-3-21

		respective sponsor and/or staff member to complete a MTF and then remit the funds to the financial recordkeeping staff. The financial recordkeeping staff should be prohibited from accepting funds without a MTF.				
2.	<u>2022.02</u> <u>Mismanagement of Disbursements</u>	<p>The principal and financial recordkeeping staff should develop and document specific procedures for expenditures. The procedures should provide specific responsibilities for staff, financial recordkeeping staff and principal, and they should reflect</p> <p>APM requirements. Staff should be trained on the current procedures. The principal should provide all pre-approvals and also provide oversight of the disbursement process to ensure that check requests are properly supported and promptly paid. Sales taxes should not be reimbursed and/or paid for school related purchases. The tax-exempt certificate should be used whenever possible to avoid paying sales taxes.</p> <p>The principal should ensure that all staff are aware that they are not permitted to sign a contract financially obligating the school. The principal should consult</p>	Concur	<p>Mr. Parker and Ms. Jamison will ensure that all staff receive professional development on the financial responsibilities, procedures and guidelines of the Accounting Procedures Manual. Additionally, staff will also be trained that no staff, except the principal should sign a contract obligating the school.</p> <p>This will include, but is not limited to the collection of funds, the disbursement of funds, the deposit of funds, record keeping and submission of financial documentation.</p>	December 15, 2021	Not Implemented

Principal Signature 
Date 12-3-21

		with Purchasing and Supply Services regarding available resources for shredding.				
3.	<u>2022.03 Administration of Checks</u>	The principal should ensure that his signature stamp is not used to sign checks. The principal should consider developing an alternative process for ensuring that checks are properly signed during absences. The principal should also remove the 4 th check signer from the school bank card to ensure compliance with the school's bank signatory requirement as outlined in AP 4180.	Partially Concur <i>J Parker</i>	Mr. Parker and Ms. Jamison will contact the bank to ensure the fourth signer is removed from the account by December 15, 2021. Mr. Parker will disengage ysstamp; however, in Mr. Parker's absence Mr. Makel will be designated to sign. Mr. Makel will attend training by Ms. Robinson from Internal Audit.	December 15, 2021	Not Implemented
4.	<u>2022.04 Financial Reporting Noncompliance</u>	The principal and financial recordkeeping staff should establish and document a process for preparing and reviewing financial reports timely. A set meeting should be scheduled each month to review reports and discuss the SAF. The principal should provide oversight to ensure the recordkeeping staff completes bank reconciliations timely. Also, due to the mail delay, the principal should ensure that the bank statement is either downloaded electronically after the first of the month or that a copy of	Concur	Mr. Parker and Ms. Jamison will meet monthly on the first and third Thursday of each month. A rolling agenda that will be available for review at any time. These meetings will begin December 2, 2021. The Instructional Director, Dr. Ryans, will review the meeting agenda once per month to ensure compliance and implementation of the recommendations per the financial audit.	Initiating Thursday, December 2, 2021	Not Implemented

Principal Signature

Jeffrey J Parker


Date

12-3-21


		the bank statement is obtained from the bank to facilitate timely financial reporting.				
5.	<u>2022.05 Athletic Allotment not Distributed</u>	The AD and principal should ensure that the athletic allotment is allocated to each sport allotment account to ensure compliance with BOE policies and procedures. The carried forward balance in the Non-Sport Specific account should be distributed to the FY22 Sport accounts. By 12-23-21 <i>J. Parker</i>	Concur	Mr. Parker will meet with Ms. Jamison to review the current allotments to ensure that the BOE policies and procedures are being followed. Further, Mr. Parker and Ms. Jamison will review prior year / forwarded balances in the Non-Sport Specific account to determine distribution into the FY22 Sport accounts.		Not Implemented
6.	<u>2022.06 Mismanagement of Class and Club Accounts</u>	The principal and financial recordkeeping staff should develop and document budgeting procedures, with specific requirements for class and club sponsors. The budgets should be developed and reviewed at the beginning of each year. In particular, the Senior Class Planning and Budgeting Workbook should be used as a working document throughout the year so that senior class payments are used for positive experiences in the most efficient way. The senior class budget workbook should be submitted with the annual financial report due in mid-July.	Concur	Ms. Jamison, Mr. Parker, Mr. Hall and Mr. Makel will review and update the in-house financial procedures for staff. Afterwards, they will meet with club and class sponsors to review budgeting procedures. Mr. Jamison will meet with each class sponsor regarding their budget to ensure they are familiar with expectations and procedures. Ms. Jamison, the financial record keeper will transfer the \$5,231.40 and	December 23, 2021	Not Implemented

Principal Signature *Jeff J. Parker*
Date 12-3-21

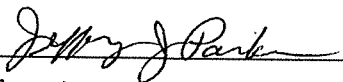
		The financial recordkeeping staff should transfer \$5,231.40 and \$23,036.01 in residual Class of 2020 and Class of 2021 funds respectively to the designated accounts. If a residual fund plan is not provided by the senior class, these funds should then be transferred to the materials of instruction account.		\$23,036.01 in residual Class of 2020 and Class of 2021 funds to the respectively designated accounts. If a residual fund plan is not provided by the senior class, these funds will then be transferred to the materials of instruction account.		
7.	<u>2022.07</u> <u>Unremitted</u> <u>Funds</u>	The recordkeeping staff should immediately perform the following to address unremitted funds: A. Contact AFRO to coordinate reporting and remittance of core textbook fines from the 2020 school year. B. Coordinate with the school's AD and remit the applicable 2020 girls' basketball playoff receipts totaling \$3,408 to District 3 of MPSSAA. Further, the principal and financial recordkeeping staff should review account balances on a monthly basis to identify funds that are due to the BOE and ensure prompt remittance.	Concur	Ms. Jamison, the record keeper, will contact AFRO to coordinate and determine what textbook fines are due from the 2020 school year and remit them. Ms. Jamison will meet with the AD, Mr. Jason Gordon to coordinate and remit the applicable 2020 girls basketball playoff receipts totaling \$3,408 to MPSSAA District 3. Mr. Parker and Ms. Jamison will review account balances each month during the first and third Thursday scheduled meeting to determine what amount is due to the BOE and make remit funds due immediately.	December 23, 2021	Not Implemented

Principal Signature 
Date 12-3-21

8.	<u>2022.08 Assets Purchased with SAF Not Included on the School's In-house Inventory Listing</u>	<p>The financial recordkeeping staff and/or principal's designee should prepare an In-Use Inventory Equipment Receiving Report for all equipment purchased with SAF. A physical inventory should be performed periodically to ensure items are located on the school's premises. The principal should provide oversight to this process.</p> <p>The financial recordkeeping staff should also review existing property to determine whether any individual items exceed \$1,500.00 and report to Accounting and Financial Reporting as appropriate.</p>	Concur	<p>Ms. Jamison, Mr. Parker and Ms. Hall will prepare an Inventory Equipment Receiving Report for all equipment purchased with SAF.</p> <p>Ms. Jamison, Ms. Hall and Mr. Parker will conduct a physical inventory at the end of each quarter to ensure that items are located on the school's premises.</p> <p>Ms. Jamison will review existing property individually, to determine if the value exceeds \$1,500.00 and report her findings to the Accounting and Financial Reporting as it applies.</p>	January 15, 2022	Not Implemented
9.	<u>2022.09 Year-End Monetary Transmittal Form Procedures Not Followed</u>	<p>The principal and/or the principal's designee, with the assistance of the SFO Receiptee History report provided by the financial recordkeeping staff, should ensure that all envelopes are collected prior to the end of each school year. The principal should consider having teachers identify specific spaces within the school for safekeeping of year end documents including MTF remittances. This will facilitate retrieval in the event of unplanned long term absences.</p>	Concur	<p>Mr. Parker and Ms. Hall will review the SFO History report provided by Ms. Jamison and collect all MTF envelopes prior to the close of the school year each June.</p> <p>Mr. Parker, Ms. Jamison and/or Ms. Hall will inform teachers immediately, where exactly they should house documents in the event they may have an unplanned long term absence or emergency.</p>	December 15, 2021 - the end of the school year.	Not Implemented

Principal Signature 
Date 12-3-21

10.	<u>2022.10</u> <u>Fundraiser</u> <u>Forms Not</u> <u>Completed</u>	The principal and current financial recordkeeping staff should develop and document specific procedures for fundraisers. The procedures should specify responsibilities for staff and administration and it should reflect APM procedures regarding fundraising approvals and reporting. The principal should provide oversight to ensure all required fundraiser reports are completed and used to inform decision making. All fundraiser forms should be maintained for future review.	Concur	Ms. Jamison, Ms. Hall and Mr. Parker will provide professional development on procedures and expectations of fundraising in accordance with the APM. Ms. Hall will review all fundraiser forms to ensure they are completed properly before they can move forward for approval. Ms. Hall will maintain a log of all forms for future review.	January 15, 2022	Not Implemented
11.	<u>2022.11</u> <u>Management</u> <u>Oversight</u>	The current acting principal should make the time to read the APM and adopt a hands-on approach with respect to administration of the school's finances. The following 5 basic principles must be incorporated into the school's policies and procedures, to achieve the internal control objectives: <ul style="list-style-type: none"> • Clearly Defined Lines of Authority and Responsibility; • Segregation of Duties; • Maintenance of Adequate Documentation and Records; • Limited Access to Assets, and 	Concur	Mr. Parker will read and adopt a hands-on approach to the finances of the school. Mr. Parker will incorporate the five basic principals, limited access to assets, independent checks on performance, maintenance of adequate documentation of records, segregation of duties and clearly defined lines of authority and responsibility into the school's plan. Dr. Ryans will support the principles of the accounting procedural meeting by participating in some meetings with Mr. Parker and the financial team, periodically reviewing the	December 23, 2021	Partially Implemented

Principal Signature 

Date 12-3-21

		<ul style="list-style-type: none">• Independent Checks on Performance.		minutes from the meetings, and providing appropriate feedback for long-term growth in this area.		
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Principal Signature *J. J. Park*
Date 12-3-21