



August 10, 2021

**MEMORANDUM**

To: **Sheena Hardy**, Instructional Director  
Cluster 3

**Marilyn Goldsmith**, Ed. D, Principal  
Fort Foote Elementary School

From: **Michele Winston**, CPA, Director  
Internal Audit

Re: Financial Audit for July 1, 2016 through May 31, 2021

An audit of the financial records of **Fort Foote Elementary School** was conducted for the period July 1, 2016 through May 31, 2021. The audit indicated that the school's financial records and procedures require improvement to be in accordance with the Accounting Procedures 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 the principal of the school, you will be responsible for preparing an action plan by **September 10, 2021** 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 the action plan should 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); Katrina Greene, School Activity Funds Support Specialist, email address: [katrina.greene@pgcps.org](mailto:katrina.greene@pgcps.org) and Joeday Newsom, Esq., Ethics Compliance Officer, email address: [joeday.newsom@pgcps.org](mailto:joeday.newsom@pgcps.org).

**Cc:** **Juanita Miller**, Ed. D., Board Chair  
**Monica Goldson**, Ed. D., Chief Executive Officer  
**Members**, Board of Education  
**Mychael Dickerson**, Chief of Staff  
**Michael Herbstman**, Chief Financial Officer  
**James Dougherty**, CPA, Director, Financial Services  
**Helen Coley**, Ed. D, Chief, School Support and Leadership  
**Kassandra Lassiter**, Ed. D., Associate Superintendent, Area 1  
**Joeday Newsom**, Esq. Ethics Compliance Officer  
**Robin Welsh**, Director of Monitoring, Accountability and Compliance  
**Katrina Greene**, School Funds Support Specialist  
**Janice Walters-Semple**, CPA, Internal Audit Supervisor  
**Derrick Martin**, Internal Auditor II

# Internal Audit Report

Fort Foote Elementary School  
School Activity Funds

For the Period Ended May 31, 2021

Fort Foote Elementary School  
School Activity Funds  
Internal Audit Report  
For the Period Ended May 31, 2021

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Internal Auditor's Report

We have examined the School Activity Funds (SAF) of Fort Foote Elementary School for the period July 1, 2016 through May 31, 2021. Fort Foote'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:

- *Vending Machine Contract;*
- *Delinquent Monthly Bank Reconciliations;*
- *Administration Voided Checks;*
- *Restricted Fund Account Deficits;*
- *Missing Cash Disbursement Records; and*
- *Depository Safe*

Individually or in the aggregate, these findings resulted in material deviation from Board of Education (BOE) Policies and Procedures and the requirements of the Accounting Procedures Manual for School Activity Funds (APM).

In our opinion, except for the deviation from the criteria described in the preceding paragraph, the SAF referred to above, was administered in compliance with BOE policies and procedures and the APM, in all material respects, for the period ended May 31, 2021.



Michele Winston, CPA  
Director, Internal Audit

Fort Foote Elementary School  
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**SUMMARY**

Internal Audit completed an audit of school activity funds (SAF) for Fort Foot Elementary School for the period July 1, 2016 to April 30, 2021.

During the audit period, the school had major renovations done which caused records to be misplaced. Specifically in FY 2020 the school temporarily relocated to another building. The previous recordkeeping staff was assigned to a new school in September of 2019. The school had no recordkeeping staff until December of 2019 when the current recordkeeping staff was assigned to the school. From January 2020 – March 2020 the newly assigned recordkeeping had 10 absences. In mid-March the school was closed because of covid-19. After the administrative staff returned to school for closeout in June of 2020, the recordkeeping staff went on extended leave and has not return. The school currently has no record keeping staff.

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

All findings included in this audit report 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 Accounting Procedures Manual (APM) and the Board of Education (BOE). It is important to recognize that, while the audit report focused on deficiencies, it was intended to be constructive. The audit was not designed and conducted to evaluate the effectiveness of the educational programs in the school. Therefore, the absence of comments related to the educational programs should not be construed to imply that these programs are either adequate or deficient.

**SCOPE**

The audit was based on our review of selected bank statements, financial reports, and available cancelled checks, all voided checks, and Monetary Transmittal Form (MTF) envelopes submitted by staff for the period July 1, 2016 to May 31, 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 Vending Machine Contract**

There is one 1 soda and 1 snack vending machine located in the school's faculty lounge area where only teachers have access. However, there is no contract in place that specifies commission due and the terms of the contract.

The APM, Section 9.8, *Vending Machine Sales*, states, "all schools with vending machines must have a signed contract stipulating commissions due to the school and frequency that these commissions are remitted. The contract term cannot exceed one year."

The principal stated that the school failed to secure a vending machine contract because of school closures which was due to Covid-19.

Failure to have a formal contract in place that stipulates commission due and contract term constitutes non-compliance with BOE policies and procedures and compromises the principal's ability to potential profit.

**Recommendation:** The principal must establish procedures to ensure that a current vendor contract is established and maintained on file in compliance with BOE policies and procedures. Purchasing and Supply Service must be contacted for identification of an alternate vendor if a vending contract is not obtained.

**2022.02: Delinquent Monthly Bank Reconciliations**

There were **8** instances where monthly bank reconciliations were not performed by the 15<sup>th</sup> day of the subsequent month. The delinquency ranged from 20 days to 142 days.

The APM Section 5.1.2 *Procedures: Monthly Reconciliations and Financial Reporting*, requires bank reconciliations to be completed by the bookkeeper within 7 days after receiving the statement from the bank. Typically this process should be completed by the 15<sup>th</sup> of each month. The completed reconciliation should be forwarded to the principal every month for review and approval.

The bank reconciliation were completed by Accounting and Financial Reporting Office since the school's recordkeeping staff is on extended leave of absence. The delinquency was due to the SAF support specialist having competing responsibilities.

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Failure to complete monthly bank reconciliations causes the school to miss discrepancies that may occur from month to month. Delinquent bank reconciliations also places the school at risk not being aware of the nature and or timing of the discrepancies. Also, relevant information may not be available to impact the financial decision-making process.

**Recommendation:** The principal should work more closely with the Accounting and Financial Reporting Office to ensure that reconciliations are performed as required when the recordkeeping staff is not available.

**2022.03: Voided Checks**

The following exceptions were noted pertaining to voided checks:

- ***Processing Voided Checks*** – There was **8** instances where voided checks were not entered in the accounting system.
- ***Defacing Voided Checks*** – There were **8** instances where checks voided were not properly defaced. The signature line was not removed.

The APM provides the following requirements for voiding checks in Section 4.5.3.1 (4) *Procedures, Check Writing*:

- Computerized checks are generated in SchoolFunds Online and recorded to the proper category. No manual checks should be generated. All checks should be printed from SFO.
- When voiding the check signature line must be removed as part of the defacement process.

According to the principal, she was not aware of the school having any voided checks for the period. This occurred because the recordkeeping staff did not enter the voided checks in the system.

Failure to consistently enter all checks in SFO constitutes noncompliance with BOE policies and procedures and compromises the audit trail necessary for determining whether checks are properly voided and accounted for. Also, failure to properly void checks increases the risk of check fraud.

**Recommendation:** The recordkeeping staff must be held accountable to ensure all checks are entered in the SFO system. The principal must perform oversight regarding the recordkeeping staff's compliance during the monthly reporting process.

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**2022.04 Restricted Fund Account Deficits**

The following restricted accounts contained deficits which aggregated to approximately **(\$2,371.42)** as of May 31, 2021.

<b>Account</b>	<b>Name</b>	<b>Amount</b>
309.00	Student Clubs	-\$29.45
310.50	5 <sup>th</sup> Grade Account	-\$605.20
310.60	6 <sup>th</sup> Grade Account	-\$892.20
404.00	Character Education	-\$365.00
446.00	Bear Wear Uniforms	-\$192.50
508.00	Time for Kids	-\$287.07
<b>Total</b>		<b>-\$2,371.42</b>

The APM provides the following guidelines regarding restricted fund account transactions.

- Expenditures for all restricted accounts are limited to the amount of funds collected for those activities. However, if restricted accounts exceed the available cash, the account is insolvent. As the fiduciary agent for the SAF, the principal should ensure all accounts are solvent at all times.
- Under the BOE policies and procedures that govern the School Funds Expenditure Form, the bookkeeper should complete the funds available line located in the “Request and Pre-Approval” section to ensure there is enough funding to cover the requested disbursement.

According to the principal, the school has been trying to clear deficits; however, due to the covid-19 pandemic, there has been no fundraisers to support the reduction of the restricted fund account deficits.

The students are not receiving the maximum possible benefit of the resources that should have been available to them.

**Recommendation:** The principal should work towards elimination of all fund deficits. Spending from the restricted fund accounts with deficits should cease until the deficits is resolved.



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**2022.05 Missing Cash Disbursement Records**

There were 2 instances where disbursement records from FY 2019 could not be located for review.

According to the APM Section 6.12 *Record Retention* - All SAF records must be retained for a period of 7 years and or until audited, including the current fiscal year. This includes, but is not limited to, financial reports, bank statements, receipts, disbursement authorities, Monetary Transmittal Forms, School Funds Expenditure Forms, cancelled checks and contracts.”

The files were not secured during the renovation of the school. Failure to make financial records available for audit constitutes noncompliance with BOE policies and procedures and compromises the audit trail necessary for determining compliance with applicable requirements.

**Recommendation:** The principal should oversee the process for ensuring that school records are properly maintained and secured during extenuating circumstances. The recordkeeping staff must be held accountable for compliance.

**2022.06: Depository Safe**

The school does not have a depository safe that is accessible by staff to remit funds when the recordkeeping staff is unavailable.

According to the APM, *Section 4.5.2.2*, depository (drop) safes are required for every school. The safe should be bolted to the floor and in a location accessible to staff which will facilitate submitting money, even if the bookkeeper is unavailable.

According to the principal, she is aware of the need for a depository safe and is currently working with the Accounting and Financial Reporting Office and Maintenance Department to provide installation.

The absence of s drop safe compromises internal controls regarding the safeguarding of funds and increases the potential for loss.

**Recommendation:** The principal must continue to coordinate the installation of a depository safe with the Accounting and Financial Reporting Office and the Maintenance Department. The depository safe should be bolted to the floor and in a location accessible to staff which will facilitate submitting money, even if the bookkeeper is unavailable

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**STATUS OF PRIOR AUDIT FINDINGS**

The previous audit report for Fort Foote Elementary School was issued for the period ended June 30, 2011. During that period, the principal was in her current position; however the recordkeeping staff was appointed to her position in December 2019. The previous audit report included 12 reportable conditions, of which 1 is repeated in the current audit. The following findings were noted as a result of the prior audit and the current status is indicated below:

- **Fundraisers Did Not Contain All Required Fundraiser Forms** – Controls appear to be working.
- **Check Writing** – Controls appear to be working.
- **Safeguarding of Assets** – See finding 2022.06 regarding Depository Safe
- **Unauthorized General Journal Entries** – Controls appear to be working.
- **Segregation of Duties** – Controls appear to be working
- **Equipment Purchased with Student Activity Funds Not Recorded on Inventory** – Controls appear to be working
- **Membership Cards** – Controls appear to be working
- **Monetary Transmittal Form Log** – Controls appear to be working
- **Incomplete and/or Inadequate Supporting Documentation for Disbursements** – Controls appear to be working
- **Out of County Field Trips not Approved** – Controls appear to be working
- **Excessive Spending in Principal Sponsored Activities** - Controls appear to be working
- **Travel Payments Made to the School Incorrectly** – Controls appear to be working

**ACKNOWLEDGEMENT**

We would like to thank the principal and record keeping staff of Fort Foote Elementary School for their cooperation and assistance during the audit.



**Fort Foote ES**  
**Forte Foote Elementary Schools**  
**Student Activity Funds**  
**Audit Report Appendix - Findings Timeline**  
**Audit Period Ended May 31, 2021**

AUDIT FINDINGS		Dr. Marilyn Goldsmith, Principal	Victoria Williams, Bookkeeper June 2011 - September 2019	Tamika Preston, Bookkeeper December 2019 - Current
<b>2022.01: Vending Machine Contract</b>		<b>X</b>		
<b>2022.02: Monthly Reconciliations</b>		<b>X</b>		<b>X</b>
<b>2022.03: Voided Checks</b>		<b>X</b>	<b>X</b>	<b>X</b>
<b>2022.04: Restricted Account Deficits</b>		<b>X</b>	<b>X</b>	
<b>2022 05: Record Retention</b>		<b>X</b>	<b>X</b>	
<b>2022.06: Drop Safe</b>		<b>X</b>		
<b>Total</b>		<b>6</b>	<b>3</b>	<b>2</b>

**Prince George's County Public Schools**  
**Internal Audit Department**  
**School/Office: Fort Foote ES**  
**Response Date September 10, 2021**

	<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>2022.01 Vending Machine Contract</u></b>	The principal must establish procedures to ensure that a current vendor contract is established and maintained on file in compliance with BOE policies and procedures. Purchasing and Supply Service must be contacted for identification of an alternate vendor if a vending contract is not obtained.	Concur	Updated vending machine contracts have been obtained and are on file.	July 27, 2021	Implemented
2.	<b><u>2022.02: Delinquent Monthly Bank Reconciliations</u></b>	The principal should work more closely with the Accounting and Financial Reporting Office to ensure that reconciliations are performed as required when the recordkeeping staff is not available.	Concur	Since the finding, a new principal and bookkeeper have been assigned to the school. Principal and bookkeeper will complete monthly bank reconciliations prior to the 15th of each month.	Ongoing	Implemented
3.	<b><u>2022.03: Voided Checks</u></b>	The recordkeeping staff must be held accountable to ensure all checks are entered in the SFO system. The principal must perform oversight regarding the recordkeeping staff's	Concur	Since the finding, a new principal and bookkeeper have been assigned to the school. Moving forward, the bookkeeper and principal will meet monthly	Ongoing	Implemented

Principal Signature \_\_\_\_\_



Date September 14,  
2021

		compliance during the monthly reporting process.		to reconcile monthly reporting and ensure all checks are entered correctly into the SFO system.		
4.	<b><u>2022.04 Restricted Fund Account Deficits</u></b>	The principal should work towards elimination of all fund deficits. Spending from the restricted fund accounts with deficits should cease until the deficits are resolved.	Concur	Since the finding, a new principal and bookkeeper have been assigned to the school. Fundraisers have been scheduled for the 2021-2022 school year to assist with the reduction of the restricted account deficits. Unfortunately this will continue to reduce the amount of resources available to students due to the need to reconcile deficient accounts.	Ongoing	Implemented
5.	<b><u>2022.05 Missing Cash Disbursement Records</u></b>	The principal should oversee the process for ensuring that school records are properly maintained and secured during extenuating circumstances. The recordkeeping staff must be held accountable for compliance.	Concur	Since the finding, a new principal and bookkeeper have been assigned to the school. Past and current school financial records are maintained and secured in the vault and only accessible by the school bookkeeper and principal.	Ongoing	Implemented
6.	<b><u>2022.06: Depository Safe</u></b>	The principal must continue to coordinate the installation of a depository safe with the Accounting and Financial Reporting Office and the Maintenance Department. The depository safe should be bolted to the floor and in a location accessible to staff which will facilitate submitting money, even if the bookkeeper is unavailable	Concur	Depository safe has been installed in the main office. Depository safe is bolted to the floor and accessible to staff.	August 10, 2021	Implemented

Principal Signature \_\_\_\_\_



Date September 14, 2021

Principal Signature  \_\_\_\_\_

Date September 14, 2021