



October 21, 2021

MEMORANDUM

To: Ava Tasker Mitchell, Ph.D., Instructional Director
Cluster 1

Sharone Anderson-Davis, Principal
Glenridge Elementary School

From: Michele Winston, CPA, Director,
Internal Audit

Re: Financial Audit for July 1, 2016 through June 30, 2021

An audit was completed on the financial records of **Glenridge Elementary School** for the period July 1, 2016 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 (BOE) 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 **November 19, 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. **Please forward this template as a Microsoft Word document.** A copy of your action plan should also be forwarded to Danyelle Washington, Business Analyst, email address: dany.washington@pgcps.org; 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.

Enclosure

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, Esq., Director, Financial Services
Kassandra Lassiter, Ed. D., Associate Superintendent, Area 1
Helen Coley, Ed. D., Chief, School Support and Leadership
Joeday Newsom, Esq., Ethics Compliance Officer
Robin Welsh, Director of Monitoring, Accountability and Compliance
Katrina Greene, Student Activity Fund Support Specialist
Janice Walters-Semple, CPA, Supervisor Internal Audit
Rhonda Carter, Internal Auditor II

Internal Audit Report

**Glenridge Elementary School
School Activity Funds**

For the Period Ended June 30, 2021

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Internal Audit Report
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Internal Auditor's Report

We have examined the School Activity Funds (SAF) of Glenridge Elementary School for the period July 1, 2016 through June 30, 2021. Glenridge Elementary School's Principal is responsible for the administration of SAF. Our responsibility is to express an opinion based on our examination.

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

Our examination disclosed the following findings:

- *Administration of Voided Checks;*
- *Unsupported Transfer of Funds Received; and*
- *Delinquent Monthly Bank Reconciliations*

Individually or in the aggregate, these findings resulted in a material deviation from Board of Education (BOE) policies, procedures, and the requirements of the Accounting Procedures Manual (APM) for SAF.

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 June 30, 2021.



Michele Winston, CPA, Director
Internal Audit

Glenridge Elementary School
School Activity Funds
Internal Audit Report
For the Period Ended June 30, 2021

SUMMARY

Internal Audit completed an audit of the School Activity Funds (SAF) for Glenridge Elementary School for the period July 1, 2016 through June 30, 2021. The audit was conducted as part of the department's annual audit plan.

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

This audit report includes **3** findings, 2 of which occurred under the leadership of both the current and previous principals, and 1 during the tenure 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 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, 2016 through June 30, 2021. In addition, selected receipts, disbursements, and supporting documentation were reviewed for the aforementioned 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: Administration of Voided Checks

There were **5** instances where checks were not voided as required. The signature line was not removed as part of the defacement process.

The APM requires that all voided checks are entered in SFO and have “VOID” written across the face of the check. The signature line is required to be removed and the voided checks attached to approved SFEFs or Void Check Proof Sheets as part of the defacement process.

Reportedly, 3 of the checks were voided due to printer errors. According to the recordkeeping staff she was unaware that the signature line still needed to be removed when checks are voided as a result of printer errors. She also stated that she inadvertently missed removing the signature line from the voided checks in the other 2 instances.

Failure to properly void checks by removal of the signature line could result in unauthorized negotiation of checks and increases financial risk to the school.

Recommendation: The recordkeeping staff must be held accountable for administering checks as required by the APM. The signature line must be removed from checks during the voiding process regardless of the reason for voiding the check.

2022.02 Unsupported Transfer of Funds Received

There were **9** instances where supporting documentation could not be located to determine whether transfers were made in accordance with the requirements of the APM. The Fund Transfer Journal Entry Proof Sheet was not available for review.

The APM, Section 4.5.4.2 *Transfers Between Restricted and Unrestricted/Net Accounts* states that transfers between restricted accounts are only authorized if reviewed and approved by the principal. Evidence of approval is documented on the Fund Transfer Journal Entry Proof Sheet.

BOE policies and procedures as established in the APM were not consistently followed. The Fund Transfer Journal Entry Proof Sheets were not consistently maintained. Reportedly, the

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recordkeeping staff prepared the journal entry register each month and thought that was adequate documentation for fund transfers.

Failure to adequately perform recordkeeping responsibilities over the transfer of funds received constitutes noncompliance with the APM. Specifically, failure to maintain documentation to substantiate fund transfers in accordance with the requirements of the APM could lead to inaccurate recording and reporting of the school's financial transactions.

Recommendation: The principal and recordkeeping staff must consistently adhere to internal controls to ensure that transfers between restricted accounts are only authorized if reviewed and approved by the principal.

2022.03 Delinquent Monthly Bank Reconciliations

Monthly bank reconciliations were not prepared by the 15th of each month as required. There were **8** instances where the bank account was **not** reconciled timely. The range of delinquency was 4 to 47 days.

The principal is responsible for receiving the bank statement unopened. After reviewing the statement and cancelled checks, the principal forwards the documents to the bookkeeper for reconciliation. The bookkeeper should complete the bank reconciliation within 7 days after receiving the statement from the bank. Typically, this process is completed by the 15th of each month. The completed bank reconciliation should be returned to the principal every month for review and approval. This is not only good accounting practice, but also facilitates review by auditors.

BOE policies and procedures as established in the APM regarding monthly bank reconciliation and financial reporting were not consistently followed by the principal and recordkeeping staff. According to the recordkeeping staff, other competing recordkeeping duties including registration and time management issues caused delays in completing the monthly bank reconciliations by the 15th of each month.

Current financial information was not always available for review by the auditors and to inform financial decisions by the school's administration.

Recommendation: The principal must ensure that established procedures are consistently followed by the recordkeeping staff to allow for timely preparation of monthly bank reconciliations and financial reporting to occur.

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STATUS OF PRIOR AUDIT FINDINGS

The previous audit report for Glenridge Elementary School was issued for the period ended August 31, 2015. During that period, the current principal was not in the position; however, the current recordkeeping staff was in the position. The previous audit report included 2 reportable conditions and both were corrected in the current audit. The following findings were noted as a result of the prior audit, and the current status is indicated below:

- **Inadequate Approval of Expenditures** – Controls appear to be working.

- **Failure to Complete Fundraising Summary Report** – Controls appear to be working.

ACKNOWLEDGEMENT

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

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

School/Office: Glenridge ES

Response Date November 19, 2021

	Findings	Recommendations	Concur Non- Concur Partially Concur	Action Plan	Corrective Action Date	<u>Status</u> Implemented Partially Implemented Not Implemented
1.	<u>2022.01: Administration of Voided Checks</u>	The recordkeeping staff must be held accountable for administering checks as required by the APM. The signature line must be removed from checks during the voiding process regardless of the reason for voiding the check.	Concur	All voided checks will be reviewed monthly to ensure the signature line is reviewed.	11/29	Implemented
2.	<u>2022.02 Unsupported Transfer of Funds Received</u>	The principal and recordkeeping staff must consistently adhere to internal controls to ensure that transfers between restricted accounts are only authorized if reviewed and approved by the principal.	Concur	Review of procedures has taken place	11/29	Implemented
3.	<u>2022.03: Delinquent Monthly Bank Reconciliations</u>	The principal must ensure that established procedures are consistently followed by the recordkeeping staff to allow for timely preparation of monthly bank reconciliations and financial reporting to occur.	Concur	Review of procedures has taken place	11/29	Implemented

Principal Signature Sharone Anderson-Davis

Date November 29, 2021

Principal Signature _____ **Sharone Anderson-Davis** _____

Date _____ **Novmber 29, 2021** _____