

September 2, 2021

MEMORANDUM

To: Elizabeth Saunders, Instructional Director
Charter Schools

Howard Rice, Principal
Imagine Andrews Public Charter 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 **Imagine Andrews Public Charter School** was completed for the period July 1, 2020 through June 30, 2021. The audit indicates 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 **October 4, 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; Deborah Smalls, Business Operations Technician, email address: deborah.smalls@pgcps.org; Joeday Newsom, Esq., Ethics Compliance Officer, email address: joeday.newsom@pgcps.org and Katrina Greene, School Activity Funds Support Specialist, email address: katrina.greene@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
J. Michael Dougherty, Director, Financial Services
Helen Coley, Ed. D., Chief, School Support and Leadership
Loretta White Khaalid, Charter School Liaison
Joeday Newsom, Esq., Ethics Compliance Officer
Robin Welsh, Director of Monitoring, Accountability and Compliance
Janice Walters-Semple, CPA, Supervisor Internal
Alicia Robinson, Internal Auditor II

Internal Audit Report

Imagine Andrews Public Charter School
School Activity Funds

For the Period Ended June 30, 2021

**Imagine Andrews Public Charter School
School Activity Funds
Internal Audit Report
For Period Ended June 30, 2021**

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**Imagine Andrews Public Charter School
School Activity Funds
Internal Audit Report
For Period Ended June 30, 2021**

Internal Auditor's Report

We have examined the School Activity Funds (SAF) of Imagine Andrews Public Charter School for the period July 1, 2020 to June 30, 2021. Imagine Andrews Public Charter School's principal is responsible for the administration of the SAF. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and 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 a finding for *Restricted Account Deficits*. The finding resulted in a material deviation from Board of Education (BOE) policies and procedures and the requirements of the Accounting Procedures Manual for the School Activity Funds (APM).

In our opinion, considering the deviation from the criteria described in the preceding paragraph, the SAF referred to above has not been administered in compliance with BOE policies and procedures and the APM, in all material respects, for the period ended June 30, 2021.



Michele Winston, CPA
Director, Internal Audit

**Imagine Andrews Public Charter School
School Activity Funds
Internal Audit Report
For Period Ended June 30, 2021**

SUMMARY

The Internal Audit Department has completed an audit of the school activity funds (SAF) for Imagine Andrews Public Charter School for the period July 1, 2020 to June 30, 2021. The audit was conducted as part of the 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 for School Activity Funds (APM) and Board of Education (BOE) policies and procedures.

This audit report includes **1** finding that occurred under the leadership of the current principal. The finding and the personnel responsible are included in the appendix at the end of the audit report. In addition, the detailed finding from the current audit is cited on the following page with accompanying recommendations for corrective action.

OBJECTIVES

The objectives of the audit were to determine the effectiveness of the system of internal controls and whether the school was in compliance with the policies and procedures of the Accounting Procedures Manual for School Activity Funds (APM) and the Board of Education (BOE). It is important to recognize that, while the audit report focused on deficiencies, it was intended to be constructive. The audit was not designed and conducted to evaluate the effectiveness of the educational programs in the school. Therefore, the absence of comments related to the educational programs should not be construed to imply that these programs are either adequate or deficient.

SCOPE

The audit was based on our examination of selected bank statements, financial reports, cancelled checks, all voided checks and Monetary Transmittal Form (MTF) envelopes submitted for the period July 1, 2020 to June 30, 2021. Also, available 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.

**Imagine Andrews Public Charter School
School Activity Funds
Internal Audit Report
For Period Ended June 30, 2021**

FINDINGS AND RECOMMENDATIONS

The audit resulted in the following finding and recommendation:

2022.01 Restricted Account Deficits

There were **5** restricted fund accounts with deficits totaling **(\$1,894.32)** as of June 30, 2021 as follows:

• 310.00 8 th Grade Class Account	(\$ 837.08)
• 420.00 Fieldtrips	(\$ 308.34)
• 420.25 5 th Grade Fieldtrip	(\$ 411.96)
• 420.40 K, 1 st , 2 nd Grade Fieldtrips	(\$ 76.55)
• <u>505.00 Agenda Books</u>	<u>(\$ 260.39)</u>
Total	(\$ 1,894.32)

According to the APM, expenditures for all restricted accounts are limited to the amount of funds collected for those activities. Therefore, if restricted accounts exceed the available cash, the account is insolvent. As the fiduciary agent for the SAF, the principal should ensure that restricted accounts are solvent at all times.

The following causes were found during the FY 2019 audit and continued to contribute to account deficits:

- The 8th Grade Class Account deficit occurred because the school did not receive a refund of the deposit for a field trip that was scheduled for FY 2020 but had to be cancelled due to school closures resulting from the COVID-19 pandemic. Despite the recordkeeping staff's attempts to obtain the refund the school has yet to receive it.
- The Fieldtrips, 5th Grade Fieldtrip, Kindergarten, 1st and 2nd Grades' Fieldtrips, and Agenda Books account deficits occurred in FY 2020 due to insufficient funds being collected to offset the costs of those fieldtrips.

Insolvent restricted fund account balances affects the school's ability to adequately benefit the needs of students for which unrestricted funds are collected. Further, unrestricted fund account balances can lead to the school's financial status becoming insolvent.

Recommendations: The principal should contact the Accounting and Financial Reporting office for guidance on how to resolve the deficits balances in the respective fund accounts. Also, the principal and recordkeeping staff should implement internal controls for budgets to be prepared that ensure sufficient funds are collected to cover the costs of fieldtrips. Spending in the fund accounts with deficits must cease until solvency is restored.

**Imagine Andrews Public Charter School
School Activity Funds
Internal Audit Report
For Period Ended June 30, 2021**

STATUS OF PRIOR AUDIT FINDINGS

The previous audit report for Imagine Andrews Public Charter School was issued for the period ended June 30, 2020. The current principal and recordkeeping staff were on staff during that audit. There were **2** findings noted as a result of that audit as summarized below and **none** were repeated:

- **Mismanagement of Disbursements**
 - *Missing Documentation* – Controls appear to be working.
 - *Delinquent Vendor Payment* – Controls appear to be working.
 - *Voided Check not Entered in SFO* – Controls appear to be working.
- **Administration of Contracts** – Controls appear to be working.

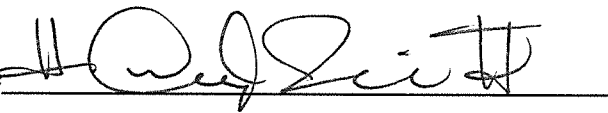
ACKNOWLEDGEMENT

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

**Prince George's County Public Schools
Internal Audit Department
School/Office: Imagine Andrews PCS
Response Date October 04, 2021**

	Findings	Recommendations	Concur Non- Concur Partially Concur	Action Plan	Corrective Action Date	Status Implemented Partially Implemented Not Implemented
1.	<u>2022.01 Restricted Account Deficits</u>	The principal should contact the Accounting and Financial Reporting office for guidance on how to resolve the deficits balances in the respective fund accounts. Also, the principal and recordkeeping staff should implement internal controls for budgets to be prepared that ensure sufficient funds are collected to cover the costs of fieldtrips. Spending in the fund accounts with deficits must cease until solvency is restored.	Concur	1: We will reach out to the Ms. Hay and Katrina Greene who can help us resolve the deficits balance in the accounts. 2: In the future we will work closely with teachers and staff to ensure that sufficient funds are collected for both the buses and event cost. 3: No accounts with deficits will be used until the solvency has been completed.	10/08/2021 10/06/21 10/08/2021 10/06/21 10/08/2021	Not implemented Implemented Implemented

Principal Signature



Date

10/8/21

rec'd revised 10/06/21