



July 21, 2021

**MEMORANDUM**

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

Massa McClain, Principal  
Lamont Elementary School

From: Michele Winston, CPA, Director   
Internal Audit

Re: Financial Audit for the Period July 1, 2018 through May 31, 2021

An audit of the financial records of **Lamont Elementary School** was completed for the period July 1, 2018 through May 31, 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 Fund (APM) and Board of Education policies and procedures. The exceptions noted are included in the attached report.

As principal of the school, you will be responsible for preparing an action plan by **August 21, 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). **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](mailto:dany.washington@pgcps.org); Deborah Smalls, Business Operations Technician, email address: [deborah.smalls@pgcps.org](mailto:deborah.smalls@pgcps.org); Joeday Newsom, Esq., Ethics Compliance Officer, email address: [joeday.newsom@pgcps.org](mailto:joeday.newsom@pgcps.org) and Katrina Greene, School Activity Funds Support Specialist, email address: [katrina.greene@pgcps.org](mailto:katrina.greene@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  
Helen Coley, Ed. D., Chief of School Support and Leadership  
Michael Herbstman, Chief Financial Officer  
James Dougherty, Director, Financial Services  
Kasandra Lassiter, Ed. D., Associate Superintendent Elementary Schools  
Joeday Newsom, Esq., Ethics Compliance Officer  
Katrina Greene, School Activity Funds Support Specialist  
Janice Walters-Semple, CPA, Internal Audit Supervisor  
Theodore Dzodzomenyo, Internal Auditor II

**Internal Audit Report**

**Lamont Elementary School  
School Activity Funds**

**For the Period Ended May 31, 2021**

**Hotline PGCPS-21-06-0001**

Lamont Elementary School  
School Activity Funds  
Internal Audit Report  
For the Period Ended May 31, 2021  
**Hotline PGCCPS-21-06-0001**

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Lamont Elementary School  
School Activity Funds  
Internal Audit Report  
For the Period Ended May 31, 2021  
**Hotline PGCPS-21-06-0001**

Internal Auditor's Report

We have examined the School Activity Funds (SAF) of Lamont Elementary School for the period July 1, 2018 through May 31, 2021. Lamont Elementary School's Principal is responsible for the administration of SAF. Our responsibility is to express an opinion based on our examination.

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

Our examination disclosed the following:

- *Delinquent Deposits;*
- *Drop Safe Not Acquired to Secure Funds Awaiting Deposit; and*
- *Deficits Restricted Fund Accounts*

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

In our opinion, except for the deviation from the criteria described in the preceding paragraph, the APM 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

Lamont Elementary School  
School Activity Funds  
Internal Audit Report  
For the Period Ended May 31, 2021  
**Hotline PGCPS-21-06-0001**

**SUMMARY**

Internal Audit completed an audit of the school activity funds (SAF) for Lamont Elementary School for the period July 1, 2018 through May 31, 2021. The audit was conducted as a result of **Hotline PGCPS-21-06-0001** in which the caller alleged that financial procedures were not being followed with fidelity.

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 that 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 to determine whether the school was in compliance with the policies and procedures of the Accounting Procedures Manual for School Activity Funds 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 all bank statements, financial reports, cancelled checks and all available Monetary Transmittal Form (MTF) envelopes submitted by staff for the period July 1, 2018 through May 31, 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.

**ALLEGATION STATEMENT**

*Financial procedures are not being followed with fidelity. Several instances of errors made, and cover ups discovered.*

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For the Period Ended May 31, 2021  
**Hotline PGCPS-21-06-0001**

**FINDINGS AND RECOMMENDATIONS**

The audit resulted in the following findings and recommendations:

**2022.01: Delinquent Deposits**

There were 7 instances where funds received were not deposited timely. The delinquency ranged from 4 to 43 days after the initial collection by staff members.

The APM, Section 4.5.2.2, *Cash Receipts, Procedures* states that, all funds collected must be submitted to the bookkeeper on the day of collection, along with a completed MTF. The bookkeeper must make deposits of all funds received at least every other day. However, no more than \$250.00 should be kept in the building overnight.

According to the current recordkeeping staff, the FY 2020 and 2021 delinquent deposits occurred because the amounts involved were small and the staff member delayed remittance to the recordkeeping staff with the expectation that additional funds would be collected. Other delinquent deposits occurred in FY 2019 under the previous recordkeeping staff for which no explanation could be provided. Delinquent deposit of funds constitute non-compliance with Board policies and procedures and increases the risk of loss while impacting the reliability of financial reports used by school administrators in making financial decisions.

**Recommendations:** All staff members must be reminded at the time MTFs are provided that all funds collected must be remitted to the recordkeeping staff on the day of collection. Staff members must also be reminded that they are prohibited from keeping funds in their possession overnight. Staff members must be held accountable for compliance.

**2022.02: Drop Safe Not Acquired To Secure Funds Awaiting Deposit**

The school did not acquire and install a drop safe on its premises to facilitate secure remittance of funds collected by staff members.

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 placed in a location accessible to staff which will facilitate remitting funds, even if the bookkeeper is unavailable.

After the previous audit which included this finding, the school took steps and purchased a wall drop safe. According to the principal, she was not aware that the wall drop safe did not meet the criteria or must be the type that has to be bolted to the ground.

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Internal controls are compromised when items of value are not maintained where access is restricted. There is the risk of theft when funds collected in the absence of the recordkeeping staff are not secured.

**Recommendation:** The principal should contact the ethics compliance officer to initiate the process of acquisition and installation of a drop safe to properly safeguard its financial resources. The drop safe should be placed in a non-visible location, but accessible to staff to facilitate prompt remittance of funds when the recordkeeping staff is not available.

**2022.03: Deficits in Restricted Fund Accounts**

The following restricted fund accounts contained deficits as of May 31, 2021, which aggregated to **(\$488.67)**.

- Principal Sponsored Activities = **(\$155.62)**
- Book Fair Restricted = **(\$80.47)**
- Arts and Theater = **(\$39.95)**
- Recorders = **(\$212.63)**

According to the APM, expenditures for authorized principal-sponsored activities are restricted to: 1. One hundred percent (100%) of vending commission from machines located in the staff lounge; 2. Twenty-five percent (25%) of vending commissions from student-accessed machines up to the first \$50,000 and then 10% of any amount exceeding \$50,000. These percentages do not apply to sponsorships or signing bonuses that vending companies may offer; 3. Fifteen percent (15%) of school-wide fundraiser profits, including picture commissions; 4. Up to twenty-five (25%) percent of senior class residual funds.

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

According to the principal, she always verifies the “available balance” section on the School Funds Expenditure Form, as recorded by the recordkeeping staff prior to approving expenditures. However, in these instances, she did not realize that the funds available was not sufficient to cover the anticipated PSA expenditures. The deficits in the other restricted fund accounts pre-dates the tenure of both the principal and the recordkeeping staff and they are not aware of the reasons for those deficits. Students are not receiving the maximum possible benefit from the resources that should have been available to them when restricted fund account balances are in a deficit.

**Recommendation:** The principal and recordkeeping staff should discuss options for resolution of account deficits with Accounting and Financial Reporting Office. Spending in these accounts must cease until the accounts' deficits are resolved.

## **ALLEGATION CONCLUSION**

*Financial procedures were not followed with fidelity and there were several instances of cover ups was discovered - PARTIALLY SUBSTANTIATED*

The recordkeeping staff was appointed to the position on March 2, 2020 and did not receive any training prior to school closures on March 13, 2020 due to COVID-19. As a result, there was an insignificant amount of financial record available for review from the recordkeeping staff's tenure.

Internal Audit's review of the school's financial records did not reveal any evidence of cover-ups by the recordkeeping staff. However, there was one instance noted where policies and procedures were not followed regarding the timely deposit for funds collected. This exception is included in **Finding 2022.01** relative to Delinquent Deposit.

## **STATUS OF PRIOR YEAR FINDINGS**

The previous audit report for Lamont Elementary School was issued for the period ended June 30, 2018. The current principal was in her current position at that time but the financial secretary was not in her position at that time. The following findings were noted as a result of the last audit and their current status is indicated below.

- **Mismanagement of Disbursements** - Condition was not noted during this audit.
- **Missing End of Year Monetary Transmittal Forms** - Condition was not noted during this audit.
- **Drop Safe Not on School Premises** - Condition still exists. **See Finding 2022.02** regarding *Drop Safe Not Acquired to Secure Funds Awaiting Deposit*.

## **ACKNOWLEDGEMENT**

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



**Prince George's County Public Schools**  
**Internal Audit Department**  
**School/Office: Lamont ES**  
**Response Date August 20, 2021**

Findings	Recommendations	Concur Non- Concur Partially Concur	Action Plan	Corrective Action Date	Status Implemented Partially Implemented Not Implemented
<p>1. <u>2022.01: Delinquent Deposits</u></p>	<p>All staff members must be reminded at the time MTFs are provided that, all funds collected must be remitted to the recordkeeping staff on the day of collection. Staff members must also be reminded that, they are prohibited from keeping funds in their possession overnight. Staff members must be held accountable for compliance.</p>	<p>Concur</p>	<ul style="list-style-type: none"> <li>This information has been included in the staff handbook for the 2021-22SY. This includes a statement that progressive discipline will occur for non-compliance.</li> <li>The Sec II will have a meeting during preservice week with all staff on the MTF process.</li> </ul>	<p>August 2021</p>	<p>Implemented Partially</p>
<p>2. <u>2022.02: Drop Safe Not Acquired To Secure Funds Awaiting Deposit</u></p>	<p>The principal should contact the ethics compliance officer to initiate the process of acquisition and installation of a drop safe to properly safeguard its financial resources. The drop safe should be placed in a non-visible location, but accessible to staff to facilitate prompt remittance of funds when the recordkeeping staff is not available.</p>	<p>Concur</p>	<ul style="list-style-type: none"> <li>Contact has been made with Mr. Newsome (compliance officer) regarding the acquisition and installation of a drop safe for Lamont. He informed the Sec II that we have been placed on the list to get one from the district.</li> </ul>	<p>July 2021</p>	<p>Implemented</p>

Principal Signature 

Date 7.22.2021

3.	<u>2022.03: Deficits in Restricted Fund Accounts</u>	The principal and recordkeeping staff should discuss options for resolution of account deficits with Accounting and Financial Reporting Office. Spending in these accounts must cease until the accounts' deficits are resolved.	Concur	Options have been discussed with the Accounting and Financial Reporting Office. Spending in those accounts have ceased. The deficits have been resolved in two of the accounts. We have discussed resolution for bringing the PSA current.	July 2021	Partially Implemented
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Principal Signature 

Date 7.22.2021