


October 1, 2021

**MEMORANDUM**

To: **Kelvin Moore**, Instructional Director  
Area 2 Office

**Demarco Clark, Ed. D.**, Principal  
Thurgood Marshall Middle School

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

Re: Thurgood Marshall MS Financial Audit for July 1, 2017 through June 30, 2021

An audit of the financial records of **Thurgood Marshall Middle School** was conducted for the period July 1, 2017 through June 30, 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 **November 1, 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); 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).

Enc.

cc:

**Juanita Miller**, Ed. D., Chair, Board of Education  
**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  
**David Curry**, Ed. D., Associate Superintendent, Area 2  
**Michael Herbstman**, Chief Financial Officer  
**James Dougherty**, CPA, Director, Financial Services  
**Joeday Newsom**, Esq., Ethics Compliance Officer  
**Robin Welsh**, Director of Monitoring, Accountability and Compliance  
**Katrina Green**, School Activity Funds Support Specialist  
**Janice Walters-Semple**, CPA, Internal Audit Supervisor  
**Derrick Martin**, Internal Auditor II

# Internal Audit Report

Thurgood Marshall Middle School  
School Activity Funds

For the Period Ended June 30, 2021

Thurgood Marshall Middle School  
School Activity Funds  
Internal Audit Report  
For the Period Ended June 30, 2021

**Table of Contents**

INTERNAL AUDITOR’S REPORT .....2  
SUMMARY ..... 3  
OBJECTIVES ..... 3  
SCOPE..... 3  
FINDINGS AND RECOMMENDATIONS..... 4  
STATUS OF PRIOR AUDIT FINDINGS ..... 14  
ACKNOWLEDGEMENT ..... 14

Thurgood Marshall Middle School  
School Activity Funds  
Internal Audit Report  
For the Period Ended June 30, 2021

Internal Auditor's Report

We have examined the School Activity Funds (SAF) of Thurgood Marshall Middle School for the period July 1, 2017 through June 30, 2021. Thurgood Marshall'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:

- *Missing Funds*
- *Mismanagement of Funds Received*
- *Mismanagement of Disbursements*
- *Drop Safe*
- *Negative Restricted Accounts*
- *Monthly Reconciliations*
- *Administration of Voided Checks*
- *Check Signers*
- *Financial Reporting*
- *Record Retention*
- *Management Oversight*

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 June 30, 2021.



Michele Winston, CPA  
Director, Internal Audit

Thurgood Marshall Middle School  
School Activity Funds  
Internal Audit Report  
For the Period Ended June 30, 2021

**SUMMARY**

Internal Audit completed an audit of school activity funds (SAF) for Thurgood Marshall Middle School for the period July 1, 2017 to June 30, 2021. The audit was a part of the FY2022 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.

The 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, and available cancelled checks, all voided checks, and Monetary Transmittal Form (MTF) envelopes submitted by staff for the period July 1, 2017 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.

Thurgood Marshall Middle School  
 School Activity Funds  
 Internal Audit Report  
 For the Period Ended June 30, 2021

**FINDINGS AND RECOMMENDATIONS**

The audit resulted in the following findings and recommendations:

**2022.01 Missing Funds**

The audit revealed the following pertaining to missing school activity funds totaling **\$4,711.00**:

- There were **8 MTFs** totaling **\$3,891.00** signed by Recordkeeping Staff A evidencing receipt of funds; however, there was no evidence that these funds were deposited into the school’s bank account.

MTF Number	Date	Amount	Description
339152	2/1/2019	\$22.00	NACAC College Fair
339185	3/6/2019	\$520.00	8th Grade Field Trip
339197	4/9/2019	\$88.00	Field Trip
339200	4/12/2019	\$435.00	Field Trip
339182	2/26/2019	\$1,155.00	Field Trip - Blacks & Wax
339187	3/12/2019	\$487.00	Field Trip - Blacks & Wax
339199	4/10/2019	\$285.00	Six Flags
339183	2/28/2019	\$899.00	Field Trip - Blacks & Wax
<b>Total</b>		<b>\$3,891.00</b>	

- There were also **4 MTFs** totaling **\$820.00** that were found in a locked desk drawer used by Recordkeeping Staff A. However, the noted MTFs were not signed by Recordkeeping Staff A. Reportedly, the 4 MTFs and funds were remitted to Recordkeeping Staff A. There was no evidence that these funds were recorded in SFO or deposited into the school’s bank account.

MTF Number	Date	Amount	Description
339180	2/1/2019	\$210.00	Girls Basketball
339178	2/7/2019	\$170.00	P.E Department
339181	Not dated	\$150.00	P.E Department
339196	4/5/2019	\$290.00	Field Trip
<b>Total</b>		<b>\$820.00</b>	

The following requirements have been established relative to administration of SAF:

- Board Policy 0109, *Fraud Waste and Abuse* strictly prohibits all conduct of fraud, including theft, misappropriation or removal of PGCPs’ resources.

Thurgood Marshall Middle School  
School Activity Funds  
Internal Audit Report  
For the Period Ended June 30, 2021

The APM provides the following guidelines relative to the administration of SAF:

- Section 4.5.2.2, *Preparing Bank Deposits*, states that the bookkeeper is responsible for counting cash, verifying the total on supporting remittance documentation, and ensuring agreement with the MTF and the actual funds remitted. The validated deposit slip is filed at the school with the MTF that supports the deposit.
- Section 6.2 *Fraud*, states that if funds are missing, items appear stolen, or any other fraudulent activity is suspected, the Internal Audit Department and the Security Services Office must be contacted immediately. The School System also has a 24-hour Hotline that is manned by experienced contractors so anonymity can be maintained.

BOE policies and procedures were not followed as established in the APM. Recordkeeping Staff A did not deposit all funds remitted to the office by staff members. The principal noticed the deficit in the field trip account and made appropriate inquiry of the recordkeeping staff. A request for a financial audit was made to Internal Audit however, there were no audit staff members available to complete the audit at that time and the audit was not conducted. Recordkeeping Staff A was terminated as of July 8, 2019.

Failure to administer SAF in accordance with the requirements of the APM and using said funds for personal benefit is considered fraud. Funds totaling **\$4,711.00** are not currently available to benefit the student body.

**Recommendation:** The principal should regularly and consistently monitor SAF to help identify irregularities. Communication of expectations with the recordkeeping staff must be clear regarding processing of deposits.

**2022.02: Mismanagement of Funds Received**

The following exceptions were noted pertaining to management of funds received:

- **Uncashed Checks** – There were **3** instances where the recordkeeping staff failed to deposit commission checks into the school’s bank account. The total amount of the unprocessed checks is **\$347.40. Please see below:**

Company	Check Date	Amount
Lifetouch	1/15/2019	\$207.00
Compass Group	2/13/2019	\$50.88
Compass Group	12/12/2018	\$89.52
<b>Total</b>		<b>\$347.40</b>

Thurgood Marshall Middle School  
School Activity Funds  
Internal Audit Report  
For the Period Ended June 30, 2021

- **Unsupported Deposits** – **MTF # 404011** was approved by the principal on **9/16/19** for **\$1,637.12**; however, the amount on the deposit slip is **\$1,807.12**, which reflects a difference of **\$169.88**. Also, **MTF 404015**, approved by the recordkeeping staff on **12/03/2019** for **\$402.00** for Boys’ and Girls’ basketball gate receipts, was not properly supported with a mandatory ticket report.
- **Delinquent Deposits** – There were **4** instances where the recordkeeping staff deposited funds late. The late deposits ranged from **8** to **61** days.

The APM states the following regarding the mentioned conditions:

- Section 4.5.2 *Cash Receipts, Collecting funds, Completing MTF Form* states that staff members collecting funds are required to complete a Monetary Transmittal Form and submit it to the bookkeeper along with all funds collected. The MTF must be entirely 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. A Student Remittance Report, Excel spreadsheet, class list, receipts, or ticket/report stubs, can be used as an attachment.
- Section 4.5.2 *Cash Receipts, #2. Guidelines for Bank Deposits*, “Bookkeepers must make deposits of all funds received at least every other day... It is important that schools establish internal controls to ensure frequent deposits occur and that schools avoid the risk of storing money in the building over a weekend or holiday.
- Section 7.4.2 *Sporting Events and Ticketing*, states: The athletic director, Bookkeeper and Principal must account for all tickets assigned by the Office of Interscholastic Athletics by completing the Mandatory Ticket Report, CRV Form and the High School General Admission Ticket Assignment and Reconciliation Sheet.

The record keeping staff did not follow proper APM requirements when collecting funds. Reportedly, Recordkeeping Staff A did not complete duties as assigned. There was no oversight to ensure all checks received by the school were processed and deposited in the school’s bank account. Recordkeeping Staff A did not follow proper protocols when processing basketball gate receipts.

When BOE policies and procedures are not followed, it places the school’s assets at risk for fraud waste and abuse. When MTFs are submitted without proper supporting documentation, the bookkeeper is unable to verify if funds submitted are correct. In addition, when funds deposited does not match the amount of funds recorded on the MTF, internal controls are compromised and the school’s accounting records could be incorrectly stated.



Thurgood Marshall Middle School  
School Activity Funds  
Internal Audit Report  
For the Period Ended June 30, 2021

**Recommendation:** The current recordkeeping staff should ensure there is adequate documentation when accepting and approving MTFs. The required documentation includes a class list, excel document, etc. When accepting athletic ticket sales proceeds, the recordkeeping staff should ensure the athletic director provides a mandatory ticket report.

The principal should provide oversight to ensure all checks received by the school are processed according to the BOE policies and procedures. The current recordkeeping staff should contact the check issuers and request the outstanding checks to be voided and reissued. Further, the principal and current recordkeeping staff should ensure all deposits are processed at least every other day or daily if the total deposits exceed \$250.00.

### **2022.03 Mismanagement of Disbursements**

The following deficiencies were noted pertaining to mismanagement of disbursements:

- **Pre-approval** – There were **2** instances where staff members failed to obtain pre-approval from the principal for expenditures totaling \$1,310.00.
- **Delinquent Payment** – There was **1** instance where the school failed to pay an invoice for \$1,235.00 in a timely manner. The invoice was paid approximately 60 days late.

The APM provides the following guidelines regarding the management of disbursements:

- The APM, Section 4.5.3 Cash Disbursements states that prior to ordering or purchasing goods or services; a School Funds Expenditure Form (SFEF) must be entirely completed and signed by the principal.
- Section 4.5.3 Cash Disbursements also states “Invoices should be paid within 30 days of receipt or by the due date. The principal should review invoices and statements for past due amounts and ensure the payments are made in a timely manner.”

According to the principal, Recordkeeping Staff B was expected to practice proper protocols when handling disbursements. The principal felt the school provided adequate training and there was no need to perform periodic checks.

When SFEFs are not completed and approved prior to staff purchases it places the school at risk for insolvency. Also, when there is not proper approval documentation available for each check requested the school is at risk for fraud, waste, and abuse. Lastly when invoices are not paid on time, vendors lose confidence in the school’s ability to pay its obligations on time.

Thurgood Marshall Middle School  
School Activity Funds  
Internal Audit Report  
For the Period Ended June 30, 2021

**Recommendation:** The principal and current recordkeeping staff should ensure expenditure forms are complete and properly approved prior to purchasing. Also, the principal should review outstanding invoices and statements to ensure all invoices are paid within the 30 day period. Lastly the school staff should be trained to reiterate the need for pre-approval of expenditures and held accountable for compliance.

**2022.04: Drop Safe**

The school has a safe; however, the safe is not accessible. The principal and current recordkeeping staff do not have the combination to access the contents of the safe. The safe's key pad is also broken. No one knows whether there are funds in the safe. The school has not maintained a log where staff members record their name and date of drop, if any occurred.

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. A log should be maintained where staff members record their name and the date of the 'drop.' Funds should be sealed in an envelope with the completed, signed MTF enclosed.

Reportedly Recordkeeping Staff B went on extended leave in January of 2021 and never returned to the school. As a result the school has no keys or combination to the safe. The principal also does not have access to the safe because the key pad is broken.

BOE policies and procedures as established in the APM were not followed. Internal controls regarding securing funds was compromised which increased the potential for loss of assets.

**Recommendation:** The principal must immediately contact a locksmith to gain access to the current drop safe. The drop safe should be accessible to staff to facilitate the remittance of funds when the recordkeeping staff is not available. The principal and current recordkeeping staff should ensure a log is maintained to record the details of deposits remitted by staff (i.e. staff name, date, MTF number, amount, and staff signature) in accordance with the APM. The recordkeeping staff must establish a cut-off time and check the safe daily.

Thurgood Marshall Middle School  
School Activity Funds  
Internal Audit Report  
For the Period Ended June 30, 2021

**2022.05 Restricted Account Deficits**

The following restricted accounts contained deficits which aggregated to approximately **(\$15,994.51)** as of June 30, 2021.

Account	Name	Amount
325.00	8th Grade Account	-\$4,361.07
420.00	Field Trips	-\$3,498.12
440.00	PBIS	-\$170.13
450.10	PSA-Flowers	-\$100.59
450.20	PSA-Food	-\$90.12
450.30	PSA-Staff Appreciation	-\$2,724.58
450.40	PSA-Clothing	-\$522.93
480.00	Yearbook	-\$4,526.97
<b>Total</b>		<b>-\$15,994.51</b>

According to the APM, 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 school's SAF, the principal should ensure all accounts are solvent at all times.

Under the BOE policies and procedures that govern the SFEF, the recordkeeping staff is required to complete the funds available line located in the "Request and Pre-Approval" section to ensure there is enough funding to cover the requested disbursement.

Recordkeeping staff A defrauded the school of 8<sup>th</sup> grade and field trip funds. (Refer to finding 2022.01.) The PSA fund accounts and Yearbook account were noted in the prior audit ended 6/30/2017. According to the principal, the PSA accounts had deficits when he arrived at the school in FY 2014. The deficits have decreased from the previous audit.

Students' receipt of the maximum possible benefit of available resources is affected when there are SAF deficits.

**Recommendation:** The principal should work towards elimination of all restricted fund account deficits. Spending from the restricted fund accounts with deficits should cease until the deficits are resolved. The principal should contact the Accounting and Financial Reporting Office (AFRO) to discuss ways to address the deficits.

Thurgood Marshall Middle School  
School Activity Funds  
Internal Audit Report  
For the Period Ended June 30, 2021

**2022.06 Administration of Monthly Bank Reconciliations**

The following deficiencies were noted regarding the school's monthly bank reconciliations:

- There were **3** instances where monthly bank reconciliations could not be located.
- There were **10** instances where the recordkeeping staff failed to complete the monthly bank reconciliation by the 15<sup>th</sup> of the subsequent month, which is required according to the APM. Approval of the noted delinquent monthly bank reconciliations were backdated when signed by the principal.
- There were **3** instances where the recordkeeping staff failed to write off stale checks. The stale checks ranged from **418 – 672** days. Please see table below:

Check Number	Amount	Issue Date	Write off Date	Days
7807	\$2,945.00	5/29/2019	3/31/2021	672
7831	\$385.00	10/28/2019	3/31/2021	520
7845	\$100.00	2/7/2020	3/31/2021	418

Section 5.1.2 Procedures: *Monthly Reconciliations and Financial Reporting* states the following: The reconciliation should 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.

Section 4.4.3.1: #5. *Lost, Stolen and Uncashed (Stale Dated) Checks*, states: If a check from the SAF has not been cashed within a reasonable time, at least six months, it is referred to as a stale check. The bookkeeper is expected to investigate the circumstances concerning the issuance of the check and attempt to determine from the payee why the check was not cashed. After this determination, the stale check is required to either be reissued or 'written-off.'

The current recordkeeping staff and AFRO staff could not locate any statements related to the 3 missing monthly reconciliations. Recordkeeping Staff B did not complete the monthly reconciliations by the 15<sup>th</sup> of the subsequent month due to COVID-19 restrictions. Reportedly, the principal does not recall backdating the monthly reconciliations.

Failure to complete monthly reconciliations causes the school to miss discrepancy or errors that may occur from month to month. Missed bank reconciliation also places the school at risk of not knowing whether discrepancies are due to timing, error or fraud.

Thurgood Marshall Middle School  
School Activity Funds  
Internal Audit Report  
For the Period Ended June 30, 2021

**Recommendation:** The principal should provide oversight to ensure monthly bank reconciliations are performed and reviewed as required. In addition, the principal must always promptly review and ensure accuracy of monthly bank reconciliations. The recordkeeping staff should be knowledgeable of the stale check policy and ensure that checks are written off or reissued after 180 days as required by the APM.

**2022.07: Administration of Voided Checks**

There were 7 instances where the recordkeeping staff failed to properly void checks by removal of the signature line.

The APM Section 4.5.3.2, #5, *Summary of Check Disbursement Procedures* states: “Voided checks are defaced, but filed in check number order with cancelled check images.”

Recordkeeping Staff A and B failed to consistently deface voided checks. The current recordkeeping staff has noted the exception and will ensure adherence to the requirements for administration of voided checks.

When checks are not properly voided, it places the school’s assets at risk for fraud, waste, and abuse. Specifically, failure to remove the signature panel from voided checks increases the risk of unauthorized negotiation.

**Recommendation:** The recordkeeping staff should ensure consistent compliance with the requirements for voiding checks, including removal of signature lines

**2022.08: Check Signers**

The current recordkeeping staff is not an authorized signer for the school’s checking account. Recordkeeping Staff B, the previous record keeper, has also not been removed from the bank signature card despite her resignation in March 2021.

The APM, Section 4.2.2, *Bank Account Procedures* requires at least three authorized signers on the school’s checking account (principal, bookkeeper, and another administrator). The principal and recordkeeping staff should be the primary signers on the account. The third check signer should be an administrator (i.e., a vice-principal, teacher in charge or wing coordinator) who signs checks in one of the primary signatories’ absence.

Recordkeeping Staff B abruptly resigned from the school in March of 2021 and the current recordkeeping staff replaced her in the same month. However, the principal has not submitted a request to Treasury Services to add the current recordkeeping staff to the authorized check signers’ list. Maintaining Recordkeeping Staff B as an authorized check signer provides unauthorized access to the school’s SAF. Since the current recordkeeping staff is not an authorized signer, her banking access is limited.

**Recommendation:** The principal should immediately complete the proper request and submit it to Treasury Services to add the current recordkeeping staff to the school’s bank

Thurgood Marshall Middle School  
School Activity Funds  
Internal Audit Report  
For the Period Ended June 30, 2021

signature card. A similar request should be made to remove Recordkeeping Staff B from the school's bank signature card. The principal must ensure there are always 3 authorized check signers.

### **2022.09 Financial Reporting**

There were **15** instances where the principal did not approve the Fund Transfer Journal Entry Proof Sheet documenting evidence that the restricted fund transfers were approved as required.

The APM Section 4.5.4.2 *Transfers Between Restricted and Unrestricted/Net Accounts* states, "Transfers between restricted fund accounts are only authorized if reviewed and approved by the principal."

Recordkeeping Staff B did not consistently obtain approval of restricted fund transfers from the principal prior to posting transfers in SFO. The principal was not aware that transfers were made without his approval. Failure to comply with BOE's policies and procedures constituent noncompliance.

Inappropriate fund transfers can lead to misuse and misclassification of school funds. The school can also be vulnerable to insolvency of restricted fund accounts when funds are not transferred from the proper restricted accounts to fund obligations.

**Recommendation:** The principal and current recordkeeping staff should ensure that all restricted fund transfers are approved by the principal and documented on the Fund Transfer Journal Entry Proof Sheet. Evidence of approval should be retained on file as evidence of compliance.

### **2022.10 Record Retention**

The following financial records were not made available for audit:

- **16 End of Year Monetary Transmittal Forms FY 2020;**
- **4 End of Year Monetary Transmittal Forms FY 2021;**
- **1 Disbursement Record from FY21;**
- **7 Voided Check Records; and**
- **5 Cancelled Check Records.**

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,

Thurgood Marshall Middle School  
School Activity Funds  
Internal Audit Report  
For the Period Ended June 30, 2021

Monetary Transmittal Forms, School Funds Expenditure Forms, cancelled checks and contracts.”

Recordkeeping Staff A and B did not maintain good records. The school had to gain access to Recordkeeping Staff B’s desk by forced entry to retrieve files requested for the audit. The files requested were not organized. The principal does not have standard operating procedures for collection of the end of the year sealed MTF envelopes from the staff members.

Failure to make financial records available for audit constitutes noncompliance with BOE policies and procedures and compromises the audit trail.

**Recommendation:** The principal must ensure that financial records are retained in an organized manner for the stipulated period of **7** years. The principal should oversee the process for the implementation of an adequate records management system that ensures that the school’s financial records are properly maintained, organized, secure and retrievable.

The principal should also create standard operating procedures for the collection of end of year MTF envelopes. Staff should be held accountable for compliance.

**2022.11 Management Oversight**

The principal did not exercise proper oversight in the administration of the SAF during the audit period. The pervious audit included **7** findings of which 6 findings are repeated in this audit. There are also **5** new reportable conditions noted in this audit report, one of which is Missing Funds. (Refer to Finding 2022.01)

The APM, Section 3.2.1, *Principals*, states that the principal is the fiduciary agent for SAF. As such, responsibility for accounting, safeguarding and managing the SAF, in accordance with PGCPS policies and procedures, rest solely with the principal.

The principal has not provided adequate attention to the school’s financial processes to establish and implement effective financial controls. Specifically, the principal has not ensured that the former recordkeeping staff properly prioritized the administration of SAF. Further, the principal and recordkeeping staff have not familiarized themselves with the specific requirements of the APM.

Substantial financial risks currently exist at Thurgood Marshall Middle School in the absence of effective management oversight.

**Recommendation:** The principal should carefully review the policies and procedures as defined in the APM and develop internal controls to ensure compliance. The principal should be consistently involved in the daily operations as it relates to the administration of

Thurgood Marshall Middle School  
School Activity Funds  
Internal Audit Report  
For the Period Ended June 30, 2021

the school's resources. Improvement of the internal control environment should be emphasized by focusing on these 5 basic principles:

- Clearly defined lines of authority and responsibility
- Segregation of duties
- Maintenance of Adequate Documents and Records;
- Limited Access to Assets; and
- Independent Checks on Performance.

### **STATUS OF PRIOR AUDIT FINDINGS**

The previous audit report for Thurgood Marshall Middle School was issued for the period ended June 30, 2017. During that period, the principal held their current position however, the recordkeeping staff has changed. The previous audit report had 7 reportable conditions, of which 6 are repeated in the current audit. The following findings were noted as a result of the prior audit and the current status is indicated below:

1. **Record Retention** – Condition still exists. **See Finding 2022.10** regarding *Record Retention*.
2. **Mismanagement of Funds Received** – Condition still exists. See Finding 2022.02 regarding *Mismanagement of Funds Received*.
3. **Principal Sponsored Activity Funds Account Deficit** – Condition still exists. **See Finding 2022.05** regarding *Restricted Account Deficits*.
4. **Restricted Yearbook Fund Account Deficit** – Condition still exists. **See Finding 2022.05** regarding *Restricted Account Deficits*.
5. **Inappropriate Transfer of Funds** – Condition still exists. **See Finding 2022.09** regarding *Financial Reporting*.
6. **Fundraiser Forms not Completed** – Controls Appear to be working
7. **Administration of Voided Checks** – Condition still exists. **See Finding 2022.07** regarding *Administration of Voided Checks*.

### **ACKNOWLEDGEMENT**

We would like to thank the principal and staff of Thurgood Marshall Middle School for their cooperation and assistance extended during the audit.



**Prince George's County Public Schools  
Internal Audit Department  
School/Office: Thurgood Marshall MS  
Response Date November 01, 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 Missing Funds</u></b>	The principal should regularly and consistently monitor SAF to help identify irregularities. Communication of expectations with the recordkeeping staff must be clear regarding processing of deposits.	Non Concur	<ul style="list-style-type: none"> <li>• Bi-weekly meetings with the Accounting Secretary will continue to be held to discuss deposits, accounts, and monthly reports</li> <li>• Staff will receive information of expectations of deposits</li> </ul>	September 2021	Implemented
2.	<b><u>2022.02: Mismanagement of Funds Received</u></b>	<p>The current recordkeeping staff should ensure there is adequate documentation when accepting and approving MTFs. The required documentation includes a class list, excel document, etc. When accepting athletic ticket sales proceeds, the recordkeeping staff should ensure the athletic director provides a mandatory ticket report.</p> <p>The principal should provide oversight to ensure all checks received by the school are processed according to the BOE policies and procedures. The</p>	Non Concur	<ul style="list-style-type: none"> <li>• No current recordkeeping staff person</li> <li>• The principal will provide oversight to ensure all checks received by the school are processed.</li> </ul>	September 2021	Not Implemented (No Accounting Secretary)

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




Date \_\_\_\_\_

11/1/21

		current recordkeeping staff should contact the check issuers and request the outstanding checks to be voided and reissued. Further, the principal and current recordkeeping staff should ensure all deposits are processed at least every other day or daily if the total deposits exceed \$250.00.				
3.	<b><u>2022.03</u></b> <b><u>Mismanagement of Disbursements</u></b>	The principal and current recordkeeping staff should ensure expenditure forms are complete and properly approved prior to purchasing. Also, the principal should review outstanding invoices and statements to ensure all invoices are paid within the 30 day period. Lastly the school staff should be trained to reiterate the need for pre-approval of expenditures and held accountable for compliance.	Non Concur	<ul style="list-style-type: none"> <li>• The principal will ensure expenditure forms are completed and properly approved prior to purchasing.</li> <li>• The principal should review outstanding invoices and statements to ensure all invoices are paid within the 30 day period.</li> <li>• School staff will be trained to reiterate the need for pre-approval of expenditures and will be held accountable for compliance</li> </ul>	September 2021	
4.	<b><u>2022.04: Drop Safe</u></b>	The principal must immediately contact a locksmith to gain access to the current drop safe. The drop safe should be accessible to staff to facilitate the remittance of funds when the recordkeeping staff is not available. The principal and current recordkeeping staff	Non Concur	<ul style="list-style-type: none"> <li>• The principal will immediately contact a locksmith to gain access to the current drop safe</li> <li>• The drop safe will be accessible to staff to facilitate the remittance of</li> </ul>	September 2021	

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



Date \_\_\_\_\_


11/1/21

		should ensure a log is maintained to record the details of deposits remitted by staff (i.e. staff name, date, MTF number, amount, and staff signature) in accordance with the APM. The recordkeeping staff must establish a cut-off time and check the safe daily.		funds when the recordkeeping is not available		
5.	<b><u>2022.05</u></b> <b><u>Restricted</u></b> <b><u>Account Deficits</u></b>	The principal should work towards elimination of all restricted fund account deficits. Spending from the restricted fund accounts with deficits should cease until the deficits are resolved. The principal should contact the Accounting and Financial Reporting Office (AFRO) to discuss ways to address the deficits.	Non Concur	The principal will work towards eliminations of the all restricted funds accounts deficit.	September 2021	
6.	<b><u>2022.06</u></b> <b><u>Administration of</u></b> <b><u>Monthly Bank</u></b> <b><u>Reconciliations</u></b>	The principal should provide oversight to ensure monthly bank reconciliations are performed and reviewed as required. In addition, the principal must always to promptly review and ensure accuracy of monthly bank reconciliations. The recordkeeping staff should be knowledgeable of the stale check policy and ensure that checks are written off or reissued after 180 days as required by the APM.	Non Concur	The principal will provide oversight to ensure monthly bank reconciliations are performed and reviewed	September 2021	
7.	<b><u>2022.07:</u></b> <b><u>Administration of</u></b> <b><u>Voided Checks</u></b>	The recordkeeping staff should ensure consistent compliance with the requirements for voiding checks, including removal of signature lines.	Non Concur	The record keeping staff should ensure consistent compliance with the requirements for voided checks	September 2021	

Principal Signature 

Date 11/1/21

8.	<b><u>2022.08: Check Signers</u></b>	The principal should immediately complete the proper request and submit it to Treasury Services to add the current recordkeeping staff to the school's bank signature card. A similar request should be made to remove Recordkeeping Staff B from the school's bank signature card. The principal must ensure there are always 3 authorized check signers.	Non Concur	<ul style="list-style-type: none"> <li>• The principal will immediately complete the proper request to add current record keeping staff and submit it to treasury Services</li> <li>• The principal will make a request to remove recordkeeping staff from the school's bank signature card.</li> </ul>	September 2021	
9.	<b><u>2022.09 Financial Reporting</u></b>	The principal and current recordkeeping staff should ensure that all restricted fund transfers are approved by the principal and documented on the Fund Transfer Journal Entry Proof Sheet. Evidence of approval should be retained on file as evidence of compliance.	Non Concur	<ul style="list-style-type: none"> <li>• The principal will ensure that all restricted fund transfers are approved and documented on the Fund Transfer Journey Entry Proof Sheet.</li> </ul>	September 2021	
10.	<b><u>2022.10 Record Retention</u></b>	<p>The principal must ensure that financial records are retained in an organized manner for the stipulated period of 7 years. The principal should oversee the process for the implementation of an adequate records management system that ensures that the school's financial records are properly maintained, organized, secure and retrievable.</p> <p>The principal should also create standard operating procedures for the collection of end of year MTF</p>	Non Concur	<ul style="list-style-type: none"> <li>• The principal will ensure that financial records are retained in an organized manner</li> <li>• The principal will over see the process for the implementation of an adequate records management system</li> <li>• The principal will create a standard operating procedures for the collection of end of year MTF envelopes</li> </ul>	September 2021	Implemented

Principal Signature 

Date 11/1/21

		envelopes. Staff should be held accountable for compliance.				
11.	<b><u>2022.11 Management Oversight</u></b>	<p>The principal should carefully review the policies and procedures as defined in the APM and develop internal controls to ensure compliance. The principal should be consistently involved in the daily operations as it relates to the administration of the school's resources. Improvement of the internal control environment should be emphasized by focusing on these 5 basic principles:</p> <ul style="list-style-type: none"> <li>• Clearly defined lines of authority and responsibility</li> <li>• Segregation of duties</li> <li>• Maintenance of Adequate Documents and Records;</li> <li>• Limited Access to Assets; and</li> <li>• Independent Checks on Performance.</li> </ul>	Non Concur	<ul style="list-style-type: none"> <li>• The principal will carefully review the policies and procedures as defined in the APM and develop internal controls to ensure compliance</li> <li>• The principal will be consistently involved in the daily operations as it relates to the administration of the school's resources.</li> </ul>	September 2021	Implemented

Principal Signature 

Date 11/1/21