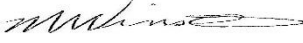


July 8, 2021

MEMORANDUM

To: Ebony Cross Shields, Instructional Director
Cluster 6

Dana Tutt, Ed. D., Principal
William Beanes Elementary School

From: Michele Winston, CPA, Director 
Internal Audit

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

An audit of the financial records of **William Beanes Elementary School** was completed for the period July 1, 2016 through April 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 **August 9, 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; 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.

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

**William Beanes Elementary School
School Activity Funds**

For the Period Ended April 30, 2021

William Beanes Elementary School
School Activity Funds
Internal Audit Report
For the Period Ended April 30, 2021

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William Beanes Elementary School
School Activity Funds
Internal Audit Report
For the Period Ended April 30, 2021

Internal Auditor's Report

We have examined the School Activity Funds (SAF) of William Beanes Elementary School for the period July 1, 2016 through April 30, 2021. William Beanes 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:

- *Mismanagement of Disbursements;*
- *Administration of Voided Checks;*
- *Mismanagement 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 April 30, 2021.



Michele Winston, CPA, Director
Internal Audit

William Beanes Elementary School
School Activity Funds
Internal Audit Report
For the Period Ended April 30, 2021

SUMMARY

The Internal Audit Department completed an audit of the School Activity Funds (SAF) for William Beanes Elementary School for the period July 1, 2016 through April 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 4 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 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 April 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.

William Beanes Elementary School
School Activity Funds
Internal Audit Report
For the Period Ended April 30, 2021

FINDINGS AND RECOMMENDATIONS

The audit resulted in the following findings and recommendations:

2021.01: Mismanagement of Disbursements

Cash disbursements reviewed during the audit period were not processed in accordance with BOE policies and procedures. The following exceptions pertaining to the management of disbursements were noted:

- A. ***Inadequate Approval*** – There were **4** instances where expenditures were not adequately approved. The School Funds Expenditure Forms (SFEF) were not signed/dated by the principal in **3** instances. Also, **1** expenditure was approved by the principal after the purchase was made in a separate instance.
- B. ***Delinquent Vendor Payment*** – There was **1** instance where a vendor payment was not remitted in a timely manner. The delinquency of the expenditure was 136 days.
- C. ***Inappropriate Use of Vendor Options*** – There were **2** instances where cash disbursement transactions were incorrectly processed for fundraiser refunds to parents totaling **\$420.00** using the ‘Reimbursement’ vendor option versus the required ‘Refund’ vendor option.

The APM provides the following guidelines regarding the administration of cash disbursements:

- A. Prior to ordering or purchasing goods or services, an SFEF must be completed and signed (approved) by the principal. The pre-approval function may be delegated to a vice-principal (or alternate administrator) if the principal is on extended leave.
- B. Invoices are required to be paid within 30 days of receipt or by the invoice due date. Principals are required to review invoices and statements for past due amounts and ensure that payments are made in a timely manner.
- C. All checks must be written to an Approved/Active vendor in *School Funds Online*. The only exceptions are for staff reimbursements and parent refunds. For checks reimbursing staff, the vendor option is “*Reimbursement*,” for checks refunding a parent, the vendor option is “*Refund*.”

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The principal and recordkeeping staff did not consistently follow established internal controls relative to management of disbursements to ensure SFEFs were properly completed and approved. According to the principal, the instances of inadequate approval of the SFEFs occurred when staff members were required resubmit the forms due to changes in the amounts of the expenditures. The resubmitted SFEFs were not forwarded to the principal for approval. Per the former recordkeeping staff, the delinquent payment occurred due to a lost check which had to be reissued. Also, the recordkeeping staff was unaware of the reimbursement versus refund vendor use requirements outlined in the APM.

Mismanagement of disbursements constitutes non-compliance with BOE policies and procedures and increases financial risk to the school and staff. Failure to adequately approve expenditures could result in payment for goods and services that were not received. Also, improper of classification of disbursements and delinquent processing of vendor payments impacts the accuracy of reporting that provides administrators with financial information for decision-making.

Recommendation: The principal and recordkeeping staff must perform the following to improve the administration of disbursements:

- A. The principal must ensure staff members and the recordkeeping staff are aware that SFEFs are required to be completed entirely and submitted for approval prior to the purchase of products or services. Staff members should be held accountable for compliance.
- B. The principal and recordkeeping staff must ensure vendor payments are issued timely, within 30 days of receipt or by the invoice due date. Care must be taken to ensure proper filing of financial records, especially live checks.
- C. The recordkeeping staff must also familiarize herself with guidance for classification of disbursements relative to the processing of refund checks.

2021.02: Administration of Voided Checks

The following exceptions pertaining to administration of voided checks were noted:

- There were **3** instances where checks were not properly voided by removal of the signature line. A voided check was also not entered into the SFO accounting system in 1 of the 3 instances.

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- There were **2** instances where supporting documentation could not be located to ensure the checks were properly voided in accordance with BOE policies and procedures.

According to the APM, all voided checks must be entered into SFO and have “VOID” written across the face of the check. The signature line must be removed and the voided checks attached to the Void Check Proof Sheets. All checks are required to be included and filed as part of the financial records.

The recordkeeping staff did not always follow established internal controls relative to administration of checks to ensure removal of the signature lines. Due to an oversight, a voided check was not properly entered in the SFO accounting system. Based on an inadequate filing system, two voided checks could not be located for review.

Mismanagement of checks constitutes non-compliance with BOE policies and procedures and increases financial risk to the school and staff. Failure to properly void checks by removal of the signature line could result in unauthorized negotiation of checks.

Recommendation: The recordkeeping staff must be reminded of the importance of administering checks as required by the BOE policies and procedures:

- A. All voided checks must be entered in SFO.
- B. The signature line must be removed from checks during the voiding process.
- C. The principal and recordkeeping staff must ensure that an adequate records management system is established to ensure that all voided checks are accounted for and retrievable upon request.

2021.03: Mismanagement of Funds Received

Collections reviewed during the audit period were not always processed in accordance with BOE policies and procedures. The following exceptions pertaining to management of receipts were noted:

- A. ***Delinquent Deposits*** – There were **6** instances where deposits were not made in a timely manner. The range of delinquency was 3 and 26 days.
- B. ***Support for Transfer of Funds Received*** – Fund transfers were not properly supported in the **40** instances reviewed.

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- a.* There were **27** instances where supporting documentation could not be located to determine whether transfers were made in accordance with the requirements of the APM.

- b.* There were **13** Fund Transfer Journal Entry Proof Sheets identified that were not properly reviewed and approved by the principal.

The APM provides the following guidelines regarding the administration of funds received:

- A.* Bookkeepers 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. If funds are kept on-hand at the school awaiting deposit, it must be kept in a secure location. It is important that schools establish internal controls to ensure frequent deposits occur.

- B.* 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 always followed to ensure that deposits were made timely. Staff members did not promptly remit MTFs to the recordkeeping staff upon completion for timely deposits. Per the current recordkeeping staff, she was new to the process and operating in a learning environment. The Fund Transfer Journal Entry Proof Sheets were not always maintained on file due to an inadequate filing system. The principal was not aware that Journal Entry Proof Sheets were required to be signed by that principal evidencing her approval of the transactions.

Failure to adequately perform recordkeeping responsibilities over the processing of funds received and transfer of funds constitutes noncompliance with the requirements of the APM. Delinquent deposit of funds and unapproved fund transfers can impact the accuracy of financial reporting upon which administrators rely to make financial decisions.

Recommendation: The following corrective actions should be implemented to help ensure collections are processed in accordance with BOE policies and procedures:

- The principal must hold staff members accountable for promptly remitting MTFs and funds collected to the recordkeeping staff to ensure that funds are deposited timely. Staff should be held accountable for remitting funds collected at least every other day. However, no more than **\$250.00** should be retained overnight. The principal should perform periodic review of the deposit records to monitor whether deposits are made as required.

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- The principal must review the APM relative to restricted fund transfers and establish internal controls to ensure that transfers between restricted accounts are only authorized if reviewed and approved by the principal.

2021.04: Delinquent Monthly Bank Reconciliations

There were **4** instances where monthly bank reconciliations were not performed by the 15th of each month and reviewed as required. The range of delinquency was 15 to 29 days.

According to the APM, 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 reconciliation within 7 days after receiving the statement from the bank. Typically, this process is required to be completed by the 15th of each month. The completed bank reconciliation should be submitted to the principal every month for review and approval.

BOE policies and procedures as established in the APM regarding monthly reconciliation and financial reporting were not consistently followed by the principal and recordkeeping staff. The principal did not exercise consistent oversight to ensure that monthly bank reconciliations were completed by the 15th of each month. According to the former recordkeeping staff, the bank reconciliations were delinquent due to competing responsibilities especially during the summer months when the other secretary was not available.

Current financial information was not readily available for review by the auditors and to inform management's financial decisions.

Recommendation: The principal must exercise consistent oversight and ensure that established procedures are consistently followed to allow for timely preparation of monthly reconciliations to occur by the 15th of each month to allow for review as required. The principal must also assign time for the recordkeeping staff to complete the monthly financial reporting as required.

STATUS OF PRIOR AUDIT FINDINGS

The previous audit report for William Beanes Elementary School was issued for the period ended June 30, 2016. During that period, the current principal was on staff at the school. The current recordkeeping staff began her assignment at the school during January 2021. The previous audit report included **7** reportable conditions of which **3** are repeated in the current audit report. The following findings were noted as a result of the prior audit, and the current status is indicated below:

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- **Mismanagement of Funds Received** – Condition still exists. See Finding 2022.03 regarding *Mismanagement of Funds Received*.
- **Untimely Completion of Monthly Reports** – Condition still exists. See Finding 2022.04 regarding *Delinquent Monthly Bank Reconciliations*.
- **School Safe Inaccessible to Staff** – Controls appear to be working.
- **Administration of Checks** – Condition still exists. See Finding 2022.02 regarding *Administration of Voided Checks*.
- **Principal-Sponsored Activity Account Deficit** – Controls appear to be working.
- **Management of Year-end Monetary Transmittal Forms Envelope Process** – Controls appear to be working.
- **Improvement Needed in Management Oversight** – Controls appear to be working.

ACKNOWLEDGEMENT

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

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

School/Office: William Beanes ES

Response Date August 09, 2021


**Principal - Dana Tutt
Recordkeeping Staff - Stacy Brown**

	Findings	Recommendations	Concur Non-Concur Partially Concur	Action Plan	Corrective Action Date	<u>Status</u> Implemented Partially Implemented Not Implemented
1.	<u>2021.01 Mismanagement of Disbursements</u>	<p>The principal and recordkeeping staff must perform the following to improve the administration of disbursements:</p> <p>A. The principal must ensure staff members and the recordkeeping staff are aware that SFEFs are required to be completed entirely and submitted for approval prior to the purchase of products or services. Staff members should be held accountable for compliance.</p> <p>B. The principal and recordkeeping staff must ensure vendor payments are issued timely, within 30 days of receipt or by the invoice due date. Care must be taken to ensure proper filing of financial records, especially live checks.</p> <p>C. The recordkeeping staff must also</p>	Concur	<p>A. The principal will ensure staff members and the recordkeeping staff are aware that SFEFs are required to be completed entirely and submitted for approval prior to the purchase of products or services. Emergency purchases made after the approval will be notated with "Emergency Purchase" on the SFEF. Faculty will be held accountable for Non-compliance.</p> <p>B. The principal and recordkeeping staff will ensure vendor payments are issued timely, within 30 days of receipt or by the invoice due date. Notation along with date and time will be made when vendor requests reissue for lost payment.</p> <p>C. The recordkeeping staff will familiarize herself and seek feedback</p>	6/7/2021	Implemented

Principal Signature Dana Tutt

Date: August 9, 2021 _____

		familiarize herself with guidance for classification of disbursements relative to the processing of refund checks.		and support from the student Activity Fund Support Specialist to ensure proper classification of disbursements. *The principal will hold staff members accountable for actions not taken		
2.	<u>2021.02 Administration of Voided Checks</u>	The recordkeeping staff must be reminded of the importance of administering checks as required by the BOE policies and procedures: A. All voided checks must be entered in SFO. B. The signature line must be removed from checks during the voiding process. C. The principal and recordkeeping staff must ensure that an adequate records management system is established to ensure that all voided checks are accounted for and retrievable upon request.	Concur	The recordkeeping staff will be reminded of the importance of administering checks as required by the BOE policies and procedures: A. All voided checks will be entered in SFO. B. The signature will be removed from checks during the voiding process. C. The principal and recordkeeping staff will conduct a review of voided checks during the quarterly report review to ensure that all voided checks are accounted for and retrievable upon request. *The principal will hold staff members accountable for actions not taken	6/7/2021	Implemented
3.	<u>2021.03 Management of Funds Received</u>	The following corrective actions should be implemented to help ensure collections are processed in accordance with BOE policies and procedures: ● The principal must hold staff members accountable for promptly	Concur	The principal will hold staff members accountable for failure to promptly remit MTFs and funds collected to the recordkeeping staff. The Principal will ensure that funds are deposited timely. Staff will be held accountable for failure to remit funds that are not collected at	6/7/2021	Implemented

Principal Signature 

Date: August 9, 2021 _____


		<p>remitting MTFs and funds collected to the recordkeeping staff to ensure that funds are deposited timely. Staff should be held accountable for remitting funds collected at least every other day. However, no more than \$250.00 should be retained overnight. The principal should perform periodic review of the deposit records to monitor whether deposits are made as required.</p> <ul style="list-style-type: none"> The principal must review the APM relative to restricted fund transfers and establish internal controls to ensure that transfers between restricted accounts are only authorized if reviewed and approved by the principal. 		<p>least every other day. No more than \$250.00 will be retained by the school overnight in a secured safe. The principal will perform periodic review of the deposit records to monitor whether deposits are made as required. The principal will review the APM relative to restricted fund transfers and establish internal controls to ensure that transfers between restricted accounts are only authorized if reviewed and approved by the principal. Receipt of funds transfer will be signed prior to the transfer occurring and stored with the monthly reports.</p> <p>*The principal will hold staff members accountable for actions not taken</p>		
4.	<u>2021.04 Delinquent Monthly Bank Reconciliations</u>	The principal must exercise consistent oversight and ensure that established procedures are consistently followed to allow for timely preparation of monthly reconciliations to occur by the 15 th of each month to allow for review as required. The principal must also assign time for the recordkeeping staff to complete the monthly financial reporting as required.	Concur	The principal will exercise consistent oversight and ensure that established procedures are consistently followed to allow for timely preparation of monthly reconciliations to occur by the 15 th of each month by setting calendar notifications and reminders. The principal will also assign time for the recordkeeping staff to complete the monthly financial reporting as required. The Principal will provide an electronic bank statement to recordkeeper when original bank statement is not received	6/7/2021	Implemented



Principal Signature _____

Date: August 9, 2021 _____

				by the 5th of each month.		
				*The principal will hold staff members accountable for actions not taken		

Principal Signature 

Date: August 9, 2021 _____