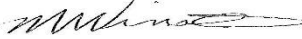


January 20, 2022

MEMORANDUM

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

Tamara Gilbert, Principal, Woodridge Elementary School

From: Michele Winston, CPA, Director 
Internal Audit

Re: Financial Audit for the Period June 1, 2017 through October 31, 2021

An audit of the financial records of **Woodridge Elementary School** was completed for the period June 1, 2017 through October 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 **February 22, 2022** 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, 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
Helen Coley, Ed. D., Chief of School Support and Leadership
Kassandra Lassiter, Ed. D, Associate Superintendent
Michael Herbstman, Chief Financial Officer
James Dougherty, CPA, Director, Financial Services
Joeday Newsom, Esq., Ethics Compliance Officer
Katrina Greene, School Activity Funds Support Specialist
Janice Walters-Semple, CPA, Internal Audit Supervisor
Iyamide Chris Oduyoye, Internal Auditor II

Internal Audit Report

**Woodridge Elementary School
School Activity Funds**

For the Period Ended October 31, 2021

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Internal Auditor's Report

We have examined the School Activity Funds (SAF) of Woodridge Elementary School for the period June 1, 2017 through October 31, 2021. Woodridge 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:

- *Mismanagement of Accounting Records;*
- *Mismanagement of Disbursements; and*
- *Delinquent Bank Reconciliations*

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 October 31, 2021.



Michele Winston, CPA
Director, Internal Audit

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SUMMARY

Internal Audit completed an audit of the school activity funds (SAF) for Woodridge Elementary School for the period June 1, 2017 through October 31, 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 for School Activity Funds (APM) and Board of Education (BOE) policies and procedures.

This audit report includes **3** findings which occurred under the leadership of the current principal, acting principal and the immediate past principal. A listing of the findings and the personnel responsible are included in the appendix at the end of the audit report. 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 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 all bank statements, financial reports, cancelled checks and all available Monetary Transmittal Form (MTF) envelopes submitted by staff for the period June 1, 2017 through October 31, 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.

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FINDINGS AND RECOMMENDATIONS

The audit resulted in the following findings and recommendations:

2022.01: Mismanagement of Accounting Records and Transactions

The following exceptions were noted during the audit:

Administration of Financial Records: The school records were not maintained in an organized manner – The MTF Log was incomplete. Cancelled checks, MTFs and School Funds Expenditure Forms (SFEFs) were not filed in sequential order as required.

Recording of Financial Transactions: Transactions were not recorded accurately in School Funds Online (SFO). Differences totaling **\$431.20** were noted on **10** MTF remittances when comparing amounts posted in (SFO) with the MTFs. There were also **\$123.08** recorded on MTFs as collected that were not deposited with the bank. There were also **2** instances where MTFs were not recorded in SFO even though funds were deposited in the school's bank account.

The APM Section 3.2.2 Bookkeepers/Financial Secretaries – states the bookkeeper or financial secretary is responsible for accurately recording and reporting the school's financial transactions. They must make the principal, supervisor and/or program manager aware when either a lack of time or distractions are adversely affecting the ability to successfully complete their bookkeeping duties.

According to the recordkeeping staff completion of the MTF Log was not performed because of the COVID 19 related closure. The recordkeeping staff also explained that the records were kept in chronological order in a notebook; however, it was noted that the financial recordkeeping process was inconsistent and inaccurate financial transactions were not corrected. Financial records were not maintained in an organized manner because the recordkeeping staff teleworked extensively due to COVID 19. Reportedly, the recordkeeping staff did not receive requested assistance from TRA and the Accounting and Financial Reporting Office to resolve the inaccuracies in SFO.

Inadequate records management system impacts the retrieval and accessibility to requested documentation. Specifically, the planned completion date of the audit fieldwork had to be extended because additional time was required for locating and organizing financial records for testing. The administrator's reliance on financial reports is impacted when inaccurate amounts are entered in the accounting system.

Recommendation: The following should be implemented to ensure that financial records are properly administered and financial transactions are properly recorded:

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- A. The principal and recordkeeping staff should establish an adequate records management system which ensures that all financial documents are maintained in an organized manner and are easily retrievable.
- B. The principal should conduct frequent review of financial records to determine proper organization, completeness and accuracy. The recordkeeping staff and must be held accountable for compliance.
- C. The principal should contact Accounting and Financial Reporting, for assistance to correct the discrepancies and provide training to the recordkeeping staff to ensure accurate recording of financial transactions occurs.

2022.02: Mismanagement of Disbursements

The following exceptions pertaining to the management of disbursements were identified:

Delinquent Payment: There was **1** instance where a reimbursement in the amount of \$109.71 was processed approximately 10 months after the purchase was made. The purchase was also not pre-approved by the principal as required in this instance.

Inaccurate Posting of Checks: There were **3** instances where checks were inaccurately recorded in SFO. Check # 2624 was processed for \$38.09 but was recorded in SFO as \$367.04. Check number 2879 was processed for \$71.86 but was recorded in SFO for 163.14 and Check # 2896 was processed for \$25.00 but was recorded in SFO as \$1,125.00.

Mismanagement of Void Checks: There were **12** instances where checks voided in SFO could not be located for review. There were also **8** instances where voided checks were not posted in SFO as required.

The APM, Section 4.5.3.1 requires the completion and approval of the SFEF by the principal prior to the purchasing goods or services. The APM also requires the payment of invoices by the due date or within 30 days of receipt.

The APM Section 3.2.2 Bookkeepers/Financial Secretaries – requires the bookkeeper to accurately record and report the school’s financial transactions. Bookkeepers are required to make the principal, supervisor and/or program manager aware when either a lack of time or distractions are adversely affecting their ability to successfully complete their duties.

The school was closed abruptly March 2020 because of the COVID pandemic which resulted in the recordkeeping staff teleworking for an extended period. Reportedly, the recordkeeping staff was unaware that the invoice was not paid timely. The recordkeeping staff was required to print checks remotely during school closure and did not understand how to insert the blank checks into the printer to ensure accurate printing. As a result certain heck numbers in SFO did not

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always match the supporting documentation. Also, in the recordkeeping staff's absence from the building documentation of voided checks were not properly retained and voided checks were not always entered in SFO.

Mismanagement of disbursements constitutes non-compliance with BOE policies and procedures and increases financial risk to the school and staff. Inaccurate recording of disbursements will result in inaccurate financial reporting upon which administrators rely to make informed financial decisions. Also, untimely payment of vendor invoices may result in the school being assessed late fees. Inappropriate voiding of checks exposes the school to check fraud.

Recommendation: The following steps must be taken to improve the management of disbursements. Specifically:

- A. Provisions must be made in extenuating circumstances to ensure the timeliness of submission of request for expenditures and prompt processing of vendor payments school by the invoice due date or within 30 days of receipt.
- B. The principal must review the financial records at least monthly to ensure that all checks are accurately recorded in SFO. The recordkeeping staff must be held accountable for compliance regardless of her work location.
- C. An adequate records management system must be implemented that ensures the maintenance of all financial records in an organized manner. Specifically, evidence of voided checks must be maintained for the required 7 years or until the audit.

2022.03: Delinquent Monthly Bank Reconciliations

There were **7** instances where monthly bank reconciliations reviewed were prepared after the due date (15th day of the subsequent month). The bank reconciliations were completed between **12** and **86** days delinquent.

The APM, Section 4.2.2, *Bank Account Procedures*, states the principal should receive the bank statement unopened. After reviewing the statement and the cancelled checks, the principal should sign the bank statement and forward it to the bookkeeper. The bank account must be reconciled within 7 days of receipt of the bank statement. The principal is also required to conduct the review of bank reconciliations by the 15th day of each month.

The recordkeeping staff teleworked for an extended period during school closure which was caused by the COVID pandemic. During this time the principal was not diligent in forwarding the bank statements to the recordkeeping staff in a timely manner. This led to the delinquent preparation of the aforementioned monthly bank reconciliations.

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Delinquent reconciliations impacts the timeliness and reliability of financial information used in the fiscal decision-making process. The principal's ability to promptly verify the school's solvency status and identify erroneous transactions may also be impacted.

Recommendation: The principal must ensure that the online school's bank statements are downloaded and made available to the recordkeeping staff to facilitate timely completion of monthly bank reconciliations in extenuating circumstances.

STATUS OF PRIOR AUDIT FINDINGS

The previous audit report for Woodridge Elementary School was issued for the period ended May 31 2017. The recordkeeping staff was in the current position during that audit. The principal's tenure began in August 2021. The previous audit included 6 audit findings and 1 was repeated in the current audit report. The following findings were noted as a result of that audit and the current status is indicated below:

- **Incomplete Monetary Transmittal Form Log** – This condition still exists. See **Finding 2022.01** regarding *Mismanagement of Accounting Records and Transactions: Administration of Financial Records*.
- **Delinquent Deposits** – This condition was not noted in the current audit.
- **Drop Safe Not on School Premises** – This condition was not noted in the current audit.
- **Excessive Spending in Principal Sponsored Activities Fund Account** – This condition was not noted in the current audit.
- **Inadequate Approval of Disbursements** – This condition was not noted in the current audit.
- **Year-End Monetary Transmittal Form Envelopes** - This condition was not noted in the current audit.

ACKNOWLEDGEMENT

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

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

School/Office: Woodridge ES

Response Date February 22, 2022

	Findings	Recommendations	Concur Non- Concur Partially Concur	Action Plan	Corrective Action Date	Status Implemented Partially Implemented Not Implemented
1.	<u>2022.01: Mismanagement of Accounting Records and Transactions</u>	<p><u>Recommendation:</u> The following should be implemented to ensure that financial records are properly administered and financial transactions are properly recorded:</p> <p>A. The principal and recordkeeping staff should establish an adequate records management system which ensures that all financial documents are maintained in an organized manner and are easily retrievable.</p> <p>B. The principal should conduct frequent review of financial records to determine proper organization, completeness and accuracy. The recordkeeping staff and must be held accountable for compliance.</p> <p>C. The principal should contact Accounting and Financial Reporting, for assistance to correct the discrepancies and provide training to the recordkeeping staff to ensure accurate recording of financial transactions occurs.</p>	<p>Concur</p> <p>Concur</p> <p>Concur</p>	<p>A. Record keeping staff will provide labeled binders for disbursements, reconciliations and money transmittal forms. These items will be organized by month with monthly tabs to easily organize records. The most recent documents will be on top. They will be located in a central location in the school vault on our records shelf for easy access.</p> <p>B. Record keeping staff and the principal will meet monthly to review financial records for organization, completeness and accuracy. The team will use a log to document monthly review and findings with a checklist.</p> <p>C. Record keeping staff and/or the principal will request training to ensure accuracy of records and financial transactions.</p>	2/18/22	Implemented

Principal Signature _____

Date _____

2.	<u>2022.02:</u> <u>Mismanagement</u> <u>of Disbursements</u>	<p>The following steps must be taken to improve the management of disbursements. Specifically:</p> <p>A. Provisions must be made in extenuating circumstances to ensure the timeliness of submission of request for expenditures and prompt processing of vendor payments school by the invoice due date or within 30 days of receipt.</p> <p>B. The principal must review the financial records at least monthly to ensure that all checks are accurately recorded in SFO. The recordkeeping staff must be held accountable for compliance regardless of her work location.</p> <p>C. An adequate records management system must be implemented that ensures the maintenance of all financial records in an organized manner. Specifically, evidence of voided checks must be maintained for the required 7 years or until the audit.</p>	<p>Concur</p> <p>Concur</p> <p>Concur</p>	<p>A. Under extenuating circumstances, we will contact the school activity funds support specialist to ensure timeliness of submission of request expenditures and prompt processing of vendor payments by the invoice due date or within 30 days.</p> <p>B. Record keeping staff and the principal will meet monthly to review financial records to ensure that all checks are accurately recorded in SFO. The team will use a log to document monthly review and findings with a checklist. Ongoing feedback will be documented and provided to record keeping staff. Record keeping staff will update computer access at TDC on March 10th at 2:30 p.m.</p> <p>C. Record keeping staff will provide labeled binders for disbursements, reconciliations and money transmittal forms. These items will be organized by month with monthly tabs to easily</p>	2/18/22	Implemented

Principal Signature _____

Date _____

				organize records. The most recent documents will be on top. They will be located in a central location in the school vault on our records shelf for easy access. The recordkeeping staff received training from Linda Meyer, Application Support Specialist for School Funds Online, on how to void checks in the system. The record keeping staff has an accordion file folder in the school vault with all voided checks organized by check number with the most recent check on top.		
3.	<u>2022.03:</u> <u>Delinquent</u> <u>Monthly Bank</u> <u>Reconciliations</u>	The principal must ensure that the online school's bank statements are downloaded and made available to the recordkeeping staff to facilitate timely completion of monthly bank reconciliations in extenuating circumstances.	Concur	The recordkeeping staff called Sharif Weithers to request electronic bank statements on behalf of the principal. The principal emailed Mr. Weithers the necessary information requested: former principal's name, last four digits of account number and bank name.	2/16/22	Implemented

Principal Signature _____

Date _____