



May 30, 2023

**MEMORANDUM**

To: Kristil Fossett, Ed. D., Instructional Director  
Cluster 8

James A. Spence II, Principal  
Dora Kennedy French Immersion

From: Michele Winston, CPA, Director  
Internal Audit

Re: Financial Audit for the Period July 1, 2017 to February 28, 2023

An audit of the financial records of **Dora Kennedy French Immersion** was completed for the period July 1, 2017 to February 28, 2023. 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 the principal of the school, you will be responsible for preparing an action plan by **June 30, 2023** 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), Roderick Adams, Compliance and Procedures Administrator, email address: [roderick.adams@pgcps.org](mailto:roderick.adams@pgcps.org) and Katrina Greene, School Activity Funds Support Specialist, email address: [katrina.greene@pgcps.org](mailto:katrina.greene@pgcps.org).

Enclosure

cc: Judy Mickens-Murray, Ed. D., Board Chair  
Monica Goldson, Ed. D., Chief Executive Officer  
Members, Board of Education  
Mychael Dickerson, Chief of Staff  
Lisa Howell, Acting Chief Financial Officer  
James Dougherty, Director, Financial Services  
Helen Coley, Ed. D., Chief, School Support and Leadership  
David Curry, Ed. D., Associate Superintendent, Middle Schools  
Robin Welsh, Director, Office of Government Relations, Compliance and Procedures  
Katrina Greene, School Activity Fund Support Specialist  
Janice Walters-Semple, CPA, Supervisor Internal  
Theodore Dzodzomenyo, Internal Auditor II

Internal Audit Report

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Internal Auditor's Report

We have examined the School Activity Funds of Dora Kennedy French Immersion for the period July 1, 2017 to February 28, 2023. Dora Kennedy French Immersion's principal is responsible for the administration of its 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 Funds Received;*
- *Mismanagement of Disbursements;*
- *Delinquent Monthly Bank Reconciliations;*
- *Annual Fundraiser Report Not Completed;*
- *Restricted Fund Account Deficits; and*
- *Vending Machine Contract*

Individually or in 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 SAF referred to above, was administered in compliance with BOE policies and procedures and the APM, in all material respects, for the period ended February 28, 2023.



Michele Winston, CPA  
Director, Internal Audit

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**SUMMARY**

Internal Audit completed an audit of school activity funds (SAF) for Dora Kennedy French Immersion for the period July 1, 2017 to February 28, 2023. The audit was performed as part of the annual audit plan.

The audit indicated that the school's financial records and procedures but require attention and improvement to be in full compliance with the Accounting Procedures Manual for School Activity Funds (APM) and Board of Education (BOE) policies and procedures.

This audit report includes 6 findings which occurred under the leadership of the former and current principals. 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 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, available cancelled checks all voided checks and monetary transmittal form (MTF) envelopes submitted by staff for the period July 1, 2017 to February 28, 2023. 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:

**2023.01: Mismanagement of Funds Received**

The following exceptions pertaining to the management of funds received were identified:

- ***Delinquent Deposits:*** There were **3** instances where funds collected for various school activities were not deposited timely. The delinquencies range from **7** to **49** days.
- ***Insufficient Documentation of Funds Collected:*** There were **3** instances where supporting documentation for funds deposited were inadequate. Pertinent documentation such as gate receipts report and bake sale and fundraiser reports were not included.

The following are the criteria as it pertains to management of disbursements:

- The APM section 4.5.2.2 (1), (2) *Collecting Funds and Guidelines for Bank Deposits Completing the MTF*, and (3) *Preparing Bank Deposits*, require **all** funds collected to be remitted to the bookkeeper on the day of collection. The bookkeeper is also required to make timely deposits with the financial institution.
- Staff should ensure that the documentation is accurately stated and totals the funds remitted to the bookkeeper. MTF documentation should support the funds remitted to the bookkeeper. After verification of funds, the bookkeeper should sign and date the MTF as the approver.

The following causes resulted in the non-compliance of management of funds received:

- According to the recordkeeping staff, the delinquent deposit was caused by her extended absence in one instance. In the other instances, the recordkeeping staff did not remember to check the safe for funds dropped in her absence.
- According to the recordkeeping staff, school staff was made aware of the requirement to include pertinent documentation with the funds remitted. However, this has not been done consistently.

The following effect resulted from the non-compliance of management of funds received:

- Internal controls are compromised when funds are retained in the school for longer periods than required. Failure to remit funds timely constitutes a compromise of internal controls and increases the risk for embezzlement or loss of funds.

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- Monetary Transmittal Forms cannot be verified as to the source and amount of funds received when appropriate documentation is not included with the MTF.

**Recommendations:** The following recommendations are suggested to help ensure collections are properly managed:

- The recordkeeping staff must remember to periodically check the drop safe for any funds that may have been dropped in her absence. When an extended absence is anticipated, the principal must ensure that deposits are processed as required.
- The school must continue to provide training for staff members periodically to appraise the staff members about their obligations as it pertains to pertinent documentation such as remittance lists, bake sale reports, fundraiser reports and ticket reports for games to substantiate the funds collected. Staff members must be held accountable for compliance.

**2023.02: Mismanagement of Disbursements**

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

- ***Inadequate Principal Approval of Disbursements*** - There were **9** instances where staff members did not obtain the principal's authorization prior to the purchase of items on behalf of the school.
- ***Inadequate Documentation of Disbursements*** - There were **2** instances where the documentation to support disbursements were inadequate. In both instances, the original invoices were not included with the documentation. The order form was used to substantiate an expenditure which resulted in an overpayment to the vendor and **\$628.72** due to the school.
- ***Inconsistencies in Check Numbers*** - There were **2** instances where the check numbers on check stubs did not match the check numbers on the checks.

The following are the criteria as it pertains to management of disbursements:

- The APM, Section 4.5.3.1 *Cash Disbursement* provides that prior to ordering or purchasing goods or services, a School Funds Expenditure Form (SFEF) must be completed and signed by the principal. Schools and their SAF cannot be held liable for financial obligations made by staff if the individual fails to complete this form. The employee can be held personally liable for the obligation, if this procedure is not followed.

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- The APM section 4.5.3.1 (2) *Cash Disbursement, Inclusion of Supporting Documentation* requires that all checks must have itemized documentation attached to the School Funds Expenditure Form that supports the amount of the school. Photocopy receipts and payment on documents other than invoice are not acceptable documentation.
- According to APM Section 4.5.3.1 (8) *Check Ordering Procedures* among other procedures states that, all school checks require a) the registered name of the account and address of the school, b) two signature lines, and c) **consecutive check numbering**.

The following causes of mismanagement of funds disbursed were identified:

- Staff members are aware about the pre-approval requirement for disbursements; however, they have not consistently complied by obtaining the principal's preapproval prior to obligating the school.
- The staff members have not always been diligent to include the pertinent documentation with requests for reimbursements. The recordkeeping staff did not hold staff members accountable for compliance.
- According to the recordkeeping staff, these discrepancies occurred after voiding a check and subsequently not verifying that, the check number in SFO and on the physical check agree.

Internal controls are compromised when disbursements are not processed in accordance with the APM. Inadequate approval by the principal, insufficient supporting documentation and inconsistent check numbers in SFO compromises the internal control system thus rendering financial information unreliable.

**Recommendations:** The following steps must be taken to improve the management of disbursements:

- Staff members should be reminded that all anticipated purchases must be preapproved prior to the school's resources being obligated. Additionally, the principal should remind staff members that, they can be held personally liable for the obligation, if this procedure is not followed.
- The recordkeeping staff should always insist on the submission of original receipts/invoices with SFEFs in order to process disbursements.
- The recordkeeping staff should always verify the check number field in SFO and ensure that, it agrees with the check number on the physical check prior to printing a check, especially after the voiding of checks.



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**2023.03: Delinquent Monthly Bank Reconciliations**

There were **4** instances during the audit period, where monthly bank reconciliations were either not completed and or reviewed timely by the recordkeeping staff and the principal. The reconciliations were completed and reviewed between **5 to 18** days after the due dates.

According to the APM, Section 4.2.2, *Bank Account Procedures*, the principal should receive the bank statement unopened. After reviewing the statement and the cancelled checks, the principal should sign the bank statement and pass it to the bookkeeper. The bank account must be reconciled within seven (7) days from receipt of the bank statement. Also, Section 5.1.2, the monthly financial reporting process is required to be completed by the 15th day of each month and presented to the principal for review.

According to the recordkeeping staff, some of the delinquencies occurred due to her absence from work on days following the end of the reconciliation month. In another instance, the principal was absent from school with COVID. Also, there was an instance when the bank statement could not be located.

Delinquent reporting 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 individual transactions may be impacted.

**Recommendation:** The recordkeeping staff should ensure that bank reconciliations are completed within 7 days of receiving the statement and that all financial reports are presented to the principal for review by the 15th day of each month. The principal must implement internal controls relative to financial reporting to ensure that monthly bank reconciliations are timely prepared in their absence. When there is misplacement of mailed bank statements, the school should access the online statement to complete the reconciliation timely.

**2023.04: Annual Fundraiser Report Not Completed**

The school conducted multiple fundraisers during FY 2022. However, the annual report that summarized the fundraising activities was not completed as required by the APM.

Administrative Procedure 5135.1, *Fundraising* requires schools to complete reports summarizing fundraising activities for all fundraisers sponsored. These documents must be maintained on file for public and auditor review upon request.

The recordkeeping staff could not provide a plausible explanation as to why the summary reports were not completed despite the principal's emphasis on the need to comply with the fundraising requirements.

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It could not be readily determined whether the school’s fundraisers yielded an overall profit for the school. As a result, pertinent financial information for the school’s administrators to make fiscal decisions was not available.

**Recommendation:** The principal must continue to enforce established procedures to ensure the completion of all fundraiser documents. Specifically, the principal or designee should complete reports at the end of each school year to summarize fundraising activities held during that period.

**2023.05: Restricted Fund Account Deficits**

The following 4 restricted fund accounts had deficits that totaled **(\$1,803.58)** as of February 28, 2023. The deficit at the end of the last period which ended 6/30/2017 was (\$3,991.68).

Account #	Account Description	Account Balance
312.00	Le Grand Concours	(\$ 1,215.07)
430.00	Grants	(\$ 207.98)
460.00	Sales Tax	(\$ 250.15)
480.00	Yearbook	(\$ 130.38)
	<b>Total</b>	<b>(\$ 1,803.58)</b>

The APM, Section 4.3 *Fund Accounts*, states that expenditures for all restricted accounts are limited to the amount of funds collected for those activities. Therefore, if restricted accounts exceed the available cash, the account is insolvent. As the fiduciary agent for the SAF, the principal should ensure that restricted accounts are solvent at all times.

The deficits precede the tenure of both the current principal and recordkeeping staff, therefore, an explanation could not be obtained.

Overspending in restricted accounts results in insufficient funds being available to administer students’ activities.

**Recommendation:** The principal should contact the Accounting and Financial Reporting Office for guidance on resolving the restricted fund account deficits. Also, planning and budgeting should occur to ensure that the school’s resources are used properly and that further deficits do not occur. Strict enforcement of the preapproval process would also be required to ensure that funds are available in restricted fund accounts prior to expenditures being incurred.

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**2023.06: Vending Machine Contract**

The school is operating 2 vending machines which are located in the teachers' lounge. However, a contract for the vending services was not on file. The most recent contract available was signed in FY 2017.

The Accounting Procedures Manual Section 9.8, *Vending Machine Sales*, requires all schools with vending machines to have a signed contract stipulating commissions due the school and frequency that these commissions are remitted. The contract term cannot exceed one year.

According to the recordkeeping staff, this was an oversight especially after COVID.

The school may not be deriving maximum benefits from the operation of the vending machines.

**Recommendation:** The principal must take steps to obtain a signed contract for the vending machines on the school's premises. The contract must stipulate commissions due the school and the frequency with which these commissions are remitted. The contract term must not exceed one year as required by the APM.

**STATUS OF PRIOR YEAR FINDINGS**

The previous audit report for Dora Kennedy French Immersion School was issued for the period ended June 30, 2017. The current principal and recordkeeping staff were not in their current positions 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 still exists. **See Finding 2023.02** regarding *Mismanagement of Disbursements*.
- **Deficits in Restricted Accounts** - Condition still exists. **See Finding 2023.05** regarding *Restricted Fund Account Deficits*.
- **Fundraiser Forms** - Condition still exists. **See Finding 2023.04** regarding *Annual Fundraiser Report Not Completed*.
- **Vending Machines Contract** - Condition still exists. **See Finding 2023.06** regarding *Vending Machines Contract*.
- **Record Retention** - Condition was not noted during this audit.
- **Administration of Checks** - Condition still exists. **See Finding 2023.02** regarding *Mismanagement of Disbursements*.

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**ACKNOWLEDGEMENT**

We would like to thank the principal and staff of for Dora Kennedy French Immersion School for their cooperation and assistance extended during the audit.

**Prince George's County Public Schools  
Internal Audit Department  
School/Office: Dora Kennedy French Immersion  
Response Due Date June 30, 2023**

	<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>2023.01: Mismanagement of Funds Received</u></b>	<p>The following recommendations are suggested to help ensure collections are properly managed:</p> <ul style="list-style-type: none"> <li>• The recordkeeping staff must remember to periodically check the drop safe for any funds that may have been dropped in her absence. When an extended absence is anticipated, the principal must ensure that deposits are processed as required.</li> <li>• The school must continue to provide training for staff members periodically to appraise the staff members about their obligations as it pertains to pertinent documentation such as remittance lists, bake sale reports, fundraiser reports and ticket reports for games to substantiate the funds collected. Staff members must be held accountable for compliance.</li> </ul>	Concur	<p>*In-service will be given at the beginning of the school year to provide information, instruction, procedure and expectations for collection of monies. It will be stressed that back-up paper work must accompany MTF to substantiate and match funds collected.</p> <p>*A Safe Log has been created and staff must log in any monies collected along with the MTF # and date of safe drop. This step will be stressed to staff that this needs to be done in a timely manner.</p> <p>Bookkeeper will check the Safe Log on a daily basis and check inside the safe on a regular basis.</p>	<p>In-service will be given when staff returns in August of 2023</p> <p>Safe Log was created after the initial Internal Audit in April 2023</p>	<p>Not yet implemented</p> <p>Implemented</p> <p>Implemented</p>

Principal Signature James Spence

Date 7/13/23

2.	<b><u>2023.02:</u></b> <b><u>Mismanagement of Disbursements</u></b>	The following steps must be taken to improve the management of disbursements: <ul style="list-style-type: none"> <li>• Staff members should be reminded that all anticipated purchases must be preapproved prior to the school's resources being obligated. Additionally, the principal should remind staff members that, they can be held personally liable for the obligation, if this procedure is not followed.</li> <li>• The recordkeeping staff should always insist on the submission of original receipts/invoices with SFEDs in order to process disbursements.</li> <li>• The recordkeeping staff should always verify the check number field in SFO and ensure that, it agrees with the check number on the physical check prior to printing a check, especially after the voiding of checks.</li> </ul>	Concur	*In-service will be given at the beginning of the school year to provide information, instruction, procedure and expectations for Disbursement of Funds. It will be stressed to staff that Preapproval is required on purchases and that original receipts and quotes are to be attached to the Disbursement Expenditure Form. Payments may be denied if preapproval request is not submitted.  *Bookkeeper will be more vigilant in checking to make sure that all check numbers written match the check numbers in SFO before posting.	In-service will be given when staff returns in August of 2023	Not yet implemented  Implemented
3.	<b><u>2023.03:</u></b> <b><u>Delinquent Monthly Bank Reconciliations</u></b>	The recordkeeping staff should ensure that bank reconciliations are completed within 7 days of receiving the statement and that all financial reports are presented to the principal for review by the 15th day of each month. The principal must implement internal controls relative to financial reporting to ensure that monthly bank reconciliations	Concur	*When the bank statement is received, Bookkeeper will write the date on the envelope before giving to the principal for review/approval. Bookkeeper will place the unopened bank statement in a folder to present to the Principal so it does not get misplaced.	February 2023	Implemented

Principal Signature James Spence

Date 7/13/23

		are timely prepared in their absence. When there is misplacement of mailed bank statements, the school should access the online statement to complete the reconciliation timely.				
4.	<b><u>2023.04: Annual Fundraiser Report Not Completed</u></b>	The principal must continue to enforce established procedures to ensure the completion of all fundraiser documents. Specifically, the principal or designee should complete reports at the end of each school year to summarize fundraising activities held during that period.	Concur	*Principal and Bookkeeper will work together to ensure that Fundraiser documentation is completed. Staff will be informed of procedures and expectations before running a fundraiser.	July 2023	Partially implemented
5.	<b><u>2023.05: Restricted Fund Account Deficits</u></b>	The principal should contact the Accounting and Financial Reporting Office for guidance on resolving the restricted fund account deficits. Also, planning and budgeting should occur to ensure that the school's resources are used properly and that further deficits do not occur. Strict enforcement of the preapproval process would also be required to ensure that funds are available in restricted fund accounts prior to expenditures being incurred.	Concur	*Principal and Bookkeeper will request assistance from the Accounting and Financial Reporting Office to resolve the deficits that occurred before both of our tenures. However, although 4 instances were noted in the initial Internal Audit Report, only 2 remain.  *Closer planning and budgeting will be enforced.	July 2023  August 2023	Implemented  Not yet implemented
6.	<b><u>2023.06: Vending Machine Contract</u></b>	The principal must take steps to obtain a signed contract for the vending machines on the school's premises. The contract must stipulate commissions due the school and the frequency with which	Concur	*Principal and Bookkeeper will contact the vending company to request an updated contract and also request a review of past due profits not received.	March 2023	Implemented

Principal Signature James Spence

Date 7/13/23

		these commissions are remitted. The contract term must not exceed one year as required by the APM.				
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Principal Signature James Spence

Date 7/13/23