



December 7, 2022

MEMORANDUM

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

Jennifer Gerwig, Principal
William Hall Academy

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

Re: William Hall Academy Financial Audit for July 1, 2018 through July 31, 2022.

An audit of the financial records of **William Hall Academy** was conducted for the period July 1, 2018 through July 31, 2022. 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 **January 9, 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. A copy of the action plan should be forwarded to Danyelle Washington, Business Analyst, email address: dany.washington@pgcps.org; and Katrina Greene, School Activity Funds Support Specialist, email address: 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, 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., Staff Director, Board of Education Office
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
William Hall Academy
School Activity Funds

For the Period Ended July 31, 2022

William Hall Academy
School Activity Funds
Internal Audit Report
For the Period Ended July 31, 2022

Table of Contents

INTERNAL AUDITOR’S REPORT.....2
SUMMARY 3
OBJECTIVES 3
SCOPE..... 3
FINDINGS AND RECOMMENDATIONS..... 4
STATUS OF PRIOR AUDIT FINDINGS 5
ACKNOWLEDGEMENT 6

William Hall Academy
School Activity Funds
Internal Audit Report
For the Period Ended July 31, 2022

Internal Auditor's Report

We have examined the School Activity Funds (SAF) of William Hall Academy for the period July 1, 2018 through July 31, 2022. William Hall Academy'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:

- *Restricted Fund Account Deficits, and*
- *Delinquent Deposits*

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 July 31, 2022.



Michele Winston, CPA
Director, Internal Audit

William Hall Academy
School Activity Funds
Internal Audit Report
For the Period Ended July 31, 2022

SUMMARY

Internal Audit completed an audit of school activity funds (SAF) for William Hall Academy for the period July 1, 2018 to July 31, 2022. The audit was a part of the FY2023 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 2 findings that did not occur 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, 2018 to July 31, 2022. 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.

William Hall Academy
School Activity Funds
Internal Audit Report
For the Period Ended July 31, 2022

FINDINGS AND RECOMMENDATIONS

The audit resulted in the following findings and recommendations:

2023.01 Restricted Fund Account Deficits

The following restricted accounts contained deficits which aggregated to approximately **(\$6,877.99)** as of July 31, 2022.

Account	Name	Amount
323.00	8 th Grade Account	\$3,613.68
425.20	Library Books	\$ 376.32
440.00	PBIS	\$ 709.55
480.00	Yearbook	\$2,178.44
Total		\$6,877.99

Expenditures for all restricted fund 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 SAF, the principal should ensure all accounts are solvent at all times.

The APM requires that the bookkeeper complete the funds available line located in the “Request and Pre-Approval” section of the School Funds Expenditure Form to ensure there is sufficient funding to cover the requested disbursement.

Reportedly, the deficits occurred under the administration of the previous recordkeeping staff and the previous principal. The current recordkeeping staff and the current principal could not offer any explanation for the deficits because they were not employed at the school when the deficits were incurred.

Students are not receiving the maximum possible benefit of the resources that should have been available to them when restricted fund accounts have balances with deficits.

Recommendation: The principal should continue to work toward clearing the restricted deficits that were incurred under the previous principal and recordkeeping staff. The principal should discontinue spending from these accounts until deficits are fully resolved. The principal should also consider consulting with the Accounting and Financial Reporting Office regarding resolving the deficits.

William Hall Academy
School Activity Funds
Internal Audit Report
For the Period Ended July 31, 2022

2023.02 Delinquent Deposits

There were **2** instances where the bookkeeper deposited funds late. The days delinquent ranged from 6 to 9 days.

The APM states “Bookkeepers must make deposits of all funds received at least every other day. However, no more than \$250 should be kept in the building overnight. If money is kept on-hand at the school awaiting deposit, it must be kept in a secure location.”

According to the record keeper, during FY 2021 the office was very busy because of the transition from home schooling to in person learning due to COVID. As a result there was little time to go to the bank which resulted in deposits being made late.

When deposits are late, the funds are not readily available to support the students. Also, there is the potential for loss of funds when deposits are not made promptly.

Recommendation: The recordkeeping staff and principal should create internal controls to ensure the recordkeeping staff is making deposits according to the APM. The internal controls should include restricted hours for remitting funds so that the recordkeeping staff have enough time to deposit funds.

STATUS OF PRIOR AUDIT FINDINGS

The previous audit report for William Hall Academy was issued for the period ended June 30, 2018. During that period, the Principal and the bookkeeper changed. The previous audit report had **5** reportable conditions, of which **2** 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:

- ***Mismanagement of Funds Received*** – Condition partially exists. **See Finding 2023.02** regarding *Delinquent Deposits*.
- ***Mismanagement of Disbursements*** – Controls appear to be working
- ***Excessive Spending in Restricted Accounts*** – Condition still exists. **See Finding 2023.01** regarding *Restricted Fund Account Deficits*.
- ***Bank Statements Not Initialed*** – Controls appear to be working
- ***Year-End Transmittal Process Not Followed*** – Controls appear to be working

William Hall Academy
School Activity Funds
Internal Audit Report
For the Period Ended July 31, 2022

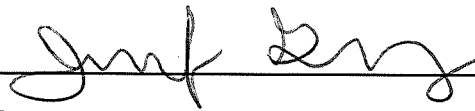
ACKNOWLEDGEMENT

We would like to thank the principal and staff of William Hall Academy for their cooperation and assistance extended during the audit.

Prince George's County Public Schools
Internal Audit Department
School/Office: William Hall Academy
Response Due Date January 09, 2022

	Findings	Recommendations	Concur Non- Concur Partially Concur	Action Plan	Corrective Action Date	Status Implemented Partially Implemented Not Implemented
1.	<u>2023.01</u> <u>Restricted Fund</u> <u>Account Deficits</u>	The principal should continue to work toward clearing the restricted deficits that were incurred under the previous principal and recordkeeping staff. The principal should discontinue spending from these accounts until deficits are fully resolved. The principal should also consider consulting with the Accounting and Financial Reporting Office regarding resolving the deficits.	Concur	The principal will continue to work on clearing deficits from accounts. The principal will not spend from those areas until funding is available.	December 2022	Partially Implemented
2.	<u>2023.02</u> <u>Delinquent</u> <u>Deposits</u>	The recordkeeping staff and principal should create internal controls to ensure the recordkeeping staff is making deposits according to the APM. The internal controls should include restricted hours for remitting funds so that the recordkeeping staff have enough time to deposit funds.	Concur	The recordkeeping staff and principal will put protocols in place to collect funds to allow for time to deposit funds.	December 2022	Implemented

Principal Signature



Date 12/7/22