




March 22, 2018

MEMORANDUM

To: Ava Tasker-Mitchell, Instructional Director
Cluster 1

Kendra Hill, Principal
Benjamin Tasker Middle School

From: Michele Winston, CPA 
Director Internal Audit

Re: Financial Audit for Period July 1, 2014 to December 31, 2017

An audit was completed on the financial records of **Benjamin Tasker Middle School** for the period July 1, 2014 to December 31, 2017. The audit results indicate that the school's internal controls require **significant improvement** to ensure compliance with Board of Education policies. The exceptions noted are included in the attached report.

As the principal of the school, you will be responsible for preparing an action plan within **30** days, indicating steps that will be taken to ensure compliance with the Accounting Procedures Manual for School Activity Funds. Send your signed action plan to the Internal Audit Office, Sasscer Administration Building. 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, Attention: Jerry Chandler, Business Analyst, email address: jerry.chandler@pgcps.org. A copy of your action plan should also be forwarded to Deborah Smalls, Business Operations Technician, email address: Deborah.smalls@pgcps.org.

This report is intended solely for information and use of the Board Chair and Chief Executive Officer and other parties specifically stated in this transmittal letter. This report is not intended to be and should not be used by anyone other than the specified parties.

Enclosure

cc: Segun Eubanks, Ed. D., Board Chair
Kevin M. Maxwell, Ph. D, Chief Executive Officer
Carolyn Boston, Vice Chair, Board of Education
Members, Board of Education
Monique Whittington Davis, Ed. D., Deputy Superintendent
J. Michael Dougherty Jr., CPA, Esq., Director, Financial Services
John Pfister, Chief Financial Officer
Denise Greene, Ed. D., Associate Superintendent, Area I
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Prince George's County Public Schools

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Internal Audit Report

Benjamin Tasker Middle School Student Activity Funds

For the Period Ended December 31, 2017

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Internal Auditor's Report

We have examined the Student Activity Funds (SAF) of Benjamin Tasker Middle School for the period July 1, 2014 to December 31, 2017. Benjamin Tasker Middle School's principal is responsible for the administration of SAF. Our responsibility is to express an opinion based on our examination.

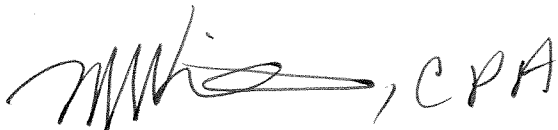
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and Governmental Accountability Office and, accordingly, included examining, on a test basis, evidence supporting SAF, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Our examination disclosed the following findings:

- | | |
|--|--|
| 1) <i>Mismanagement of Funds Received;</i> | 7) <i>Noncompliance with End-of-Year Monetary Transmittal Form</i> |
| 2) <i>Mismanagement of Disbursements;</i> | 8) <i>Failure to Maintain a Current Vending Contract;</i> |
| 3) <i>Principal Sponsored Activities Fund Account Deficit;</i> | 9) <i>Insolvency Report Not Properly Completed;</i> |
| 4) <i>Restricted Fund Account Deficits;</i> | 10) <i>Record Retention;</i> |
| 5) <i>Field Trip Collections Paid Directly to Vendor;</i> | 11) <i>Voided Checks Not Properly Administered;</i> |
| 6) <i>Duplicate Sales Tax Remittance to State of Maryland;</i> | 12) <i>Lack of Budgeting for Clubs and Organizations; and</i> |
| | 13) <i>Fundraiser Forms Not Completed</i> |

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, considering the **significant deviations** from the criteria described in the preceding paragraph, the SAF referred to above, **has not** been administered in compliance with BOE policies and procedures and the APM, in all material respects, for the period ended December 31, 2017.



Michele Winston, CPA
Director, Internal Audit

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SUMMARY

The Internal Audit Department completed an audit of student activity funds (SAF) for Benjamin Tasker Middle School for the period July 1, 2014 to December 31, 2017. The audit was performed as part of the annual audit plan.

The audit results indicate that the school's financial records and procedures **require significant improvement** to be in accordance with the Accounting Procedures Manual for School Activity Funds (APM) and Board of Education (BOE) policies and procedures.

Detailed findings from the current audit are cited on the following pages with accompanying recommendations for corrective action.

This report is intended solely for information and use of the Board Chair, Chief Executive Officer and other parties specifically stated in the accompanying transmittal letter. This report is not intended and should not be used by anyone other than the specified parties.

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, 2014 to December 31, 2017. Also, selected receipts, disbursements and supporting documentation were reviewed for the said period.

Financial records, including MTFs, deposit summaries, SFEEFs, voided checks, bank statements, contracts, and financial reports were not provided for the 2014-2015 school year. Therefore, limited audit procedures were performed for this time period. (See Finding 2018.10)

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FINDINGS AND RECOMMENDATIONS

The audit resulted in the following findings and recommendations:

2018.01 Mismanagement of Funds Received

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

- A. ***Delinquent Deposits:*** There were **29** instances where deposits were made between 1 and 59 days after collection.
- B. ***Deposit Slips:*** There were **4** instances during May and June 2016 where MTFs were not supported by a validated deposit slip. Bank statement collections exceeded SFO collections for June 2016 by \$74.25. The excess was accounted for in Uncategorized Deposits.
- C. ***Original Monetary Transmittal Forms Not Used:*** There were **5** instances where collections were not recorded on an original MTF. Duplicated MTFs were used to document collections. In **3** of the cases, the bookkeeper did not sign the duplicated MTFs.
- D. ***Inadequate Supporting Documentation:*** There were **3** instances where remittance information was not included to substantiate the collection and deposit amount.
- E. ***Mandatory Ticket Reports Not Used:*** There were **3** instances where the athletic director did not use the Mandatory Ticket Report to support MTFs for athletic admission receipts.

The APM, Section 4.5.2.2, *Cash Receipts, Procedures* includes the following provisions:

- A. Bookkeepers are required to deposit all funds received at least every other day. However, no more than \$250.00 should be kept in the building overnight. In addition, staff members are prohibited from holding funds overnight.
- B. The bookkeeper is required to complete a bank deposit in duplicate, whether manually or in SFO, noting the amount of coins, currency and checks. Both the original and duplicate deposit slip should be taken to the bank to allow the duplicate to be validated. The validated copy should be filed at the school with the MTF that supports the deposit.

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- C. Staff members collecting funds are required to complete MTFs and submit to the bookkeeper along with funds collected. The MTF is a three-part, pre-printed, pre-numbered self-carboned PGCPs form. Each school is issued unique, numerically sequenced packages of MTF documents by Internal Audit, as needed. The bookkeeper is responsible for accounting for all forms issued to schools.

- D. The MTF must be entirely completed with the following information –1) who collected the funds, 2) date of collection; 3) source of collected funds; 4) the amount and form of the collection; and 5) the purpose of funds collected. If additional space is needed, a Student Remittance Report, Excel spreadsheet, class list, receipts, or ticket/report stubs, can be used as an attachment.

- E. Section 7.4.2, *Sporting Events and Ticketing* states that upon satisfactory completion of all sporting events, the athletic director should report to the principal and remit all funds collected (along with an MTF and completed Mandatory Ticket Report) to the school's bookkeeper for deposit in the appropriate Interscholastic Athletics fund account.

The principal and financial recordkeeping staff are not currently familiar with the collection-specific requirements in the APM. Therefore, effective internal controls have not been established to ensure compliance. For instance, they were unaware of the requirements for the Mandatory Ticket Report for athletic events, and their ability to request blank MTFs from Internal Audit. The recordkeeping staff duplicated old MTFs to record collections for a portion of September 2016 when the supply of MTFs on hand had depleted.

Reportedly, the recordkeeping staff did not receive official training relative to cash collection early in her tenure resulting in inappropriate administration of collections.

Mismanagement of funds received constitutes non-compliance with BOE policies and procedures and increases financial risk to the school. Untimely and unsupported deposits can lead to lost or stolen funds and inaccurate financial statements. In particular, June 2016 discrepancies led to an uncategorized deposit entry, which resulted in the appearance of unavailable funds for the original intent.

Duplication of MTFs and failure to attach Mandatory Ticket Forms when necessary, also represents a circumvention of established PGCPs internal controls, and increases fraud risk.

Recommendation: The principal and recordkeeping staff should familiarize themselves with the specific policies for receiving funds as outlined in the APM. Procedures at the school should be established to ensure compliance with the requirements for processing

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collections. The principal should provide close supervision to enforce newly established controls.

2018.02 Mismanagement of Disbursements

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

A. ***Inadequate Pre-Approvals:*** All **23** expenditures reviewed during the audit were not approved as required by the APM:

- a. There were **12** instances where evidence of the principal's pre-approval was missing from School Funds Expenditure Forms (SFEF) and **8** instances where preapprovals were not dated.
- b. There were **12** instances where the principal's signature was not appended to SFEFs to provide approval of the payments and **7** instances where approval of payments was not dated.
- c. There were **22** instances where the bookkeeper did not record the amount of funds available on the SFEFs prior to pre-approval.

B. ***Delinquent Payments:*** There were **4** instances where payments were made to vendors after the established due date. As of the end of fieldwork (February 21, 2018), **\$3,596.12** was still due to a vendor for yearbooks from an invoice dated June 2017.

The APM, Section 4.5.3, *Cash Disbursements*, includes the following provisions:

- A. Prior to ordering or purchasing goods or services, a SFEF must be completed and signed by the principal. The form includes space for the recordkeeping staff to record the amount of funds available in the relevant account prior to the principal providing pre-approval. The principal is required to approve all expenditures incurred on behalf of the school for school activities.
- B. Invoices should be paid within 30 days of receipt. The Principal should review invoices and statements for past due amounts and ensure that payments are made in a timely manner.

The principal and recordkeeping staff were not familiar with the specific policies regarding administering expenditures. The principal currently uses an "Activity Planning Sheet" to approve all staff activities including financial obligations made on behalf of the school. She was not aware that expenditures had to be pre-approved specifically on the SFEF.

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The recordkeeping staff explained that many of the late payments were due to disorganization of the school's finances at the beginning of her tenure and lack of training.

The yearbook invoice remains unpaid due to the deficit in the Yearbook account in SFO (See Finding 2018.04). This deficit precedes the principal and recordkeeping staff's tenure. Accounting and Financial Reporting was not contacted to explore alternatives for paying the invoice.

Inadequate management of disbursements constitutes noncompliance with BOE policies and procedures and increases financial risk to the school and staff. Failure to complete the SFEF properly can lead to insolvent accounts when the principal is not made aware of all disbursements being made by the school (See Finding 2018.04). In addition, delinquent payments can result in late fees and eroding of relationships with vendors.

Recommendation: The principal and recordkeeping staff should incorporate the SFEF into the approval process to ensure that all expenditures are approved as required. The recordkeeping staff must be required to properly complete SFEFs by including the amount of funds available prior to pre-approval.

The principal should routinely review open invoices to ensure that payments are made timely. In coordination with the effort to remedy insolvent restricted accounts (See Finding 2018.04), the recordkeeping staff should contact Accounting and Financial Reporting to determine how to account for payment on the open invoice for yearbooks, which should be made immediately.

2018.03 Mismanagement of the Principal Sponsored Activities Fund Account

The following exceptions pertaining to the management of the Principal Sponsored Activities (PSA) fund account were identified:

1. ***Improper Posting to the PSA Fund Account:*** On April 8, 2016, a collection of \$10,269.00 was posted as follows:

Accounting (Based on SFO)	
\$6,506.10	PBIS (440)
\$3,763.40	PSA Food (450.2)

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Following IA's review of the deposit package the following entries should have been made.

Correct Accounting (based on review of deposit package)	
\$163	Faculty Vending (750.10)
\$250	PBIS (440)
\$9,856.50	Fundraising (720s)

2. ***Improper Usage of Student Funds for Staff Activity:*** SAF restricted for fundraising in the amount of \$204.97 was inappropriately used to cover a \$307.45 expenditure for a staff lunch instead of PSA funds.

The APM, Section 9.6, PSA for Staff, states that discretionary expenditures incurred by the principal on behalf of school staff are grouped in the PSA accounting category. These activities must be of a professional nature that enhances staff members' job performance. If the PSA account has a deficit, faculty spending must be ceased until the existing PSA deficit is resolved. Expenditures for authorized Principal-sponsored activities are restricted to the funds available from the following sources:

- 100% of Vending commission from machines located in the staff lounge
- 25% of student vending commission
- 15% of school-wide fundraiser profits, including picture commissions
- Up to 25% of senior class residual funds.

The principal and recordkeeping staff were not familiar with the specific procedures for the PSA fund account as outlined in the APM. As a result, the recordkeeping staff has not always properly accounted for PSA receipts and disbursements, and the principal has not provided oversight for the process.

The misclassification of accounting transactions has resulted in unrestricted funds in excess of \$8,700.00 being unavailable to benefit students. These funds were inappropriately restricted for PBIS activity or used for staff activities.

Recommendation: In coordination with the effort to remedy restricted accounts' deficits (See Finding 2018.04), the recordkeeping staff should contact Accounting and Financial Reporting to make adjustments to the PBIS and PSA Fund Accounts based on the discrepancies identified above.

The principal must review the APM to become familiar with the requirements for processing accounting transactions pertaining to PSA activities, fundraising and PBIS

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activities. Procedures must be implemented to design internal controls to ensure SAF is accurately and timely posted to the accounting system. The principal must carefully review financial reports and supporting documentation and provide oversight for this process.

2018.04 Restricted Fund Account Deficits

The following restricted fund accounts contained deficits which aggregated to **(\$7,434.19)** as of December 31, 2017.

<u>Account #</u>	<u>Account Description</u>	<u>Amount</u>
211	Boys Baseball	(\$23.63)
308.00	Employee Sunshine Fund	(\$162.20)
310.00	6 th Grade Account	(\$49.27)
320.00	School Store	(\$299.55)
323.00	JAMA	(\$1.61)
324.00	Step Team	(\$29.99)
326.00	Technology Club	(\$7.96)
480.00	Yearbook	(\$6,859.98)
	Total	(\$7,434.19)

The APM, Section 5.2.1, *Financial Reporting Procedures*, requires the principal, as the fiduciary agent for the SAF, to ensure that the school's accounts are solvent at all times.

The APM, Section 4.5.4, *Transfer of Funds*, states that principals are responsible for requesting the closure of inactive restricted accounts after ensuring there are no outstanding bills.

The recordkeeping staff's failure to complete the "Funds Available" line on SFEFs prior to the principal's pre-approval increases the risk of excessive spending in restricted accounts (See Finding 2018.02). The most significant deficit, yearbook fund account deficit, occurred prior the commencement of the principal and recordkeeping staff's tenure. In addition, the principal and recordkeeping staff were unaware that request for closure of inactive restricted accounts was permitted.

SAF is not used efficiently when overspending occurs in restricted accounts. It is also not fiscally prudent to incur expenditures prior to sufficient funding being present and available. Students are not receiving the maximum benefit from funds that should have been made available to them.

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Recommendation: The principal and recordkeeping staff should work towards elimination of all fund deficits.

- a) Research should be performed to determine the cause for the account deficits.
- b) The principal should provide a request to Accounting and Financial Reporting to close inactive accounts. This request should also include remedies for restricted account errors identified in Finding 2018.01, 2018.02 and 2018.03.
- c) Accounting and Financial Reporting should provide notification to Internal Audit when all changes pertaining to Findings 2018.01, 2018.02, 2018.03 and 2018.04 have been made in coordination with school staff.

2018.05 Field Trip Collections Paid Directly to Vendor

Field trip admission fees totaling **\$582.25** for 54 students were collected by staff members and paid directly to the vendor for lunch on an October 2017 field trip. Overall, collections totaled \$1,144.00 for transportation and lunch. The remaining balance was deposited the following month and the transportation invoice was paid correctly, via check.

The APM Section 4.5.2.2 (1), *Collecting Funds: Completing the Monetary Transmittal Form* requires staff members collecting funds to document collection on a MTF and remit funds along with the completed MTF to the bookkeeper.

The recordkeeping staff was on extended leave during the period of the field trip. No other staff was assigned accounting duties in her absence. As a result, no bank deposits or checks were processed during that period.

Mismanagement of field trips constitutes non-compliance with BOE policies and procedures and increases financial risk to the school. The practice of using cash to pay vendors greatly increases the chances of lost or stolen funds and removes the audit trail necessary to determine that funds are disbursed as required.

Recommendation: The principal should identify support staff within the front office to perform accounting duties when the situation warrants. Further, the principal should ensure that all payments from the school are made via check and promptly using SFO.

2018.06 Duplicate Sales Tax Remittance to State of Maryland

On April 25, 2016, Treasury Operations directly debited the balance in the school's sales tax account (\$504.70) for remittance to the State of Maryland. However, the recordkeeping staff misclassified this transaction and posted to the school's Bank

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Interest/Charges account. Therefore, the balance remained when Treasury Operations executed another direct debit of sales tax balance on October 25, 2016 and **\$504.70** was remitted in duplicate.

The Chief Financial Officer released Bulletin M-16-16 to all schools on April 6, 2016 stating that the Treasury Operations Office will process all sales taxes payable, on a quarterly basis, based on the amounts recorded by the schools in their respective accounting sales tax accounts.

The APM, Section 3.2, *Ownership, Authority and Responsibility* states that the bookkeeper is responsible for accurately recording and reporting the school's financial transactions.

The recordkeeping staff was new to her position when the direct debit was implemented and had misclassified the transaction due to a lack of training and experience. Over-remittance of funds to the State of Maryland resulted in \$504.70 of SAF not being available to benefit students.

Recommendation: The principal and recordkeeping staff, in coordination with Treasury Operations, should work to recover the duplicate payment from the State of Maryland.

2018.07 End-of-Year Monetary Transmittal Form Procedures Not Followed

Pink and yellow MTF remittances were not collected and maintained for the 2015-2016 school year. Collections were made in 2016-2017, but the following exceptions were noted:

- A. In **7** instances, yellow and pink MTF remittances could not be located.
- B. In **2** instances, the yellow and pink MTF remittances were located outside of sealed envelopes
- C. In **3** instances, either the yellow or pink MTF remittances were not located.

The APM, **Section 4.5.2.2, Cash Receipts Procedures**, states that the pink MTF remittance is to be maintained by the preparer of the form after it is initially completed. The white and yellow remittances are required to be submitted to the bookkeeper with funds. After approving the MTF, the bookkeeper returns the yellow copy to the originator. Prior to departing at year-end, faculty and program managers are required to submit the pink and yellow MTF remittances to the designated administrator in a sealed envelope with their signature over the seal.

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The principal and recordkeeping staff were not aware of the specific requirements for MTF submission. The recordkeeping staff had not received any official training in 2016, and was unaware that collection of MTF envelopes was required. The ineffective end-of-year MTF process constitutes noncompliance with BOE policies and procedures. The audit trail for ensuring that SAF collected were subsequently remitted and deposited was compromised.

Recommendation: The principal and recordkeeping staff should familiarize themselves with the requirements for year-end MTF submission as stated in the APM. The principal should develop and document procedures requiring MTF envelopes to be collected and properly secured at the end of the school year. Further, staff members should be reminded throughout the year of the importance of maintaining their MTF remittances. Staff should be held accountable for compliance.

2018.08 Failure to Maintain a Current Vending Contract

The school has 3 faculty vending machines but does not have an effective vending contract. The most recent contract expired September 30, 2015.

The APM, Section 9.8, *Vending Machine Sales*, states that all schools with vending machines must have a signed contract stipulating commissions due to the school and the frequency with which these commissions are to be remitted. The contract term cannot exceed one year.

The principal and the recordkeeping staff were not aware of the requirement for annual vending contracts. Failure to maintain an active contract for vending machine operations constitutes noncompliance with BOE policies and procedures. Further, the lack of a current contract prevents the school from having any recourse if there are issues with service or commissions.

Recommendation: The current recordkeeping staff should contact the vendor to request a signed contract for the vending machine operations. The contract should stipulate the frequency and percentage of commissions. The contract should also be renewed annually. The principal should seek the assistance of Purchasing and Supply services to identify an alternate vendor if the current vendor does not comply.

2018.09 Insolvency Report Not Properly Completed

The recordkeeping staff did not accurately complete the Insolvency Report for the period ended December 31, 2017. The amount of unpaid bills was indicated as \$0.00, with no corresponding Unpaid Bills Spreadsheet. However, the audit identified \$6,751.46 on 5 invoices that should have been included in the school's solvency calculation on the December 2017 Insolvency Report.

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The APM, Section 5.2, *Financial Reporting Requirements*, requires the Insolvency Report to be completed monthly and requires the bookkeeper to manually record data to calculate the school's solvency. The bookkeeper must manually calculate the value of unpaid bills that existed as of the end of each reporting period for both restricted and unrestricted funds to complete the report.

The principal and the recordkeeping staff were not familiar with the specific requirements for monthly financial reporting. Reportedly, Accounting and Financial Reporting provided a template for the Unpaid Bills calculation, but the record keeping staff was not clear on how to complete the spreadsheet and that it should be incorporated into the Insolvency Report calculation. Failure to complete the Unpaid Bills Spreadsheet can affect the school's monthly solvency calculation which impacts fiscal awareness. Additionally, the principal and recordkeeping staff may be less aware of open invoices which can lead to untimely payments (See Finding 2018.02).

Recommendation: The principal and financial recordkeeping staff should familiarize themselves with the specific requirements for monthly reporting as stated in the APM. The principal should review the open invoice folder during the monthly financial reporting process to ensure the unpaid bills are processed and relevant unpaid bills amounts are recorded and properly incorporated into the school's solvency calculation.

2018.10 Record Retention

Financial records could not be located for the 2014-2015 school year, including MTFs, deposit summaries, SFEFs, voided checks, bank statements, contracts, and financial reports.

The APM, Section 6.12, *Record Retention*, states that 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, Monetary Transmittal Forms, School Funds Expenditure Forms, cancelled checks and contracts.

The principal and front office staff were not able to locate files that existed prior to their tenure because of the previous recordkeeping staff's abrupt passing.

Failure to make financial records available for audit constitutes non-compliance with BOE policies and procedures and compromises the audit trail necessary to detect fraud and determine compliance with applicable requirements.

Recommendation: The principal and financial recordkeeping staff should develop an adequate records management system that secures financial records until audited. The

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records management system should facilitate easy retrieval of financial records in the absence of the recordkeeping staff.

2018.11 Voided Checks Not Properly Administered

The following exceptions pertaining to the management of voided checks were identified:

- A. ***Signatory Approval:*** There were **16** instances where the principal did not provide signatory approval of voided checks.
- B. ***Checks Not Properly Voided:*** There were **4** instances where voided checks' signature lines were not properly removed.

The APM, Section 4.5.3.2, *Cash Disbursements: Policies and Procedures*, states that if an error is made on a check at the time it is prepared or a check is damaged and unable to be used, the physical check must still be accounted for. The word "VOID" is written across the face of the check. The signature portion of the check must be cut off and destroyed. The check must also be voided in the computer to keep the empty transaction in the system. A SFEF should also be completed for the principal's approval.

The principal and the recordkeeping staff were not aware of the specific requirements for voiding checks. Reportedly, the principal reviews voided checks as part of her monthly reporting process. The ineffective process for voiding checks constitutes non-compliance with BOE policies and procedures. The lack of principal approval of voided checks increases the risk of check fraud.

Recommendation: The principal and recordkeeping staff should familiarize themselves with the procedures for voiding checks as outlined in the APM and demonstrate compliance by approving, recording, and maintaining voided checks.

2018.12 Lack of Budgeting for Clubs and Organizations

School clubs and organizations have not developed and submitted annual budgets. The school has several clubs that conduct financial activity, to include the Student Government Association, and National Honor Society.

The APM, Section 7.3, *Class and Club Accounts*, states that principals and teachers need to work closely with students in planning finances (budgeting) for their clubs and organizations. School clubs shall have as much autonomy as possible in spending as permitted by Board regulations. However, funds shall not be used without majority consent of the students involved. A copy of annual budgets must be provided to the school's bookkeeper.

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The principal and the recordkeeping staff were unaware of the current requirement for annual budgets to be submitted by clubs and organizations. Individual club activities are approved through the school's established Activity Planning Sheet process. Failure to develop and submit annual club budgets constitutes non-compliance with BOE policies and procedures. Further, the lack of budgeting can lead to insolvent accounts or substandard experience for students in extracurricular activities.

Recommendation: The principal and recordkeeping staff should document and share procedures requiring club sponsors to develop and submit annual budgets at the beginning of each school year. The budgeting process should include increased communication among the sponsors, financial recordkeeping staff and the principal so that club activities can be effectively planned and executed.

2018.13 Fundraiser Forms Not Completed

Fundraiser Request and Authorization Forms and Fundraiser Completion Reports were not completed for the 8 fundraisers conducted during the audit period. Further, annual fundraising reports were not prepared.

The APM, Section 7.2.2, *Fundraising Procedures*, states that fundraisers must be formally approved by the principal using a Fundraiser Request and Authorization Form. At the conclusion of the event, a Fundraiser Completion Report must be prepared by the sponsor. Additionally, the principal should prepare an annual report summarizing all fundraising activities concluded during the year. The data in this annual report should be available for review by parents, other interested members of the community, and include the net amount retained as profit from each fundraising activity.

The principal and the recordkeeping staff were not aware of the specific requirements for fundraiser forms. Fundraisers were approved by the principal via the internal Activity Planning Sheet process.

Failure to complete fundraiser forms constitutes non-compliance with BOE policies and procedures. In addition, it decreases transparency of fundraising activities and the associated profits to interested parents and community members. Further, Fundraiser Completion Reports bolster the budgeting process which can ensure optimal performance by each fundraiser.

Recommendation: The principal and financial recordkeeping staff should familiarize themselves with the specific requirements for fundraisers in the APM. Fundraiser Request and Authorization Forms should be incorporated in the school's existing Activity Planning Sheet process. Internal controls to ensure Fundraiser Completion Reports and annual fundraising summaries are completed should also be established.

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STATUS OF PRIOR AUDIT FINDINGS

The previous audit report for **Benjamin Tasker Middle School** was issued for the period ended **June 30, 2012**. The principal's tenure began in November 2016. The financial recordkeeping staff member has been in her current position since February 2016. The following findings were noted as a result of the last audit and the current status is indicated below.

- **Insufficient Documentation for Deposits** – Condition still exists. See Finding **2018.01** regarding *Mismanagement of Funds Received*.
- **Original Entries on Monetary Transmittal Forms Obscured** – Controls appear to be working.
- **Lack of Pre-Approval of SAF Disbursements** – Condition still exists. See Finding 2018.02 regarding *Mismanagement of Disbursements*.
- **Incomplete Documentation for Disbursements and Late Payment on Invoice** - Condition still exists. See Finding 2018.02 regarding *Mismanagement of Disbursements*.
- **Lack of Current Vending Contract** – Condition still exists. See Finding 2018.08 regarding *Failure to Maintain a Current Vending Contract*.
- **Year-End Monetary Transmittal Form Procedures Not Followed** – Condition still partially exists. See Finding 2018.07 regarding *End-of-Year Monetary Transmittal Form Procedures Not Followed*.

ACKNOWLEDGEMENT

We would like to thank the principal and staff of Benjamin Tasker Middle School for their cooperation and assistance during the audit.

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**Benjamin Tasker Middle School
Student Activity Funds
Internal Audit Report
As of December 31, 2017**

APPENDIX

Key School Personnel:

- **Principal** – Kendra Hill
- **Recordkeeping Staff** – Anissia Elliott
- **Acting Principal** - John Brooks (August 2016 through October 2016)
- **Previous Principal** - I. Michele Johnson (July 2012 through July 2016)
- **Previous Recordkeeping Staff** – Carolyn Crouch (deceased)