



October 6, 2017

**MEMORANDUM**

To: David Curry, Instructional Director  
Cluster 2

Selena Pratt-Swilling, Principal  
Margaret Brent Regional School

From: Michele Winston, CPA, Director  
Internal Audit

Re: Financial Audit for Period July 1, 2015 through June 30, 2017

An audit was completed on the financial records of **Margaret Brent Regional School** for the period July 1, 2015 through June 30, 2017. The audit results indicate that the school is not in compliance with the Accounting Procedures for School Activity Funds (APM) and Board of Education (BOE) policies and procedures and that detailed and documented procedures are necessary to improve internal controls and adequately protect the school's assets. The exception noted is 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 APM. 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](mailto: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](mailto:Deborah.smalls@pgcps.org).

***This report is intended solely for information and use of the Board Chair, Chief Executive Officer and other parties specifically stated in this transmittal letter. This report is not intended 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  
Monique Whittington Davis, Deputy Superintendent  
Carolyn Boston, Vice Chair, Board of Education  
Lupi Quinteros-Grady, Board Member  
Raymond Brown, Chief Financial Officer  
Denise Greene, Ed. D., Associate Superintendent, Area I  
Erica Berry Wilson, Esq., Executive Director, Board of Education  
Patrick Pope, Internal Auditor II

# Internal Audit Report

Margaret Brent Regional School  
Student Activity Funds

For the Period Ended June 30, 2017

Margaret Brent Regional School  
Student Activity Funds  
Internal Audit Report  
For the Period Ended June 30, 2017

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For the Period Ended June 30, 2017

Internal Auditor's Report

We have examined the Student Activity Funds (SAF) of Margaret Brent Regional School for the period July 1, 2015 through June 30, 2017. Margaret Brent 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 that *Administration of Vending Machines* resulted in a 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 June 30, 2017.



Michele Winston, CPA,  
Director Internal Audit

Margaret Brent Regional School  
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**SUMMARY**

The Internal Audit Department completed an audit of the student activity funds (SAF) of Margaret Brent Regional School for the period July 1, 2015 through June 30, 2017. The audit was performed as part of the 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.

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 and financial reports. Margaret Brent Regional School did not process any financial transactions in SFO for the audit period, besides administrative allotment and bank charges. Transactions relative to school activities were processed through their School Operating Resources (SOR) account.

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**FINDING AND RECOMMENDATION**

The audit resulted in the following finding and recommendation:

**2018.01 Administration of Vending Machines**

There are 2 vending machines located at Margaret Brent Regional School. The following exceptions pertaining to the administration of vending machines were identified:

- Approved vending contracts for FY 2015 – FY 2017 could not be located.
- Vending commission was not remitted to the school during the audit period.

Administrative Procedure 5135.2, *Principal's Contracting Authority*, requires the principal, as an agent of the BOE, to approve and sign all agreements and contracts entered into for all school activities. Also, the APM, Section 9.8, *Vending Machine Sales*, states, "all schools with vending machines must have a signed contract stipulating commissions due to the school and frequency that these commissions are remitted."

According to the Secretary II, the former principal did not provide a signed copy of the contracts to be maintained on file at the school. The principal and bookkeeper were not aware of the vendor and amount of commission due.

Failure to have an agreement with the vending company may increase the risk of inadequate maintenance of the machines and insufficient commission revenue from the vending machine vendor. Failure to have a formal contract in place constitutes non-compliance with BOE policies and procedures.

**Recommendation:** The principal should perform the following relative to administration of vending machines:

- a) The principal/bookkeeper should consider utilizing School Funds Online (SFO) to better manage the funds received and disbursed related to school activities.
- b) The principal must establish procedures to ensure that current vending machine contracts are established, adhered to, and maintained on file in compliance with BOE policies and procedures.

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- c) The principal should contact the vending machine vendor to recover commission proceeds due.

**STATUS OF PRIOR AUDIT FINDINGS**

The previous audit report for Margaret Brent Regional School was issued for the period ended June 30, 2015. During that period, the current bookkeeper was in her current position. The current principal began her position in July 2017. There were **5** findings reported in the previous audit and **1** was repeated in this report. The following findings were noted as a result of that audit and the current status is indicated below:

- **Delinquent Deposits** – Controls appear to be working.
- **Year End Monetary Transmittal Form Envelopes Collection Process** – Controls appear to be working.
- **Delinquent Payment of Invoices** – Controls appear to be working.
- **Checks**- Controls appear to be working.
- **Vending Contracts** – Condition still exists. See **2018.01** regarding Administration of *Vending Machines*.

**ACKNOWLEDGEMENT**

We would like to thank the principal and staff of Margaret Brent Regional School for their cooperation and assistance during the audit.