



December 11, 2018

**MEMORANDUM**

To: Edward Ryans, Ed. D., Instructional Director  
Cluster 11

Torrie Walker, Principal  
Fairmont Heights High School

From: Michele Winston, CPA, Director  
Internal Audit

Re: Student Activity Funds Financial Audit as of June 30, 2018

An audit of the financial records **Fairmont Heights High School** was completed for the period November 1, 2016 through June 30, 2018. 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 Funds (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 January 11, 2019, indicating steps that will be taken to ensure compliance with the APM. Please note that you are required to provide your signed and dated 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).

cc: Alvin Thornton, Ed. D., Board Chair  
Monica Goldson, Ed. D., Interim Chief Executive Officer  
Members, Board of Education  
Helen Coley, Ed. D., Chief, School Support and Leadership  
Christian Rhodes, Chief of Staff  
Carletta Marrow, Ed. D., Associate Superintendent of High Schools  
Michael Herbstman, Chief Financial Officer  
J. Michael Dougherty, Director, Financial Services  
Alicia Robinson, Internal Auditor II

# Internal Audit Report

## Fairmont Heights High School Student Activity Funds

For the Period Ended June 30, 2018

**Fairmont Heights High School  
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Internal Auditor's Report

We have examined the Student Activity Funds (SAF) of Fairmont Heights High School for the period November 1, 2016 to June 30, 2018. Fairmont Heights High School's principal is responsible for the administration of the SAF. Our responsibility is to express an opinion based on our examination.

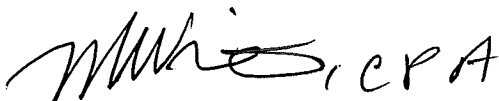
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and Governmental Accountability Office and, accordingly, included examining, on a test basis, evidence supporting SAF, and performing such other procedures, as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

Our examination disclosed the following findings:

- *Administration of Gate Receipts,*
- *Mismanagement of Funds Received,*
- *Mismanagement of Disbursements,*
- *Sales Taxes Collection/Remittance Process,*
- *Excessive Spending in Restricted Accounts,*
- *Unauthorized Transfer of Funds,*
- *Year-End Monetary Transmittal Form Envelope Process, and*
- *Improvement Needed in Management Oversight.*

These findings, individually or in aggregate, resulted in a material deviation from Board of Education (BOE) policies and procedures and the requirements of the Accounting Procedures Manual for the School Activity Funds (APM).

In our opinion, considering the deviations from the criteria described in the preceding paragraph, the SAF referred to above, requires significant improvement to be in compliance with BOE policies and procedures and the APM, in all material respects, for the period ended June 30, 2018.



Michele Winston, CPA  
Director, Internal Audit

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**SUMMARY**

The Internal Audit Department has completed an audit of the student activity funds (SAF) for Fairmont Heights High School for the period November 1, 2016 to June 30, 2018. The audit was conducted as part of the annual audit plan.

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 Accounting Procedures Manual for School Activity Funds (APM) and the Board of Education (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 examination of selected bank statements, financial reports, cancelled checks, all voided checks and Monetary Transmittal Form (MTF) envelopes submitted for the period November 1, 2016 to June 30, 2018. Also, available receipts, disbursements and supporting documentation were reviewed for the said period.

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**FINDINGS AND RECOMMENDATIONS**

The audit resulted in the following findings and recommendations:

**2019.01 Administration of Gate Receipts**

There were instances of non-compliance regarding the management of gate receipts and/or game worker payments. The following indicates the issues of non-compliance:

- A. ***Inappropriate Use of Basketball Playoff Ticket Revenue:*** There was at least **1** instance where cash from basketball playoff ticket sales were used to pay game workers. On March 3, 2018, the school used **\$723.00** in cash collected from basketball playoff tickets sales to pay 12 game workers, which included school staff and local police officers.
  
- B. ***Funds Not Submitted to BOE for Game Workers:*** During FY 2016 and FY 2018, there was no evidence that the school issued checks to the BOE to reimburse the cost for winter game workers' wages. During FY 2017, a payment was made to the BOE in the amount of \$2,244.0 and game workers were paid via direct deposit through the Athletic Office. The following documents the details of approximate funds paid by the BOE through Oracle Payroll to game workers and funds remitted to the BOE by the school for the past 3 years:

<b><i>FY 2016</i></b>	<b><i>\$2,937.00</i></b>
<b><i>FY 2017</i></b>	<b><i>\$2,327.00</i></b>
<b><i>FY 2018</i></b>	<b><i>\$3,814.00</i></b>
<b><i>Payment to BOE 3/15/17</i></b>	<b><i>(\$2,244.00)</i></b>
<b><i>Funds Due BOE</i></b>	<b><i>\$6,835.60</i></b>

The following criteria are established in the APM and/or Athletic Handbook:

- A. The APM section 4.5.2.2 (1), (2) *Collecting Funds* require **all** funds collected to be remitted to the bookkeeper on the day of collection.

The Athletics Handbook section titled *Student Activity Funds Procedures, Collections page 60* indicates "Submit **all** funds to the office on the day of collection" The Athletic Handbook also prohibits payment of expenses from funds collected at games. Further, the MPSSAA District 3 Regional Financial Report #10 states "Don't pay anyone from the gate."

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- B. The Athletics Handbook section titled *Athletic Director Responsibilities, Athletic Director (AD) Roles page 25 #15 n* states that the AD is responsible for remitting funds to cover the fall and winter games worker's payroll.

The following contributed to the non-compliance regarding administration of gate receipts and/or game worker payments:

- A. The AD explained that she was authorized to pay cash to Game Workers and provided an email from the Coordinating Supervisor Office of Athletics on February 28, 2017 which states "You are to pay cash for the section final and the region championship games. Make sure all workers sign for the payment – Officials, Police and Workers." The MPSSAA District 3 Regional Financial Report provided by the AD states that cash cannot be used to pay individuals.
- B. The AD did not provide an explanation for not submitting funds to the Athletic Office when the appropriate game worker forms were submitted.

Mismanagement of gate receipts and/or game worker payments constitutes noncompliance with BOE policies and procedures and increases financial risk to the school and to staff members. Specifically,

- A. Fines and penalties could be assessed to PGCPS for non-compliance with State and Federal laws regarding payment of services rendered to individuals.
- B. The school has not satisfied its financial obligation to PGCPS since payment was not sent for game workers.
- C. BOE policies and procedures have not been followed regarding accurate accounting of funds, use of funds collected from athletic events and paying game worker

**Recommendation:** The following recommendations are suggested to ensure compliance with management of gate receipts and/or game worker payments:

- A. The staff should be reminded all funds collected must be remitted to the school's recordkeeping staff and all expenditures are required to be paid from the school's checking account. The Coordinating Supervisor, Office of Athletics should provide guidance and clarify instruction to ADs and schools on the appropriate process for paying game workers without violating BOE policies and procedures.

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- B. The accounting records should be reviewed and the outstanding amount of funds for Game workers' pay due to the BOE (**\$6,835.60**) should be promptly remitted to the Office of Athletics for FY 2016, FY 2017 & FY 2018.
- C. A listing of names and amount of payments made in cash to game workers should be provided to payroll (employees) or Accounts Payable (non-employees) to ensure appropriate tax reporting.

**2019.02 Mismanagement of Funds Received**

There were at least **20** instances of non-compliance regarding the management of funds received. The following indicates the issues of non-compliance:

- A. ***Delinquent Deposits:*** There were at least **16** instances where funds were not remitted timely. Funds were held between **2** and **18** days prior to remittance to the bookkeeper. ***This finding was noted during the previous audit period ended October 2016.***
- B. ***Incomplete Monetary Transmittal Form Documentation:*** There were at least **4** instances in FY 2018 where documentation was missing from MTFs submitted to the recordkeeping staff even though "see attached" was indicated on each MTF, (i.e. Class fundraisers).

The following criteria are established in the APM:

- A. The APM section 4.5.2.2 (1), (2) *Collecting Funds* 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. Deposits are required at least every other day when funds under \$250.00 are collected. Funds collected in excess of \$250.00 are required to be deposited on the day of collection.
- B. The APM requires that the MTF must be completely filled out indicating from whom the funds were received, amount, form of collection and reason for collecting the funds. If additional spaces are needed, then a Student Remittance Report, class list, receipts or ticket/report stubs can be attached. Documentation should substantiate funds remitted.

The following cause resulted from the non-compliance regarding management of receipts:

- A. The staff retained funds until most, if not all, were collected for the fundraiser before remittance to the recordkeeping staff.



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- B. Even though staff indicated on the MTF “see attached”, there was no evidence of documentation attached. The recordkeeping staff accepted the MTFs without the appropriate documentation and/or verification.

Mismanagement of funds received constitutes noncompliance with BOE policies and procedures and increases financial risk to the school and to staff members. Specifically,

- A. The security of SAF is at risk when funds are retained in the school for several days. Delinquent deposits violate the school’s compliance with APM requirements.
- B. The audit trail for reviewing collections was compromised due to insufficient documentation. As a result, internal controls for ensuring all SAF collected were subsequently deposited was weakened and the potential for loss of assets increased.

**Recommendation:** The following recommendations are suggested to comply with management of receipts of policies and procedures:

- A. The staff should be reminded that funds must be remitted daily to ensure prompt remittance to the financial institution and to ensure security of SAF.
- B. The recordkeeping staff should ensure that documentation is included with each MTF to substantiate that all funds received were remitted. The recordkeeping staff should ensure that all funds remitted agree with the documentation provided.
- C. The principal should complete a periodic review of cash receipt files to ensure compliance with Board policies and procedures (all funds are accurately documented, funds are remitted and deposited timely, documentation is attached to MTFs).

**2019.03 Mismanagement of Disbursements**

There were at least **20** instances of non-compliance regarding disbursements. The following indicates the instances of non-compliance:

- A. ***Delinquent Payment of Invoices and/or Reimbursements:*** There were at least **11** instances where either invoices and/or reimbursements were not paid timely. The delinquency ranged from **30 to 216** days. In one instance, the JROTC held its annual dinner on November 17, 2017, but payment was not disbursed until May 7, 2018, resulting in a delinquent payment of approximately 216 days. ***This finding was noted during the previous audit period ended October 2016.***
- B. ***Incomplete Documentation:*** There were at least **5** instances where funds disbursed were not adequately substantiated. There were at least **4** instances where staff

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members submitted credit card slips instead of detailed receipts to document funds spent. There was also 1 instance where an email was used to substantiate a check issued to PGCPS for the JROTC annual dinner. The email did not indicate the amount or attendees.

- C. *Inappropriate Use of the Advance Option in School Funds Online (SFO)*: There were at least 3 instances where the recordkeeping staff inappropriately processed vendor checks totaling \$2,400.00 using the *Advance* option. One check was issued the same day that a vendor was entered into Oracle, but not approved. One check was issued as an advance to a non-approved vendor for college student application fees. One check was issued payable to "Advance" for a scholarship instead of being issued directly to the university, which was an approved vendor.

The following guidelines are established in the APM relative to disbursing SAF:

- A. Section 4.5.3.1 (2) *Cash Disbursement Inclusion of Supporting Documentation* requires that invoices and/or reimbursements should be paid within 30 days of receipt and have appropriate documentation.
- B. Section 4.5.3.1 (2) *Cash Disbursement Inclusion of Supporting Documentation* requires all checks have itemized documentation attached to the SFEF that supports the amount of the check. Examples of documents that are to be used include itemized invoices or receipts. Documents such as credit card receipts, statements, order confirmations, price quotes and packing slips are not allowed.
- C. Section 4.5.3.1 (3) *Cash Disbursement Use of Board Approved Vendors* requires all checks to be written to an approved/active vendor through SFO. At no time should "Advance", "Reimbursement" or "Refund" be used to pay unapproved vendors in SFO. During January 2015, the BOE implemented SFO, as it's accounting system to track SAF. As part of this system, the *Advance* option was created to post funds disbursed in advance to staff to purchase school-related items for upcoming events.

The non-compliance regarding management of disbursements resulted from the following:

- A. Staff failed to ensure that reimbursements were submitted timely for payment. Even though the recordkeeping staff noted a statement at the top of the SFEF indicating that all receipts for reimbursement must be submitted within 21 days, this was not adhered to by staff.
- B. The recordkeeping staff accepted SFEF's without appropriate documentation since the credit card slips did not include details of items purchased. She was not aware that credit card slips were inadequate supporting documentation for disbursements.

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- C. The recordkeeping staff thought that she could issue the check to the vendor since the vendor application was submitted to Purchasing and Supply Services and verbally approved although the vendor had not yet been included in Oracle as an approved vendor. The recordkeeping staff issued the check to "Advance" for college applications to expedite payment because the class sponsor made a last minute request. In the last instance, the recordkeeping staff was not aware that the college for the student scholarship was an approved vendor at that time.

Mismanagement of funds disbursed constitutes noncompliance with BOE policies and procedures and increases financial risk to the school and to staff members. Specifically,

- A. Internal controls are compromised and financial records are distorted when payments and/or reimbursement are not issued timely. Delinquent invoices could result in vendors not conducting business with the school and/or schools incurring late fees.
- B. The absence of relevant documentation negates audit evidence that supports an adequate control environment.
- C. Using non-approved vendors can result in conducting business with vendors that have not been vetted properly to ensure safe product purchases. Also, issuing checks as an advance for other than that purpose circumvents the BOE system of internal controls.

**Recommendation:** The following is recommended for Fairmont Heights High School to comply with policies and procedures for appropriate management of disbursements:

- A. The principal should establish procedures to ensure that all disbursements are made in accordance with guidance of the APM. Staff should be reminded that invoices and reimbursement requests should be submitted within the required 30 days of making purchases. The principal must hold the staff responsible for submitting and processing disbursements timely.
- B. All disbursements should be required to have appropriate documentation attached including itemized detailed receipts indicating items purchased to substantiate checks written. The principal and recordkeeping staff must carefully review SFEF and supporting documentation to ensure that expenditures are adequately substantiated prior to acceptance and approval.
- C. The recordkeeping staff and teachers should ensure that all vendors are properly approved through Oracle prior to making school expenditures. Checks cannot be issued to vendors until the approval process is finalized and reflected in the Oracle financial system. Purchasing and Supply Services should be contacted to ensure that vetting of perspective vendors occurs. The principal must review disbursement documentation to

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ensure compliance.

D. Checks should not be issued using the *Advance* option unless advances are issued to staff for a future school purchase.

**2019.04 Sales Taxes Collection/Remittance Process**

There were instances of non-compliance regarding collection and remittance of sales tax. The school failed to collect and remit sales tax for the following items sold:

- Boys and girls basketball uniforms,
- Yearbooks,
- Cap/Gowns, and
- Cheerleading uniforms.

Sales taxes due resulting from sale of these items totaled **\$1,295.67** and were not posted to the sales tax account or paid to the State of Maryland for FY 2018. ***This finding was noted during the previous audit period ended October 2016.***

The APM section 8.3 *Procedures, Sales Tax*, indicates that when a school engages in the resale of items, collection and remittance of sales tax for merchandise sold that is not fundraising related is required. Also, Administrative Procedure 5137, *Sales Tax* requires the remittance of sales tax to the State of Maryland for items sold.

Staff members failed to record sales taxes on the MTFs submitted. The recordkeeping staff failed to post the applicable sales taxes to the sales taxes account to be included in the ACH payment to the State of Maryland for items sold. The bookkeeper was confused with identifying sales taxable items. It was misunderstood that only contracted fundraisers were exempted from sales taxes per HB 232.

The BOE could be liable for penalties and interest for not properly reporting and remitting sales taxes.

**Recommendation:** The recordkeeping staff should review the APM to ensure that she understands the sales taxable items vs. Sales tax exempt items and ensure that all applicable sales taxes are collected and remitted to the State of Maryland. The principal should complete a periodic review to ensure that all applicable sales taxes are posted to the sales tax account for ACH payment to the State of Maryland.

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**2019.05 Excessive Spending in Restricted Accounts**

The SAF has **13** restricted fund accounts with deficits totaling **(\$9,909.62)** as of June 30, 2018. The following is a listing of the top **6** fund accounts with the most significant deficits totaling **(\$9,231.82)**:

The Principal Sponsored Activity (PSA) fund account had a deficit of **(3,470.11)**. *(The previous deficit reported was (\$1,250.08) as of October 31, 2016. This finding was noted during the previous audit period ended October 2016),*

- The Yearbook fund account had a deficit of **(\$2,110.83)**,
- The National Honor Society (NHS) fund account had a deficit of **(1,789.00)**,
- The Boys Lacrosse fund account had a deficit of **(\$654.11)**,
- The Dance Company fund account had a deficit of **(\$654.06)**, and
- The Boys Football fund account had a deficit of **(\$553.71)**.

Expenditures for all restricted accounts are limited to the amount of funds collected for those activities. When restricted expenditures exceed the available cash in the respective fund account, the account is insolvent. As the fiduciary agent for the Student Activity Funds (SAF), the principal should ensure all accounts are solvent at all times.

Also, the APM section 9.6 *Principal Sponsored Activities (PSA) for Staff* indicates that expenditures for authorized principal sponsored activities are restricted to funds available from the sources as outlined in the manual, which includes 100% vending commissions in the staff lounge, 25% of vending commissions from student accessed machines up to the first \$50,000.00 and 15% of school-wide fundraising profits.

The recordkeeping staff was using restricted donation funds and unrestricted funds to offset deficits in the PSA, Yearbook, NHS and Dance Company accounts to cover the deficits created by excessive spending in those accounts. Deficits were created when appropriate expenditures were incurred and paid from these accounts.

The recordkeeping staff indicated that the Dance Company was a new organization and uniforms, etc. were purchased to get them started *despite not having available funds for these purchases*. Expenditures were also incurred in other fund accounts without relevant resources.

Overspending in restricted fund accounts constitutes noncompliance with the policy documented in the APM. The use of restricted donated funds allocated for instructional supplies resulted in the student body not benefitting from the funds. The use of unrestricted funds to cover deficits in certain fund accounts also resulted in the student body not benefitting from the funds.

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**Recommendation:** The principal should work towards elimination of the deficits. This can be accomplished by the cessation of spending from these accounts and/or authorizing fundraisers to assist in eliminating the deficits.

Also, the principal should cease spending in all restricted accounts until the deficits are completely resolved.

The principal should consistently adopt the practice of authorizing expenditures only to the extent that funds are available.

**2019.06 Unauthorized Transfer of Funds**

There were at least 37 instances where inappropriate transfers were processed during the audit period. The recordkeeping staff performed the transfers totaling approximately **\$15,129.03** from *Restricted Donations, QZAB, Damage Property Fines, Calculator Fines, Student Advisory Board, Core Textbook Fines, Prior Year Class Accounts and Unrestricted Vending Student Commission, Classroom Materials/Supplies and Prior Year Carryover* to purchase dance uniforms for the Dance Company club and to pay for the National Honor Society (NHS) dues, PSA and Yearbook etc..

The following guidelines are established in the APM relative to use of funds:

- A. The APM section 4.3 *Fund Accounts* indicates that restricted funds are those funds that are raised by a specific group and/or for a specific purpose and are used exclusively for that group and/or purpose and not for general needs of the school.
- B. The APM section 4.5.4.2 *Transfers Between Restricted and Unrestricted/Net Accounts* states that is a restricted account is inactive but has an unused balance, the unused balance cannot be reclassified automatically as “unrestricted”. The principal must request approval from the Accounting Office to reallocate the unused balance toward another purpose.
- C. The APM section 4.5.5 *Prior-Year (PY) Carryover Funds* states that principals may request the use of PY Carryover funds to purchase instructional materials, computers, maintenance needs, or other items for the school. The request must be sent to the Accounting Office and Financial Reporting office detailing the reason for the transfer. Only upon written approval, should funds be transferred from the PY Carryover account.

The recordkeeping staff indicated that she was not aware that the use of PY Carryover had to be approved prior to transferring funds. Also, she indicated that she misread the trimester bulletin and thought she could use unrestricted funds to offset deficits in some of the restricted accounts. Reportedly, the recordkeeping staff thought that a \$5,000.00 donation received from a BOE member could be used at the principal’s discretion. After review of the documents provided, it

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was determined that the funds could only be used for instructional supplies. Also, school organizations did not fundraise to defray related costs.

Inappropriate transfers have resulted in misstatement of financial information presented to administrators for decision-making. The school's resources were not used for their intended purpose. BOE policies and procedures were not followed.

**Recommendation:** The principal must implement procedures to ensure allowable transfers from restricted, inactive and PY Carryover accounts are completed only with appropriate documentation and approval from the Accounting and Financial Reporting Office and the principal. Review of financial reports must be performed by the principal to ensure that transfers are performed as required. The recordkeeping staff must be held accountable for compliance.

**2019.07 Year-End Monetary Transmittal Form (MTF) Process**

The year-end MTF submission process is not operating as required by the policies outlined in the APM. There were where at least 5 staff members failed to submit some or all copies of their end-of-year MTF remittances. *This finding was noted during the previous audit period ended October 2016.*

According to the APM section 4.5.2.2 (1) Collecting Funds: Completing the MTF, the staff is responsible for maintaining an envelope containing all the MTF (pink and yellow) remittance copies prepared during the year. Staff members are required to submit copies in signed, sealed MTF envelopes to the designated administrator during the year-end checkout process. Under no circumstances should the signed, sealed MTF envelopes be given to the recordkeeping staff. The envelopes should remain sealed until requested by Internal Audit. The year-end MTF envelopes should be retained in a place that is inaccessible to the bookkeeper.

The staff did not consistently follow policies and procedures relative to year-end MTF envelope submission during the year-end check out process. Even though the secretary II received the appropriate end of year MTF report, "Receiptee History", there was no follow up to ensure that all MTFs were submitted prior to the end of year close-out process. One staff member indicated that her MTFs had been mistakenly discarded by the custodial staff while cleaning the classroom.

The audit trail for reviewing funds received was compromised. As a result, internal controls for ensuring that all SAF collected were subsequently deposited was weakened and the potential for loss of assets increased.

**Recommendation:** Staff must be reminded of their responsibility relative to the year-end MTF submission. Each staff member must be held accountable for returning MTFs as required. The bookkeeper should continue to print the "Receiptee History" report from the school's accounting system listing MTFs issued and provide it to the administrator and/or principal's designee

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responsible for collecting MTF envelopes at year-end. The principal should instruct the administrator and/or designee to obtain the MTF envelopes based on the report. The principal or designee, someone other than the bookkeeper, should ensure that all MTF envelopes are collected and remain sealed until reviewed by Internal Audit. The year-end MTFs should be retained in a place that is not accessible to the recordkeeping staff.

**2019.08 Improvement Needed in Management Oversight**

Improvement is required for oversight of the administration of SAF. There was 1 correction action successfully implemented of the 7 reportable conditions noted during the previous audit. *This finding was noted during the previous audit period ended October 2016.*

The principal is the fiduciary agent for the SAF. In this role, the principal is the person responsible for ensuring that these funds are administered in accordance with PGCPS policies and procedures and expended to provide maximum benefit to the students. It is also imperative that the principal is aware that the success of the internal control system rests largely with them.

The principal did not implement sufficient procedures to ensure that **all** previous findings were resolved.

Students did not receive the maximum possible benefit of the resources that should have been available to them.

**Recommendation:** To ensure fiscal accountability, the principal should continue to carefully review the APM and implement internal controls to ensure proper administration of SAF. The principal needs to continue to be involved in the daily operations as it relates to the administration of the school's resources to ensure fiscal accountability. Continued improvement of the internal control environment should be emphasized by focusing on these five basic principles of internal control:

- ❖ **Clearly defined lines of authority and responsibility,**
- ❖ **Segregation of duties,**
- ❖ **Maintenance of adequate documents and records,**
- ❖ **Limited access to assets, and**
- ❖ **Independent checks on performance.**



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**STATUS OF PRIOR AUDIT FINDINGS**

The previous audit report for Fairmont Heights High School was issued for the period ended October 2016. The current principal and bookkeeper were on staff during that audit. There were 7 findings noted as a result of that audit. There are 6 repeat findings noted in the current audit and are included in this report. The following findings were noted as a result of that audit and the current status is indicated:

- **Delinquent Remittance of Funds Received** – Condition still exists. See **Finding 2019.02** regarding *Mismanagement of Funds Received*.
- **Management of Disbursements** – Condition partially exists. See **Finding 2019.03** regarding *Mismanagement of Disbursements – Delinquent Payment of Invoices and/or Reimbursements*.
- **Sales Tax Collection/Remittance Process** – Condition still exists. See **Finding 2019.04** regarding *Sales Tax Collection/Remittance Process*.
- **Principal Sponsored Activity (PSA) Account Deficit** – Condition still exists. See **Finding 2019.05** regarding *Excessive Spending in Restricted Accounts*.
- **Year-End Monetary Transmittal Form Process** – Condition still exists. See **Finding 2019.07** regarding *Year-End Monetary Transmittal Form (MTF) Process*.
- **Inappropriate Fundraiser and Fundraiser Forms not Completed** – Controls appear to be working.
- **Improvement Needed in Management Oversight** – Condition still exists. See **Finding 2017.08** regarding *Improvement Needed in Management Oversight*.

**ACKNOWLEDGEMENT**

We would like to thank the principal and staff of Fairmont Heights High School for their cooperation and assistance extended during the audit.