



July 5, 2018

MEMORANDUM

To: Kathleen Brady, Instructional Director
Cluster 12

Harold McCray, Ed. D., Principal
James McHenry Elementary School

From: Michele Winston, CPA, Director
Internal Audit

Re: Financial Audit for Period April 1, 2012 through March 31, 2018

An audit was completed on of the financial records of James McHenry Elementary School was completed for the period April 1, 2012 through March 31, 2018. The audit indicates that the school's financial records and procedures require improvement to be in accordance with the Accounting Procedures Manual 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 within **30** days, indicating steps that will be taken to ensure compliance with the Accounting Procedures Manual. Please note that you are required to provide your action plan using the attached Microsoft word template. Please send a PDF and word version of your action plan 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.

Enclosure

cc: Segun Eubanks, Ed. D, Board Chair
Kevin M. Maxwell, Ph. D., Chief Executive Officer of Schools
Carolyn Boston, Board Member
Members, Board of Education
Erica Berry Wilson, Esq., Board Executive Director
Melissa McGuire, Ed. D, Associate Superintendent, Area 3
J. Michael Dougherty, Director Financial Services
Alanna Cooper, Internal Auditor II

Internal Audit Report

James McHenry Elementary School Student Activity Funds

For the Period Ended March 31, 2018

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Internal Auditor's Report

We have examined the Student Activity Funds of James McHenry Elementary School for the period April 1, 2012 through March 31, 2018. James McHenry Elementary School's principal is responsible for the administration of SAF. Our responsibility is to express an opinion based on our examination.

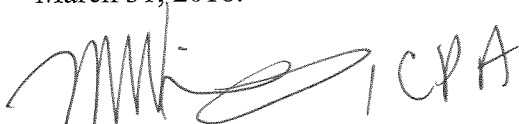
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and Governmental Accountability Office and, accordingly, included examining, on a test basis, evidence supporting SAF, and performing such other procedures as we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

Our examination disclosed the following findings:

- *Mismanagement of Funds Received,*
- *Mismanagement of Disbursements,*
- *Administration of Voided Checks,*
- *Financial Reporting,*
- *Fundraiser Forms,*
- *Drop Safe Not on Premises/Blank Check Stock Not Safeguarded,*
- *Administration of Vending Contracts, and*
- *Restricted Account Deficits.*

Individually or in the 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 deviations 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 March 31, 2018.



Michele Winston, CPA,
Director Internal Audit

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SUMMARY

The Internal Audit department completed an audit of the student activity funds (SAF) of James McHenry Elementary School for the period April 1, 2012 through March 31, 2018. 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.

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, cancelled checks and voided checks and Monetary Transmittal Form (MTF) envelopes submitted by staff for the period April 1, 2012 through March 31, 2018. Also, selected 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:

2018.01: Mismanagement of Funds Received

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

- a) ***Delinquent Deposits*** - There were **6** instances where funds were not deposited timely. Amounts up to **\$563.00** were held up to **11** days. *(This condition was also noted in the previous audit as of March 31, 2012.)*
- b) ***Inadequate Documentation of Funds Received*** - There were **19** instances where the recordkeeping staff accepted MTFs that were incomplete or inadequately documented. School staff omitted remittance data in section 2 of MTFs. *(This condition was also noted in the previous audit as of March 31, 2012.)*
- c) ***Year-End Monetary Transmittal Form Envelopes*** - The year-end MTF submission process was not operating as required by procedures outlined in the APM. There were **4** staff members whose MTF envelopes were not signed over the seal. There was **1** instance where a teacher's pink and yellow MTF remittance could not be located. Year-end MTF envelopes were returned to the recordkeeping staff to be secured. *(This condition was also noted in the previous audit as of March 31, 2012.)*
- d) ***Sales Taxes not Remitted to the State of Maryland*** – The school did not collect or remit sales taxes to the State of Maryland for the sale of taxable items such as t-shirts and recorders. *(This condition was also noted in the previous audit as of March 31, 2012.)*
- e) ***Incomplete Monetary Transmittal Form Log*** - The MTF log was not maintained during the audit period according to the guidelines of the APM. The total amount remitted on the MTF was not included on the MTF log.

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The APM provides the following guidelines regarding administration of funds received:

- a) All funds collected are required to be remitted to the recordkeeping staff on the day of collection. The recordkeeping staff is also required to make timely deposit of these funds, at least every other day. No more than \$250 should be kept in the building overnight.
- b) Staff members collecting funds are required to complete MTFs entirely and submit to the recordkeeping staff along with funds collected. The following information must be included, 1) who collected funds; 2) when it was collected; 3) from whom it was collected; 4) the amount and form of the collection; and 5) the reason for collecting. Sections 1 and 2 of MTFs must be completed.
- c) Prior to departing the school at year-end, staff and program managers are required to submit the pink and yellow MTF remittance copies in sealed envelopes (with their signature over the seal) to the designated administrator. Year-end MTF envelopes should be stored in a location inaccessible to the recordkeeping staff.
- d) For most items that are purchased and then resold, the school must collect and remit taxes to the State of Maryland Comptroller's Office. The exception is fundraising sales. Sales tax is not assessed on fundraising sales.
- e) The recordkeeping staff is responsible for accounting for all MTFs issued to staff on a MTF log. This log should include a numerical list of the MTFs, the name of requester and dates the forms were issued. The dates returned to the recordkeeping staff and the total amounts of the MTFs is also required.

Contributory factors in the mismanagement of funds received are as follows:

- a) Some staff remitted funds totaling or exceeding \$250.00 at the end of the day without providing the recordkeeping staff sufficient time for processing prior to making daily deposits.
- b) Staff hastily completed MTFs with errors and incomplete supporting documentation. The recordkeeping staff processed MTFs with incomplete sections, inadequate documentation and changes that were not initialed.
- c) The assistant principal overseeing collection of year-end MTF envelopes did not ensure all staff signatures were provided on the seal of year-end MTF envelopes. The school administrators were unaware that the recordkeeping staff should not have access to the year-end MTF envelopes.
- d) The recordkeeping staff was unaware that student purchases were not tax exempt.

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- e) The recordkeeping staff completed the MTF log for each staff that signed out a MTF, but was unable to consistently complete all fields of the log during the school year due to other competing responsibilities.

The audit trail for reviewing cash receipts was compromised. As a result, internal controls for ensuring all SAFs collected were subsequently deposited was weakened and the potential for loss of assets increased. Interest and penalties can be assessed by the State of Maryland for failure to remit sales taxes.

Recommendation: The following is recommended for the principal and recordkeeping staff to properly manage funds received:

- a) The principal must ensure that timely deposits are made priority. The principal may accomplish this by ensuring new staff are reminded via inter-office memorandum that holding funds is prohibited and establishing a deadline for staff daily remission of funds to the recordkeeping staff.
- b) The principal and recordkeeping staff should train school staff again on how to properly complete and adequately document MTFs submitted to the recordkeeping staff. The recordkeeping staff should closely review MTF packages to ensure accuracy and completeness prior to acceptance and approval. Teachers, administrators and the recordkeeping staff should be held accountable for compliance.
- c) The principal must hold staff accountable for returning all MTF remittance copies in signed and sealed envelopes to the principal or designated administrator as part of the year-end check-out process. The principal and administrator overseeing the year-end MTF submission process must identify areas in the building inaccessible to the recordkeeping staff where year-end MTF envelopes are secured.
- d) Staff must be informed that sales taxes are to be included in the selling prices for products sold at the school with the exception of fundraisers. The recordkeeping staff should refer to the APM for guidance on what items are considered taxable.
- e) Staff must be required to complete the MTF log for each MTF as it is signed out and returned. It is also recommended that a MTF log be created that includes a field for recording the amount of funds remitted.

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2018.02: Mismanagement of Disbursements

The audit revealed the following exceptions pertaining to the management of disbursements:

- a) ***Incomplete and Inaccurate Documentation*** - There were **6** instances where expenditures reviewed did not have the appropriate approval documentation. The “funds available” section of School Funds Expenditure Forms (SFEFs) were not completed detailing the available balance in the respective fund accounts. A quote and a packing slip were provided to substantiate expenditures in **2** of these instances. *(This condition was also noted in the previous audit as of March 31, 2012.)*
- b) ***Inadequate Principal Approval*** – There were **20** instances where SFEFs reviewed during the audit period were not adequately approved. Approval was provided by the principal after the purchases were made, were not dated or were not reflected on the SFEF.
- c) ***Sales Taxes Paid*** - There were **4** instances where sales tax was paid for expenditures incurred on behalf of the school. *(This condition was also noted in the previous audit as of March 31, 2012.)*
- d) ***Duplicate Checks*** – There were **4** instances where the recordkeeping staff used the same check number to process different transactions.

The APM provides the following guidelines relative to the administration of cash disbursements:

- a) The recordkeeping staff is required to determine the amount of funds available, initial, date and record the amount available on the SFEF to provide information to facilitate the principal’s approval. Expenditures of SAF are required to be supported by itemized receipts or invoices.
- b) Prior to ordering or purchasing goods or services, a SFEF must be completed, signed and dated (approved) by the principal.
- c) Purchases made by schools and PGCPs are sales tax-exempt, if used in the conduct of school business. After the principal approves a purchase, a copy of the sales tax exempt certificate is required to be provided to staff for presentation to the vendor when making school purchases.

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- d) Section 3.2.2, *Recordkeeping Staff/Financial Secretaries* requires the recordkeeping staff or financial secretary to accurately record and report the school's financial transactions.

Contributory factors in the mismanagement of disbursements are as follows:

- a) Reportedly, the recordkeeping staff customarily left the "funds available" line in Section 1 of the SFEF blank. Inadequate documentation was provided from teachers and administrators and accepted by the recordkeeping staff for check processing.
- b) Verbal approvals were provided to the staff by the principal prior to the completion of the SFEF. Staff did not consistently obtain the sales tax exemption certificate.
- c) The SFO checks issued to the school by the Accounting Office potentially contained a check series that was already issued for disbursements in Quickbooks. The recordkeeping staff was not aware of the duplication.

Lack of adequate disbursement documentation reduces assurance that purchases were made in accordance with BOE policy and procedures. The risk of insolvency and fraud is present when appropriate approval is not obtained prior to purchase and expenditures are not adequately documented. Funds are also expended unnecessarily when sales taxes are paid on sales tax exempt school purchases. Verifying disbursement details is challenging when unique records such as check numbers are duplicated.

Recommendation: The principal and recordkeeping staff must perform the following to improve the administration of disbursements:

- a) School staff must provide supporting documentation to the recordkeeping staff upon receipt. The recordkeeping staff must thoroughly review supporting documentation submitted with SFEFs to ensure receipts or invoices are always provided.
- b) The recordkeeping staff must review the status of impacted accounts noted on the SFEF within SFO to ensure solvency and to enter the "funds available" on the SFEF. The principal must ensure this section is completed to facilitate informed fiscal decisions.
- c) The principal should ensure that staff members are reminded to provide the SFEF for approval and obtain the sales tax exempt certificate for all school purchases.

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- d) The recordkeeping staff should be attentive to the check sequence to ensure there is no duplication.

2018.03: Administration of Voided Checks

The following exceptions relative to administration of voided checks were noted:

- a) *Voided Checks Not Mutilated* - There were 2 instances where voided checks did not have the signature lines removed. *(This condition was also noted in the previous audit as of March 31, 2012.)*
- b) *Voided Checks Unable to Locate* - There were 26 instances where voided checks proof sheets could not be located. The voided checks could not be located in 4 of these instances.

The 2008 School Accounting Manual Section 4.5.3 on *Cash Disbursements, Voiding Checks*, provides the following guidelines regarding the administration of checks, “when voiding a check, the physical check must still be accounted for. The word “VOID” is required to be 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. A SFEF or Void Check proof Sheet should also be completed and approved by the principal, noting the check was voided.”

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 recordkeeping staff printed some VCPS but was unaware of the principal’s signature requirement. Reportedly, VCPS and voided checks that were misplaced and voided checks that did not have the signature lines removed was an oversight. The staff responsible for administration of the SAF did not consistently follow the policies and procedures specified by the BOE regarding administration of checks. Inappropriate administration of checks exposes the school to check fraud, waste, and abuse of its resources. Failure to properly void checks could result in unauthorized check use and negotiation.

Recommendation: The recordkeeping staff should contact the Accounting and Financial Reporting Office and reference the APM in instances where she is uncertain of the BOE policies and procedures pertaining to voided checks to ensure that all financial records are maintained in an organized manner and available for auditor review.

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2018.04: Financial Reporting

The following exceptions relative to financial reporting were noted:

- a) ***Financial Reports Not Completed Timely*** - There were **9** instances during the audit period where monthly financial reports were not completed timely by the recordkeeping staff. Monthly financial reports were prepared between 1 and 9 days after the required date.
- b) ***Insolvency Report Not Properly Completed*** - The recordkeeping staff did not accurately complete the *Insolvency Report* during the audit period. The amount of unpaid bills were consistently indicated as \$0, without preparation of the Unpaid Bills Determination Spreadsheet.
- c) ***Absence of a Third Check Signatory*** - The principal has not identified a third check signatory for the school's bank account. ***(This condition was also noted in the previous audit as of March 31, 2012.)***
- d) ***Principal Sponsored Activities (PSA) Transfers Incomplete*** - Journal entry transfers from school wide fundraisers and faculty vending to the PSA fund account were not performed during FY 2015 and FY 2016.
- e) ***Inadequate Approval Documentation for Transfers***- There were **25** instances where Transfer Journal Entry Proof Sheets were not documented as evidence that transfers were approved by the principal. There were **2** instances where Fund Transfer Journal Entry Proof Sheets located did not contain the principal's approval.

The APM provides the following guidance pertaining to SAF financial reporting:

- a) The principal is responsible for receiving the bank statement unopened. After reviewing the statement and cancelled checks, the principal is required to forward the documents to the recordkeeping staff for reconciliation. The reconciliation should be completed by the recordkeeping staff within 7 days of receiving the statement from the bank. The monthly financial reporting process is required to be completed by the 15th day of each month and presented to the principal for review.
- b) Section 5.2, *Financial Reporting Requirements*, states that the Insolvency Report should be completed monthly and requires the recordkeeping staff to record data to calculate the school's solvency. The recordkeeping staff must manually calculate the value of unpaid bills that existed at the end of each reporting period for both restricted and unrestricted funds to complete the report.

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- c) Three individuals should be designated as check signers on the account and are listed on the bank "Signature Card". The two standard check signers should be the school Principal and Recordkeeping staff/Secretary. The third alternate check signer must be a Vice Principal or other school administrator.
- d) Section 9.6, *Principal-Sponsored Activities (PSA) for Staff*, discretionary expenditures incurred by the principal on behalf of school staff are grouped in the accounting category "Principal-Sponsored Activities." These activities must be of a professional nature that enhances staff members' job performance. Expenditures for authorized principal-sponsored activities are restricted to the funds available from the sources named below. If the PSA account has a deficit, faculty spending must be cease until the existing PSA deficit is resolved. (1) One hundred percent (100%) of vending commission from machines located in the staff lounge; (2) Twenty-five percent (25%) of vending commissions from student-accessed machines up to the first \$50,000 and then 10% of any amount exceeding \$50,000. These percentages do not apply to sponsorships or signing bonuses that vending companies may offer; (3) Fifteen percent (15%) of school-wide fundraiser profits, including picture commissions; (4) Up to twenty-five (25%) percent of senior class residual funds.
- e) Section 4.5.4.2 *Transfers Between Restricted and Unrestricted Net Accounts* states, transfers between restricted accounts are only authorized if reviewed and approved by the Principal.

The recordkeeping staff stated that financial reports were prepared late due to competing responsibilities in the main office resulting from an unstaffed position (school nurse). The recordkeeping staff did not have a clear understanding on how to complete the Unpaid Bills Determination Spreadsheet. The third signer transferred from the school and the principal did not identify a replacement. The recordkeeping staff generally ensures that all transfers are made by the end of the quarter. Transfers were not made into PSA was the result of an oversight. The recordkeeping staff also was unaware that Fund Transfer Journal Entry Proof Sheets were required to be approved and maintained.

Delinquent reporting and inaccurate transaction details impacts the timeliness and reliability of information used in the decision-making process. The principal's ability to promptly verify the school's solvency status and identify individual transactions may be impacted. Failure to complete the Unpaid Bills Determination Spreadsheet can affect the school's solvency calculation on a monthly basis. Additionally, the principal and recordkeeping staff may be less aware of open invoices which can lead to untimely payments and or interest and penalties. The opportunity for fraud is increased when transfers are performed without principal approval.

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Recommendation: The principal and recordkeeping staff must perform the following to improve financial reporting:

- a) The recordkeeping staff should inform the principal when she does not have sufficient time to complete the monthly financial reports. The principal should re-evaluate the recordkeeping staff's work load to ensure that the required responsibilities relative to SAF administration are prioritized. The principal should hold the recordkeeping staff accountable for timely report submission. The principal and recordkeeping staff should use the school's online banking option to more promptly initiate the reconciliation process.
- b) The principal and recordkeeping staff should collaboratively review open invoices during the monthly financial reporting process to ensure the Unpaid Bills Determination Spreadsheet is completed properly.
- c) The principal should immediately identify a third signer to be added to the bank account.
- d) The principal should ensure allocations due to the PSA fund account are determined and applicable transfers are performed during the review of the monthly financial report. The recordkeeping staff should contact the Accounting and Financial Reporting Office for assistance in ensuring the accurate allocations from FY 2015 and FY 2016 are performed.
- e) The recordkeeping staff should consult with the Accounting and Financial Reporting Office in the instance she is unsure of which records are to be retained.

2018.05: Fundraiser Forms

The Fundraiser Request and Authorization Form, Fundraiser Completion Form, and Annual Fundraiser Report were not completed for fundraisers held during the audit period. *(This condition was also noted in the previous audit as of March 31, 2012.)*

Administrative Procedure 5135.1, *Fund Raising* requires the completion of Fundraiser Request and Authorization Forms, the Fundraiser Completion Form and the Annual Fund Raising Summary Report for fundraising events held by schools.

The recordkeeping staff misunderstood which fundraisers required completion of the required fundraiser forms. Financial records are not complete and profit/loss ratio of fundraisers conducted could not be determined. The school is not in compliance with the Administrative Policy 5135.1 regarding administration of fundraising events.

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Recommendation: The recordkeeping staff should read the APM to be familiar with the requirements for completion of the fundraiser forms. The principal should re-evaluate the recordkeeping staff's work load to ensure that the required responsibilities relative to SAF administration are prioritized.

2018.06: Drop Safe Not on Premises/Blank Checks Not Safeguarded

The school does not have a drop safe onsite. The safe currently at the school is locked in a vault and does not permit staff to drop funds in the recordkeeping staff's absence. All of the school's blank checks are not being safeguarded in accordance with the APM. Blank checks were maintained in the safe in the locked vault or in the recordkeeping staff's desk drawer.

According to the APM Section 4.5.2.2, *Cash Receipts Procedures*, depository (drop) safes are required for every school. The safe should be bolted to the floor and placed in a location accessible to staff which will facilitate remitting funds in the recordkeeping staff's absence. Exhibit B: *Staff Responsibility for School Activity Funds* states that the recordkeeping staff/financial secretary is responsible for safeguarding the blank check stock.

According to the recordkeeping staff she was unaware that a drop safe was required at the school. Blank checks were not maintained in a drop safe in accordance with the APM because the recordkeeping staff wanted the blank checks stock to be in close proximity to her working area. Inadequate safeguarding of funds increases the potential for loss and unauthorized access to funds.

Recommendation: The principal should purchase a drop safe to be installed onsite in accordance with the requirements of the APM. A log should accompany the drop safe to alert the recordkeeping staff of details when funds are dropped in the safe. The blank check stock must be maintained in the safe.

2018.07: Administration of Vending Contracts

The school does not have a copy of the current vending contract for the 2 vending machines located at the school.

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. Additionally, 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."

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The vendor maintained the signed copy of the current contract and the recordkeeping staff did not maintain a copy in the school records. Failure to have a formal contract in place constitutes non-compliance with BOE policies and procedures. There is an increased risk of inadequate maintenance of the vending machines and insufficient commission revenue without a formal agreement with the vending company.

Recommendation: The recordkeeping staff and principal should review the APM to become familiar with the requirements of school contracts and specific policies and procedures pertaining to the administration of vending machines. The principal must ensure that a current vending machine contract is obtained, renewed annually, and maintained on file in compliance with BOE policies and procedures.

2018.08: Restricted Account Deficits

The following restricted accounts contained deficits which aggregated to **(\$3,035.09)** as of March 31, 2018.

<u>Account #</u>	<u>Account Description</u>	<u>Amount</u>
310.70	Kindergarten Account	(\$3.36)
420.20	2 nd Grade FT	(\$398.90)
450.50	PSA- Transfers In	(\$2,632.83)
	Total	(\$3,035.09)

According to the APM, the principal as the fiduciary agent for SAF, should ensure all accounts are solvent at all times.

The principal inherited deficits in principal sponsored activities (PSA) fund accounts from his predecessor. The sponsor of a second grade field trip did not collect adequate funds to cover field trip expenses. Disbursements for restricted activities were continued despite insufficient funds in the respective restricted fund accounts.

SAF is not used efficiently when overspending occurs in restricted accounts. Students are not receiving maximum benefit from funds that should be available to them. *(This condition was also noted in the previous audit as of March 31, 2012.)*

Recommendation: The principal should work towards elimination of the restricted fund account deficits by discontinuing expenditures from those accounts until the deficits are resolved. The recordkeeping staff should consult with the Accounting and Financial Reporting Office for advice on clearing the deficits.

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STATUS OF PRIOR AUDIT FINDINGS

The previous audit report for James McHenry Elementary School was issued for the period ended March 31, 2012. During that period, the recordkeeping staff was in her current position. The current principal's tenure began in July 2017. The following findings were noted as a result of that audit and the current status is indicated below.

- **Missing Funds/Petty Cash Diversion** - Control appears to be working.
- **Delinquent Deposits and Generic Deposit Slips**- Condition still exists. See **2018.01** regarding *Mismanagement of Funds Received*.
- **Lack of Monetary Transmittal Forms (MTF) Documentation and/or Retention of MTFs** – Condition still exists. See **2018.01** regarding *Mismanagement of Funds Received*.
- **Principal Sponsored Activity Account Deficit (PSA)** - Condition still exists. See **2018.08** regarding *Restricted Account Deficits*.
- **Lack of Segregation of Duties/Checks Issued with Single Authorized Signature** – Control appears to be working.
- **Gift Cards Purchased** – Control appears to be working.
- **Lack of Expenditure Documentation/Overpayments** – Condition partially exists. See **2018.02** regarding *Mismanagement of Disbursements*.
- **Failure to Pay for Services Rendered Using the BOE Oracle System**– Controls appear to be working.
- **Transactions Posted Incorrectly** – Control appears to be working.
- **Failure to Ensure Vendors were added to the Oracle Financial System**– Controls appear to be working.
- **Sales Taxes not Remitted to the State of Maryland**– See **2018.01** regarding *Mismanagement of Funds Received*.
- **Sales Taxes Reimbursed and/or Paid on Items Purchased** - Condition still exists. See **2018.02** regarding *Mismanagement of Disbursements*.

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- **Some Voided Checks were not Entered into the QuickBooks Financial System and/or Voided Properly** – See **2018.03** regarding *Administration of Voided Checks*.
- **Property Inventory Listing not Updated for Purchases** – Controls appear to be working.
- **Failure to Complete Fund Raising Documentation** – Condition still exists. See **2018.05** regarding *Fundraiser Forms*.

ACKNOWLEDGEMENT

We would like to thank the principal and staff of James McHenry Elementary School for their cooperation and assistance during the audit.