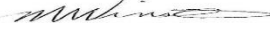


April 7, 2021

**MEMORANDUM**

To: Denise Greene, Ed. D., Instructional Director  
Cluster 5, Area 1

Amanda Smith, Principal  
Chapel Forge Early Childhood Center

From: Michele Winston, CPA, Director   
Internal Audit

Re: Student Activity Funds Financial Audit as of February 28, 2021

An audit of the financial records for **Chapel Forge Early Childhood Center** was completed for the period July 1, 2016 through February 28, 2021. The audit indicates the school's financial records and procedures require improvement to be in accordance with the Accounting Procedures Manual for School Activity Funds (APM) and Board of Education (BOE) policies and procedures. The exceptions noted are included in the attached report.

As the principal of the school, you will be responsible for preparing an action plan by **May 07, 2021**, 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, email address: [internal.audit@pgcps.org](mailto:internal.audit@pgcps.org). A copy of the action plan should be forwarded to Danyelle Washington, Business Analyst, email address: [dany.washington@pgcps.org](mailto:dany.washington@pgcps.org); Deborah Smalls, Business Operations Technician, email address: [deborah.smalls@pgcps.org](mailto:deborah.smalls@pgcps.org); Joeday Newsom, Esq., Ethics Compliance Officer, email address: [joeday.newsom@pgcps.org](mailto:joeday.newsom@pgcps.org) and Katrina Green, School Activity Funds Support Specialist, email address: [katrina.greene@pgcps.org](mailto:katrina.greene@pgcps.org)

cc:

Juanita Miller, Ed. D., Board Chair  
Monica Goldson, Ed. D., Chief Executive Officer of Schools  
Members, Board of Education  
Michael Herbstman, Chief Financial Officer  
J. Michael Dougherty, Director, Financial Service  
Helen Coley, Ed. D., Chief, School Support and Leadership  
Kassandra Lassiter, Ed. D., Associate Superintendent, Area 1  
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Robin Welsh, Director of Monitoring, Accountability and Compliance  
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Janice Walters-Semple, CPA, Supervisor Internal Audit  
Alicia Robinson, Internal Auditor II

Internal Audit Report  
Chapel Forge Early Childhood Center  
Student Activity Funds

**For the Period Ended February 28, 2021**

**Chapel Forge Early Childhood Center  
School Activity Funds  
Internal Audit Report  
For Period Ended February 28, 2021**

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**Chapel Forge Early Childhood Center  
School Activity Funds  
Internal Audit Report  
For Period Ended February 28, 2021**

**Internal Auditor's Report**

We have examined the Student Activity Funds (SAF) of Chapel Forge Early Childhood Center for the period July 1, 2016 to February 28, 2021. Chapel Forge Early Childhood Center'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 Generally Accepted Government Auditing Standards and accordingly, included examining on a test basis, evidence supporting SAF, and performing such other procedures, as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Our examination disclosed the following findings:

- *Delinquent Reimbursements;*
- *Transactions Not Properly Posted; and*
- *Non-Approved Vendor*

The findings 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, the SAF referred to above, requires improvement to achieve compliance with BOE policies and procedures and the APM, in all material respects, for the period ended February 28, 2021.



Michele Winston, CPA  
Director, Internal Audit

**Chapel Forge Early Childhood Center  
School Activity Funds  
Internal Audit Report  
For Period Ended February 28, 2021**

**SUMMARY**

The Internal Audit Department completed an audit of the school activity funds (SAF) for Chapel Forge Early Childhood Center for the period July 1, 2016 to February 28, 2021. This audit was conducted as part of the annual audit plan. This audit report includes **3** findings that occurred under the leadership of the former principal. A listing of the findings and the personnel responsible are included in the appendix at the end of the audit report. 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, voided checks and Monetary Transmittal Form (MTF) envelopes submitted for the period July 1, 2016 to February 28, 2021. Also, available receipts, disbursements and supporting documentation were reviewed for the said period. This is an audit of funds related to students' activities at the school and does not include SOR funds or any funds not derived from students' activities for the audit period.

**Chapel Forge Early Childhood Center  
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Internal Audit Report  
For Period Ended February 28, 2021**

**FINDINGS AND RECOMMENDATIONS**

The audit resulted in the following findings and recommendations:

**2021.01 Delinquent Reimbursements**

There were at least **6** instances where reimbursements were not processed timely. The delinquency ranged from **3** to **34** days.

The APM section 4.5.3.1 (2) *Cash Disbursement Inclusion of Supporting Documentation* requires that all invoices and/or reimbursements are paid within 30 days of receipt or by the due date.

Staff failed to ensure that receipts for purchases made on behalf of the school were submitted timely to the recordkeeping staff. Staff were not aware that reimbursements should be made within 30 days of the purchase. Internal controls are compromised and financial records are distorted when expenditures are not reported timely.

**Recommendations:** The recordkeeping staff should review the APM to become familiar with the requirements for ensuring timely processing of payments. Staff members must be advised that reimbursement requests should be submitted timely for payment in compliance with the APM.

**2021.02 Transactions Not Properly Posted**

There were at least **3** instances where funds were not posted to the correct fund account.

- Check #11914 for \$127.96 was issued for reimbursement of pre-school snacks. The payment was posted to *Unrestricted Student Pictures* instead of *Unrestricted Special Events*.
- Check #11916 for \$131.83 was issued for reimbursement of student uniform clothing. The check was posted to *Principal Sponsored Activity (PSA) - Clothing* instead of *Unrestricted Student Welfare*.
- Check #11921 for \$721.10 was written to the Board of Education to replenish the school's operating field trip budget. The check was posted to *Unrestricted Fall Fundraiser* instead of the *Unrestricted Special Events* in the third instance.

The APM section 3.2.2 *Ownership, Bookkeepers/Financial Secretaries* requires the bookkeeper or the financial secretary to accurately record and report the school's financial

**Chapel Forge Early Childhood Center  
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transactions. Also, the APM section 4.3.2 *Fund Account Procedures* states transactions should be recorded in the most specific account related to the activity.

The recordkeeping staff indicated that she inadvertently posted 2 of the 3 checks incorrectly due to distractions in the front office. The recordkeeping staff expressed desire to have a personal office location for completing financial tasks. Also, the recordkeeping staff explained that the principal approved the purchase of uniforms for the students and was unaware that the *PSA - Clothing* account was only for staff related activities.

Financial records are distorted when receipts and disbursements are not posted accurately. Misclassified transactions impact the accuracy of the financial reporting and the principal's ability to make fiscally responsible decisions.

**Recommendations:** Due care should be exercised when recording transactions to ensure correct posting and accurate financial reporting. The principal should complete periodic reviews of receipts and disbursements to ensure transactions are posted accurately. Provision should be made to ensure that adequate resources are provided to the recordkeeping staff to help support posting of financial transactions to the most specific fund account.

**2021.03 Non-Approved Vendor**

There were at least **2** instances where the school contracted photography services with an inactive vendor. Photography services was contracted for school years 2018-2019 and 2019-2020. The vendor has been inactive since May 1, 2017.

Bulletin S-8-09 *Payments from Student Activity Funds for Vendors and Individuals* requires all vendors that provide goods or services to schools and offices to be added to the Oracle Financial System as approved/active vendors prior to conducting business with them.

The recordkeeping staff and the principal staff did not consult with Purchasing and Supply Services to ensure that the vendor was approved for conducting business with the BOE prior to entering into the contract. Contracting with unapproved vendors presents a risk to the BOE that requirements for PGCPS authorized vendors will not be met.

**Recommendations:** The principal and recordkeeping staff should ensure, prior to contracting for services, that **all** vendors have been approved as evidenced by inclusion in the Oracle Financial System. The practice of conducting business with unapproved vendors should be discontinued.

**Chapel Forge Early Childhood Center  
School Activity Funds  
Internal Audit Report  
For Period Ended February 28, 2021**

**STATUS OF PRIOR AUDIT FINDINGS**

The previous audit report for Chapel Forge Early Childhood Center was issued for the period ended September 30, 2014. There were **5** findings indicated in that audit and none are repeated. The current principal was not assigned to the school. The current recordkeeping staff was assigned to the school. The current principal began her tenure in November 2020. The **5** findings are noted as a result of that audit and are listed below:

- **Delinquent Deposits** – Controls appear to be working.
- **Failure to Separate Cash Management Duties** - Controls appear to be working.
- **Failure to Complete Fundraiser Forms** – Controls appear to be working.
- **Vending Machine Contract** – Controls appear to be working.
- **Sale of Raffle Tickets** - Controls appear to be working.

**ACKNOWLEDGEMENT**

We would like to thank the principal and staff of Chapel Forge Early Childhood Center for their cooperation and assistance extended during the audit.



**Prince George's County Public Schools**  
**Internal Audit Department**  
**School/Office: Chapel Forge ECC**  
**Response Date May 07, 2021**

	<b>Findings</b>	<b>Recommendations</b>	<b>Concur Non- Concur Partially Concur</b>	<b>Action Plan</b>	<b>Corrective Action Date</b>	<b>Status Implemented Partially Implemented Not Implemented</b>
1.	<b><u>2021.01 Delinquent Reimbursements</u></b>	The recordkeeping staff should review the APM to become familiar with the requirements for ensuring timely processing of payments. Staff members must be advised that reimbursement requests should be submitted timely for payment in compliance with the APM.	Concur	Amanda Smith, Principal and Principal Secretary, Mrs. Peggie McDaniel determined the following: <ul style="list-style-type: none"> <li>1. Staff Reimbursement Expenditure form would be completed prior to reimbursement</li> <li>2. Reimbursements would be given within the 30 day time period of reimbursement approval by principal</li> </ul>	3/15/2021	Partially implemented
2.	<b><u>2021.02: Transactions Not Properly Posted</u></b>	Due care should be exercised when recording transactions to ensure correct posting and accurate financial reporting. The principal should complete periodic reviews of receipts and disbursements to ensure transactions are posted accurately. Provision should be made to ensure that adequate resources are provided to the recordkeeping staff to help support posting of financial transactions to the most specific fund account.	Concur	Amanda Smith, Principal will completely quarterly reviews of receipts and disbursements to ensure transactions are posted accurately.  Amanda smith, Principal and Peggie McDaniel, Principal Secretary will continue to have monthly meetings	3/15/2021	Implemented

Principal Signature

*Amanda Smith*

Date

*4/23/2021*

Purpose: To document the Principal's SAF audit action plan response  
Source; Amanda Smith, Principal, Chapel Forge ECC

				to review monthly report and verify expenditures.		
3.	<b><u>2021:03 Non-Approved Vendor</u></b>	The principal and recordkeeping staff should ensure, prior to contracting for services, that all vendors have been approved as evidenced by inclusion in the Oracle Financial System. The practice of conducting business with unapproved vendors should be discontinued.	Concur	All practices with non-approved vendors has been discontinued by Chapel Forge ECC.  All approved vendor contracts have been updated signed by Amanda Smith, Principal.	3/15/2021	Implemented

Principal Signature \_\_\_\_\_

Date \_\_\_\_\_