

November 18, 2021

MEMORANDUM

To: Elizabeth Saunders, Instructional Director
Cluster 12

Tenika Fryson, Ed. D., Principal
Chesapeake Math & IT Academy North Elementary Public Charter School

From: Michele Winston, CPA, Director 
Internal Audit

Re: Student Activity Funds Financial Audit as of September 30, 2021

An audit of the financial records of **Chesapeake Math & IT Academy North Elementary Public Charter School** was completed for the period December 1, 2020 through September 30, 2021. The audit indicates that the school's financial records and procedures require minimal 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 **December 20, 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. A copy of the action plan should be forwarded to Danyelle Washington, Business Analyst, email address: dany.washington@pgcps.org; Katrina Greene, School Activity Funds Support Specialist, email address: katrina.greene@pgcps.org and Joeday Newsom, Esq., Ethics Compliance Officer, email address: joeday.newsom@pgcps.org.

cc: Juanita Miller, Ed. D., Board Chair
Monica Goldson, Ed. D., Chief Executive Officer
Members, Board of Education
Mychael Dickerson, Chief of Staff
Michael Herbtzman, Chief Financial Officer
J. Michael Dougherty, Director, Financial Services
Helen Coley, Ed. D., Chief, School Support and Leadership
Loretta White-Khaalid, Charter School Liason
Joeday Newsom, Esq., Ethics Compliance Officer
Robin Welsh, Director of Monitoring, Accountability and Compliance
Janice Walters-Semple, CPA, Supervisor, Internal Audit
Benjamin Hanks, Internal Auditor II

Internal Audit Report

CMIT Academy North Elementary
Public Charter School
School Activity Funds

For the Period Ended September 30, 2021

**CMIT Academy North Elementary
Public Charter School
School Activity Funds
Internal Audit Report
For Period Ended September 30, 2021**

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**CMIT Academy North Elementary
Public Charter School
School Activity Funds
Internal Audit Report
For Period Ended September 30, 2021**

Internal Auditor's Report

We have examined the Student Activity Funds (SAF) of CMIT Academy North Elementary Public Charter School for the period December 1, 2020 to September 30, 2021. CMIT Academy North Elementary Public Charter 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 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 a single finding: *Administration of Sales Tax*.

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, except for the finding noted above, the SAF referred to above has been administered in compliance with BOE policies and procedures and the APM, in all material respects, for the period ended September 30, 2021.



Michele Winston, CPA
Director, Internal Audit

**CMIT Academy North Elementary
Public Charter School
School Activity Funds
Internal Audit Report
For Period Ended September 30, 2021**

SUMMARY

Internal Audit completed an audit of the student activity funds (SAF) for CMIT North Elementary Public Charter School for the period December 1, 2020 to September 30, 2021. The audit was conducted as part of the annual audit plan.

Significant improvement in accounting for student activity funds was noted during this audit as all previously report audit deficiencies were corrected. This current audit indicated that the school's financial records and procedures require minimal improvement to be in accordance with the Accounting Procedures Manual (APM) for School Activity Funds and Board of Education (BOE) policies and procedures.

This audit report includes 1 finding that occurred under the leadership of the current principal. The finding and the personnel responsible are included in the appendix at the end of the audit report. The detailed finding from the current audit is cited on the following page with an accompanying recommendation 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 examination of selected bank statements, financial reports, cancelled checks, all voided checks and Monetary Transmittal Form (MTF) envelopes submitted for the period December 1, 2020 to September 30, 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.

**CMIT Academy North Elementary
Public Charter School
School Activity Funds
Internal Audit Report
For Period Ended September 30, 2021**

FINDING AND RECOMMENDATION

The audit resulted in the following finding and recommendation:

2022.01 Administration of Sales Tax

There was **1** instance where sales tax amounts were incorrectly calculated. Yearbook sales for the period 12/01/2020 through 9/30/2021 totaled \$738.87, resulting in a 6% sales tax of \$44.33. However, the amount transferred from the yearbook account for sales tax totaled \$90.14. The incorrect calculations were included in 3 fund transfers: \$56.15 on 4/16/2021, \$17.73 on 6/22/2021, and \$16.26 on 6/30/2021.

According to APM Section 8.3 *Sales Tax*, yearbook sales are subject to a 6% Maryland sales tax when not sold as a fundraiser.

Recordkeeping staff did not calculate the sales tax amounts in a timely manner and erroneously doubled the sales tax rate.

Improper calculation of sales tax has resulted in excessive remittance of sales tax to the state of Maryland. This practice could impact the availability of the full amount of resources available to students.

Recommendations: The recordkeeping staff should ensure that the appropriate sales tax rate is used when calculating the amount of sales tax due to the State of Maryland. The principal must hold the recordkeeping staff accountable for ensuring the accuracy of financial transactions.

STATUS OF PRIOR AUDIT FINDINGS

The previous audit report for CMIT North Elementary Public Charter School was issued for the period ended November 30, 2020. The current principal was on staff during that audit; the current recordkeeping staff was also on staff during that audit. There were **6** findings noted as a result of that audit and none is repeated in this audit. The status of the previous audit findings is summarized below.

- **Mismanagement of Disbursements** – Condition was not noted during this audit.

- **Remittance Documentation Discrepancies** – Condition was not noted during this audit.

**CMIT Academy North Elementary
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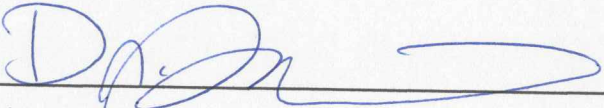
- **Mismanagement of Monthly Reporting** – Condition was not noted during this audit.
- **Mismanagement of Journal Entries** – Condition was not noted during this audit.
- **Fundraiser Forms Not Completed** – Condition was not noted during this audit.
- **Voided Checks Not Properly Administered** – Condition was not noted during this audit.

ACKNOWLEDGEMENT

We would like to thank the principal and staff of CMIT Academy North Elementary Public Charter School for their cooperation and assistance extended during the audit.

Prince George's County Public Schools
Internal Audit Department
School/Office: CMIT Academy North ES PCS
Response Date December 20, 2021

	Findings	Recommendations	Concur Non-Conc ur Partially Concur	Action Plan	Corrective Action Date	Status Implemented Partially Implemented Not Implemented
1.	<u>2022.01</u> <u>Administration of</u> <u>Sales Tax</u>	The recordkeeping staff should ensure that the appropriate sales tax rate is used when calculating the amount of sales tax due to the State of Maryland. The principal must hold the recordkeeping staff accountable for ensuring the accuracy of financial transactions.	Concur	A meeting was held with the bookkeeper to review the SAF manual and specifically the procedures specified in Administrative Procedure 5137. The bookkeeper will double check her calculations when calculating the 6% sales tax. Also, the bookkeeper will use the trimester reports from the Student Activity Funds Support Specialist as a secondary tool to ensure her calculations are correct.	12/1/2021	Implemented

Principal Signature 
Date 12/1/2021