



March 4, 2022

MEMORANDUM

To: Maria Smith, Ed. D. Instructional Director
Cluster 13

Reginald McNeill, Principal
Eleanor Roosevelt High School

From: Michele Winston, CPA, Director
Internal Audit

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

An audit of the financial records of **Eleanor Roosevelt High School** was completed for the period July 1, 2019 through November 30, 2021. The audit indicates that the school's financial records and procedures require significant 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 **April 4, 2022** 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 Fund 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 of Schools
Members, Board of Education
Mychael Dickerson, Chief of Staff
Michael Herbtsman, Chief Financial Officer
J. Michael Dougherty, Director, Financial Services
Helen Coley, Ed. D., Chief, School Support and Leadership
Carletta Marrow, Ed. D., Associate Superintendent for High Schools
Jeffrey Carpenter, Director, Employee Labor Relations
Joeday Newsom, Esq., Ethics Compliance Officer
Robin Welsh, Director of Monitoring, Accountability and Compliance
Katrina Greene, School Activity Fund Support Specialist
Janice Walters-Semple, CPA, Supervisor Internal Audit
Alicia Robinson, Internal Auditor II

Internal Audit Report

Eleanor Roosevelt High School School Activity Funds

For the Period Ended November 30, 2021

**Eleanor Roosevelt High School
School Activity Funds
Internal Audit Report
For Period Ended November 30, 2021**

Table of Contents

| | |
|--------------------------------------|----|
| INTERNAL AUDITOR’S REPORT..... | 2 |
| SUMMARY | 3 |
| OBJECTIVES..... | 3 |
| SCOPE | 3 |
| FINDINGS AND RECOMMENDATIONS..... | 4 |
| STATUS OF PRIOR AUDIT FINDINGS | 18 |
| ACKNOWLEDGEMENT | 18 |

**Eleanor Roosevelt High School
School Activity Funds
Internal Audit Report
For Period Ended November 30, 2021**

Internal Auditor's Report

We have examined the School Activity Funds (SAF) of Eleanor Roosevelt High School for the period July 1, 2019 to November 30, 2021. Eleanor Roosevelt 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 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:

- *Missing Funds*
- *Records Management*
- *Mismanagement of Funds Received*
- *Mismanagement of Disbursements*
- *Financial Reporting Non-Compliance*
- *Restricted Fund Account Deficits*
- *Administration of Voided Checks*
- *Year-End Monetary Transmittal Form Procedures not Followed*
- *Fundraiser Reports Not Completed*
- *Improvement Needed in Management Oversight*

This finding 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, has been administered in compliance with BOE policies and procedures and the APM, in all material respects, for the period ended November 30, 2021.



Michele Winston, CPA
Director, Internal Audit

**Eleanor Roosevelt High School
School Activity Funds
Internal Audit Report
For Period Ended November 30, 2021**

SUMMARY

An audit of the school activity funds (SAF) for Eleanor Roosevelt High School was conducted for the period July 1, 2019 to November 30, 2021. The audit was conducted 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 (APM) for School Activity Funds and Board of Education (BOE) policies and procedures.

This audit report includes **10** findings that occurred under the leadership of the current principal. A listing of the findings and the personnel responsible are included in the appendix at the end of the audit report. In addition, 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 July 1, 2019 to November 30, 2021. Also, available receipts, disbursements and supporting documentation were reviewed for the said period. There were several records that were not made available for the audit (See 2022.02 Records Management).

This is an audit of funds related to students' activities at the school and does not include school operating resource (SOR) funds or any funds not derived from students' activities for the audit period.

**Eleanor Roosevelt High School
School Activity Funds
Internal Audit Report
For Period Ended November 30, 2021**

FINDINGS AND RECOMMENDATIONS

The audit resulted in the following findings and recommendations:

2022.01 Missing Funds

There were at least **28** instances where funds totaling **\$22,820.08** as documented on MTFs could not be verified as being deposited. Funds from 6 MTFs were partially deposited while Funds from 22 MTFs were not deposited at all. Missing funds impacted **13** restricted clubs/organizations fund accounts. The date range of collection is October 2019 through June 2020. Staff members indicated that they were not aware that all of the funds were not deposited.

The following documents the monetary description of funds missing:

| | |
|--------------------|--------------------|
| Currency: | \$17,595.08 |
| Money Order: | \$ 225.00 |
| <u>Checks (4):</u> | <u>\$ 5,000.00</u> |
| Total: | \$22,820.08 |

According to the APM, the bookkeeper is responsible for accurately recording, reporting the school's financial transactions, and being a good custodian of funds. "Bookkeepers must make deposits at least every other day. No more than \$250.00 should be kept in the school overnight. It is important that the school establish internal controls to ensure frequent deposits occur and that schools avoid the risk of storing money in buildings over a weekend or holiday."

During a meeting held on January 27, 2022, the former recordkeeping staff was unable to explain why the noted funds were not deposited. The former recordkeeping staff provided the following statement to Internal Audit on February 2, 2022, "*Though I am sure there may be a reasonable explanation, I am perplexed and unable to provide clarity.*" She further indicated that funds were combined with other MTFs and incorrectly posted. The former recordkeeping staff identified 3 MTFs as being part of another deposit; however, the combination deposits could not be verified since FY 2020 deposit documentation could not be located.

Staff did not follow up with the former recordkeeping staff and/or review their designated accounts as sponsors to ensure that funds collected were deposited and posted to their respective accounts. According to the principal, club/organization sponsors complained

**Eleanor Roosevelt High School
School Activity Funds
Internal Audit Report
For Period Ended November 30, 2021**

about not having access to their accounts. Staff members also indicated that it took several months before they were provided any accounting of their funds.

Internal controls were circumvented by the former recordkeeping staff and several financial records were not retained to provide evidence of collection. Missing funds have resulted in the school's resources not being available for the benefit of students.

Recommendations: The principal should pursue restitution of **\$22,820.08** to the school. Employee Labor Relations should determine the appropriate disciplinary action against the former recordkeeping staff for inappropriate handling of the schools resources to include responsibility for restitution.

2022.02 Records Management

The following **185** instances of school's financial records could not be located (CNL) or were not accurately recorded to substantiate the transactions:

A. Missing Financial Documents

- ***Cash Receipts Records:*** There were at least **29** instances where cash receipts records including MTFs, deposit slips, and deposit summaries could not be located for review. (FY 2020: 26 & FY 2021: 4)
- ***Cash Disbursements Records:*** There were at least **10** instances where disbursement records including School Funds Expenditure Forms (SFEF), invoices, and canceled checks could not be located for review. (FY 2020: 5; FY 2021: 5)
- ***Voided Checks:*** There were at least **13** instances where voided checks could not be located. (FY 2020: 8; FY 2021: 5)
- ***End of Year MTFs:*** FY 2020 – **11** staff members did not submit end-of-year MTF envelopes, which included 43 MTF remittances (pink and yellow); FY 2021 – **3** staff members did not submit end-of-year MTF envelopes which included 14 MTF remittances (pink and yellow).

B. Documentation of Monetary Transmittal Form (Numbering)

- ***Monetary Transmittal Form Sequence:*** There were **7** instances where the former recordkeeping staff included an additional digit in the MTF numbering sequence when posting into School Funds Online (SFO).

**Eleanor Roosevelt High School
School Activity Funds
Internal Audit Report
For Period Ended November 30, 2021**

- ***Documentation of Monetary Transmittal Form Numbers in SFO:*** There were **5** instances where MTF numbers recorded in SFO did not correspond with the numbers documented on the MTFs.

- ***Checks Sequence:*** There were at least **69** instances where checks were issued out of sequence. There were also **38** instances where the former recordkeeping staff included an additional digit to check numbers recorded in SFO.

The APM section *6.12 Record Retention* indicates that all SAF records must be retained for a period of seven (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.

Also, the APM section *3.2.2 Bookkeepers/Financial Secretaries* indicates that the bookkeeper or financial secretary is responsible for accurately recording and reporting the school's financial transactions.

The APM *Exhibit B, Staff Responsibility for SAF Bookkeeper/Financial Secretary* indicates that the bookkeeper or financial secretary is to produce and maintain all required documents/reports in an organized fashion.

The APM also provides the following guideline for the documentation of collection records. Prior to departing the school at year-end, faculty and program managers are required to seal envelopes containing yellow and pink remittance copies of MTFs (with their signature over the seal) and submit them to the designated administrator. The bookkeeper will print the SFO "*Receiptee History*" Report and submit it to the designated administrator. This alerts the administrator, which MTF envelope packages to expect.

Financial records were not maintained in an organized manner. The former recordkeeping staff stated that all documents were left in a specific file cabinet. Prior to the arrival of the current recordkeeping staff, another staff member was assisting the principal and indicated that the records were not organized. The current recordkeeping staff stated that the SFEFs and checks were in a drawer, but were unorganized.

Due to the COVID-19 pandemic, staff members did not submit their FY 2020 MTF envelopes during closeout procedures; therefore, not all submitted some and/or all of their end-of-year MTFs. Even though there were MTFs listed in SFO for FY 2021, another office secretary denied completion of any MTFs. There were no deposit slips available on file for FY 2021.

**Eleanor Roosevelt High School
School Activity Funds
Internal Audit Report
For Period Ended November 30, 2021**

According to the former recordkeeping staff working remotely as a result of the pandemic impacted the ability to process checks in sequence because the remote printer spooled checks differently from the office printer. This caused checks to be printed on the incorrect check stub. As a result, SFO indicated that checks were already used when entered into

the accounting system. The former recordkeeping staff added an an extra digit in SFO closest to the check number to avoid duplicate check numbers.

Eventhough the current recordkeeping staff organized the records, the folders were not in specific check number or date order to expedite the audit.

The absence of an effective records management system impacts the retrieval and or accessibility of requested documentation. Additional time was spent in locating the required documents for the audit. Also, evidence for determining that internal controls for ensuring that all SAF policies and procedures were followed are removed when financial records are unavailable for review.

Recommendations: The following is recommended for the school's record to be maintained in an organized manner.

- A. The principal and recordkeeping staff should establish an adequate records management system that ensures all financial documents are maintained in an organized manner and made available for review upon request.
- B. The principal should implement a system that ensures consistent annual submission of end of year MTF envelopes.
- C. The principal should complete a periodic review of financial records to determine proper organization.
- D. The recordkeeping staff and school staff must be held accountable for compliance

2022.03 Mismanagement of Funds Received

There were at least **48** instances of non-compliance regarding the administration of funds received. The following indicates the issues of non-compliance:

- A. ***Delinquent Deposits:*** There were at least **14** instances where funds collected for various school activities were held by staff members and the former recordkeeping staff prior to deposit with the financial institution. The delinquent deposits range from 4 days to 424 days. ***This finding was noted during the previous audit period ended June 2019.***

**Eleanor Roosevelt High School
School Activity Funds
Internal Audit Report
For Period Ended November 30, 2021**

- B. ***Missing Deposit Documentation:*** There were at least **21** instances where validated deposit ticket and/or supporting documentation was not provided for funds received. ***This finding was noted during the previous audit period ended June 2019.***

- C. ***Segregation of Duties:*** There were at least **5** instances where the former recordkeeping staff processed deposits totaling \$57,620.86 and recorded the transactions in SFO. There was no supporting MTF located in these instances (***See finding 2022.02.***) ***This finding was noted during the previous audit period ended June 2019.***

- D. ***Monetary Transmittal Form Approval:*** There were at least **7** instances where the former recordkeeping staff did not sign the MTFs acknowledging receipt of funds.

- E. **Monetary Transmittal Form Log:** There was no MTF log maintained for FY 2021. The FY 2020 MTF log was incomplete - only 31 MTFs were listed on the FY 2020 MTF log.

The following criteria is established in the APM:

- A. The APM section 4.5.2.2 (1), (2) *Collecting Funds and Guidelines for Bank Deposits Completing the MTF*, and (3) *Preparing Bank Deposits*, 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.

- B. Staff should ensure that the documentation is accurately stated and totals the amount of funds remitted to the bookkeeper. The bookkeeper is also required to verify that the funds received matches the documentation attached to the MTF. Each MTF documentation should support the amount of funds remitted to the bookkeeper.

- C. The APM 2.2 *Exhibit A Internal Control Objectives and Principles, Segregation of Duties* states that no one person should ever be made solely responsible for maintaining records on resources that they have custody of, access to and/or authority over.

- D. After verification of funds, the bookkeeper should sign and date the MTF as an acknowledgement of receipts of funds.

- E. A MTF log is required to be maintained by the bookkeeper including a numerical list of the MTFs, the names of individuals and dates the forms were issued, the date of return to the bookkeeper and the total amount of the MTF.

**Eleanor Roosevelt High School
School Activity Funds
Internal Audit Report
For Period Ended November 30, 2021**

The following were the causes for the management of funds received non-compliance issues:

- A. The staff failed to remit funds timely to the former recordkeeping staff. The staff and former recordkeeping staff were not held accountable for timely remittance and deposit of funds.
- B. The staff and former recordkeeping staff failed to ensure that all MTFs remitted were supported by appropriate documentation substantiating funds received. In some instances, the MTF stated “*See attached*”, but there was no documentation attached.
- C. The former recordkeeping staff indicated that the funds collected (\$57,620.86) were only checks. The former recordkeeping staff acknowledged collecting and processed deposits but stated that the MTF approvals were performed by the office secretary. The office secretary disagreed with the former recordkeeping staff and stated that she never verified or signed MTFs that were prepared by the former recordkeeping staff.
- D. The FY 2021 MTF log was incomplete because school staff was working remotely for a period during the pandemic. According to the former recordkeeping staff, the FY 2020 log was left at the school with other financial records that could not be located for review.

The following are the effects of the of management of funds received non-compliance:

- A. Failure to remit funds timely constitutes a compromise of internal controls and increases the risk for embezzlement or loss of funds. Untimely deposits violate the school’s compliance with the APM.
- B. Inadequate supporting documentations affects the verification of funds. Verification of the source, amount and purpose of funds is impacted.
- C. Inadequate segregation of duties increases the potential for fraud to the school.
- D. Monitoring of collection is removed and the principal’s ability to hold staff members accountable when the MTF log is not adequately maintained. Further audit evidence is weakened in the absence of the compensating control.

**Eleanor Roosevelt High School
School Activity Funds
Internal Audit Report
For Period Ended November 30, 2021**

Recommendations: The following recommendations are suggested to help ensure that collections are properly managed:

- A. Staff members must be held accountable for remitting funds collected to the recordkeeping staff on a daily basis and the recordkeeping staff must be held accountable for depositing funds as required.
- B. The recordkeeping staff must ensure verification of source of funds and amount of funds. Adequate support must be attached to the MTF prior to acknowledging receipt of funds and approving the MTF.
- C. The principal should complete a periodic review of deposit documentation to ensure that **all** collections are processed as required. Funds received at the front office must be documented by staff other than recordkeeping staff and remitted to the recordkeeping staff to foster adequate segregation of duties.
- D. All MTFs should be processed as required. The recordkeeping staff must review each MTF and supporting documentation along with funds remitted. An approval signature must be affixed to the MTF as the final step verification.
- E. The recordkeeping staff should ensure that the MTF log is updated and maintained. The principal must perform periodic reviews to ensure compliance.

2020.04 Mismanagement of Disbursements

There were at least **61** instances of non-compliance regarding management of disbursements. The following indicates the instances of non-compliance:

- A. ***Inadequate Documentation:*** There were at least **8** instances where documentation to support disbursements were missing, incomplete and/or insufficient. ***This finding was noted during the previous audit period ended June 2019.***
- B. ***Inadequate Approval of Expenditures:*** There were at least **18** instances where purchases were not preapproved. The school funds expenditure forms (SFEF) did not include the principal's approval.
- C. ***Delinquent Payments and Reimbursements:*** There were at least **26** instances where payments and/or reimbursements were delinquent. The delinquency ranged from **3 to 870** days. Examples of the significant delinquencies included the following:

**Eleanor Roosevelt High School
School Activity Funds
Internal Audit Report
For Period Ended November 30, 2021**

- a. Vendor invoices dated January 2019 and February 2019 was not processed until June 2021, resulting in a delinquency of 870 days.
- b. A staff member made purchases in July 2019 and December 2019. Reimbursement for these purchases was issued on February 2020, resulting in delinquencies of 208 days and 52 days.
- c. Purchases were made on June 27, 2019, January 3, 2020 and January 16, 2020; however, vendor payments were not processed until May 2020, resulting in delinquencies of 291 days, 100 days, and 87 days respectively.

D. *Inappropriate Use of the Reimbursement and Refund Vendor Option in School Funds Online:* There were **2** instances where the former recordkeeping staff used the “*Refund/Reimbursement Vendor*” Option incorrectly when reimbursing staff for school-related purchases. The “*Reimbursement*” option was used to issue an advance for a field trip instead of using the “*Advance Vendor*” option. The “*Refund*” option was used to issue a reimbursement to a staff member for track fees paid instead of the “*Reimbursement Vendor*” Option. ***This finding was noted during the previous audit period ended June 2019.***

E. *Sales Taxes Paid and/or Reimbursed:* There were at least **3** instances where sales taxes of \$6.94, \$90.82, and \$275.04 were reimbursed to staff members for items purchased on behalf of the school. The principal received sales tax reimbursements in the 2 larger instances where educational materials for ESOL workshop and humidifiers were purchased. ***This finding was noted during the previous audit period ended June 2019.***

The following criteria is established in the APM and Administrative Procedures relative to disbursement of SAF:

- A. All checks must have itemized documentation attached to the SFEF that supports the amount of the school. Price quotes are not acceptable documentation.
- B. Prior to ordering or purchasing goods or services, a SFEF must be completed and signed by the principal. Schools and their SAF cannot be held liable for financial obligations made by staff if the individual fails to complete the form and obtain the appropriate supervisory approval signature.
- C. Invoices are required to be paid within 30 days of receipt or by the invoice due date.
- D. All checks must be written to an approved/active vendor through SFO. The only exceptions are for staff reimbursements and parent refunds. For checks reimbursing staff, the vendor is required to be entered into SFO as

**Eleanor Roosevelt High School
School Activity Funds
Internal Audit Report
For Period Ended November 30, 2021**

“*REIMBURSEMENT*” and for checks refunding a parent, the vendor is “*REFUND.*”

- E. *Sales Tax Procedures* requires that purchases made by the school and PGCPS are tax-exempt if used in the conduct of school business. The tax-exempt certificate should be provided to the vendor when making the school purchase. Sales tax will not be reimbursed if paid when purchasing items for education purposes.

The following summarizes the cause for the various deficiencies noted:

- A. Staff members and the former recordkeeping staff failed to ensure that sufficient supporting documentation was provided prior to processing disbursements.
- B. Staff members and the principal failed to ensure that pre-approval was provided prior to purchases made.
- C. Invoices were provided to staff members who did not submit them timely to the former recordkeeping staff for processing. Staff members did not initiate reimbursements in a timely manner but held onto store receipts until it was convenient. In addition, the disruption of schools during the COVID-19 pandemic contributed to delays in processing vendor payments.
- D. The former recordkeeping staff was not aware of the vendor options that are required when issuing refunds and reimbursements in SFO.
- E. The former recordkeeping staff was not diligent when issuing reimbursements that included sales tax.

Internal controls are compromised when disbursements are not adequately supported, approved or processed in a timely manner. Also failure to use the appropriate vendor options when processing payments or including sales tax in payments does not comply with the APM and may result in the use of unapproved vendors and use of resources that would be otherwise available to benefit the students.

Recommendations: The principal should establish the following procedures are implemented to ensure compliance with the APM requirements for funds disbursed:

- A. Staff members and the recordkeeping staff should be reminded that adequate documentation must be used to substantiate all checks issued. A careful review must be performed prior to processing checks.
- B. Staff members and recordkeeping staff should be reminded that all anticipated purchases must be preapproved prior to the purchase being made.

**Eleanor Roosevelt High School
School Activity Funds
Internal Audit Report
For Period Ended November 30, 2021**

- C. The staff members should be reminded of the importance of submitting invoices and reimbursement requests timely for payment. The recordkeeping staff should ensure that invoices and reimbursements requests are processed within 30 days or by the invoice due date.
- D. The recordkeeping staff should ensure that all refunds and reimbursements are issued per the APM.
- E. The sales tax-exempt certificate should be made available to staff members so that it can be presented to vendors when school-related purchases are made.
- F. The recordkeeping staff and staff members must be held accountable for ensuring the disbursements are processed as required.

2022.05 Delinquent Monthly Bank Reconciliations

There were at least **11** instances where the monthly bank reconciliations were either not timely performed by the former recordkeeping staff or was not reviewed timely by the principal. The delinquency ranged from **5** to **106 days**.

The APM section *5.1.2 Monthly Reconciliation and Financial Reporting* states that the bookkeeper is required to complete the bank reconciliation within 7 days of receiving the statement from the bank. All financial reports should be completed by the 15th of each month and submitted to the principal for review and approval.

The former recordkeeping staff indicated that there was limited access for 3 of the 11 delinquent financial reports during a period of telework. The former recordkeeping staff transferred from the school in July 2021, and the current recordkeeping staff was not hired until November 2021 resulting in at least 3 instances where there was no recordkeeping staff assigned to the school. Also, the principal was not always available to review the monthly financial reporting when required. ***This finding was noted during the previous audit period ended June 2019.***

The principal's fiscal responsibility is compromised when monthly reporting is not available and/or reviewed timely. Timing differences or other errors may not be detected and corrected promptly when the reconciliation process is not performed as intended.

Recommendations: The principal and recordkeeping staff should ensure that the monthly financial reporting process is performed in accordance with scheduled requirements included in the APM (bank reconciliation within 7 days after receiving the statement from the bank and completion of financial reports by the 15th of each month). The principal and recordkeeping staff should meet on a monthly basis to review and approve the financial reports.

**Eleanor Roosevelt High School
School Activity Funds
Internal Audit Report
For Period Ended November 30, 2021**

2022.06 Restricted Fund Account Deficits

There following **9** restricted fund accounts had deficits that totaled **\$24,279.82** as of November 30, 2021.

| Account # | Account Description | Account Balance |
|------------------|----------------------------|------------------------|
| 303.00 | Prior Year Class Accounts | (\$ 5,371.14) |
| 306.00 | Dance Club | (\$ 407.57) |
| 312.00 | Japanese Exchange | (\$16,225.90) |
| 356.50 | Badminton Club | (\$ 86.65) |
| 360.00 | Japanese Honor Society | (\$ 62.50) |
| 376.00 | Q.U.E.S. T. | (\$ 325.00) |
| 480.00 | Yearbook | (\$ 94.64) |
| 517.00 | AP Capstone | (\$ 5.45) |
| 580.30 | ROTC/JROTC | (\$ 1,700.97) |
| | Total | (\$24,279.82) |

The APM, section 4.3 *Fund Accounts*, states that expenditures for all restricted accounts are limited to the amount of funds collected for those activities. Therefore, if restricted accounts exceed the available cash, the account is insolvent. As the fiduciary agent for the SAF, the principal should ensure that restricted accounts are solvent at all times.

The following summarizes the causes of the most significant deficits:

- Prior Year Class Accounts were depleted and therefore when additional expenses were made, the funds were posted to that account.
- Reportedly, the Japanese Exchange anticipated the receipt of a grant in FY 2019 to offset the expenditures for the trip. Those funds were never received which resulted in the fund account deficit.
- The ROTC/JROTC deficit occurred partially as a result of missing funds as evidenced in Finding 2022.01 of **\$817.00**. Also, the department had not received reimbursement from the military to offset expenditures. **(Note: The deficit was resolved as of 02/09/22 by receipt of military reimbursement.)**

Overspending in restricted accounts results in insufficient funds being available to administer student activities to the general student population. ***This finding was noted during the previous audit period ended June 2019.***

Recommendations: The principal should contact the Accounting and Financial Reporting Office for guidance on resolving the restricted account deficits. Also, focused planning

**Eleanor Roosevelt High School
School Activity Funds
Internal Audit Report
For Period Ended November 30, 2021**

and budgeting should occur to ensure that the school's resources are used properly and that further deficits do not occur.

2022.07 Administration of Voided Checks

There were **43** instances of non-compliance regarding the administration of voided checks. The following issues of non-compliance were noted:

- ***Mutilation of Voided Checks:*** There were at least **20** instances where checks were not properly voided by removal of the signature line.
- ***Voided Checks Not Recorded in School Funds Online:*** There were at least **23** instances where voided checks were not entered into the school's accounting system as required by the APM.

The APM, section 4.5.3.2, *Policies and Procedures, Voiding Checks* requires accounting for a physical check when an error is made at the time of processing or when a check is damaged. Voided checks are required to be defaced by the removal of the signature and account lines.

The principal and former recordkeeping staff failed to ensure that voiding of checks were administered in compliance with BOE policies and procedures. Reportedly, the former recordkeeping staff was not aware that **all** voided checks had to be entered into the school's accounting system.

Inappropriate administration of checks exposes the school to fraud, waste, and abuse of its resources. ***This finding was noted during the previous audit period ended June 2019.***

Recommendations: The recordkeeping staff should ensure that voided checks are administered as required by the APM. The principal should complete a periodic review of voided checks to ensure compliance with BOE policies and procedures. The recordkeeping staff must be held accountable for compliance.

2022.08 Year-End Monetary Transmittal Form Procedures Not Followed

The year-end MTF submission process is not operating as required by the policies outlined in the APM. There were **22** instances where the yellow MTF remittances and **2** instances where the pink MTF remittances were missing from at least **5** staff members' 2019/2020 end-of-year MTF envelopes.

The APM, Section 4.5.2.2, *Cash Receipts: General Policies*, requires submission of MTF envelopes during the end of year close-out process. Prior to departing the school at year-end, faculty and program managers are required to seal envelopes containing yellow and

**Eleanor Roosevelt High School
School Activity Funds
Internal Audit Report
For Period Ended November 30, 2021**

pink remittance copies of MTFs (with their signature over the seal) and submit them to the designated administrator. The bookkeeper will print the SFO “Receiptee History” Report and submit it to the designated administrator. This alerts the administrator which MTF envelope packages to expect.

Some teachers did not submit both copies of yellow and pink MTF remittances and were not held accountable for doing so by the principal. *This finding was noted during the previous audit period ended June 2019.*

The ineffective year-end MTF process constitutes non-compliance with BOE policies and procedures and increases the financial risk to the school. The audit trail for ensuring that SAF collected was subsequently remitted and deposited was compromised.

Recommendations: The principal and/or the principal’s designee, with the use of the SFO “Receiptee History” report, should ensure that envelopes include all MTF remittances prior to sealing the end of year MTF envelopes. Teachers should be held accountable for compliance.

2022.09 Fundraiser Reports Not Completed

The school did not comply with the requirements for administering fundraisers during the audit period. The school’s clubs and organizations sponsored approximately **24** fundraising activities in FY 2020 and approximately **5** fundraising activities in FY 2021 and **2** fundraising activities in FY 2022. However, not all Fundraiser Request and Authorization Forms, Fundraiser Completion Reports and annual reports summarizing fundraising activities were obtained to support compliance with the fundraising requirements. *This finding was noted during the previous audit period ended June 2019.*

Administrative Procedure 5135.1, *Fundraising* requires schools to complete the Fundraiser Request and Authorization Forms, Fundraiser Completion Reports, and reports summarizing fundraising activities for all fundraisers sponsored. These documents must be maintained on file for public and auditor review upon request.

The principal, fundraiser sponsors, and former recordkeeping staff failed to adhere to the fundraising requirements. Per the former recordkeeping staff, the FY 2020 fundraising documents were “left in the top drawer of the short file cabinet”. The principal could not locate the fundraiser forms. In addition, for FY2021 and FY 2022, the fundraiser sponsors failed to obtain authorization for the fundraisers conducted.

**Eleanor Roosevelt High School
School Activity Funds
Internal Audit Report
For Period Ended November 30, 2021**

It could not be readily determined whether the school's fundraisers yielded an overall profit for the school. As a result, pertinent financial information for the school's administrators to make fiscal decisions was not available.

Recommendations: The principal must continue to enforce established procedures to ensure the completion of all fundraiser documents including the Fundraiser Request and Authorization and Fundraiser Completion Reports for fundraisers held during the school year. Also, the principal or designee should complete reports at the end of each school year to summarize fundraising activities held. Required reports must be maintained on file for public and auditor review.

2022.10 Improvement Needed in Management Oversight

The previous audit report for Eleanor Roosevelt High School was issued for the period ended June 2019. During that audit the current principal was on staff. There were **9** reportable conditions from that audit and **8** of which are repeated in the current audit report.

The principal is the fiduciary agent for the student activity funds. In this role, the principal is the person responsible for ensuring that these funds are administered in accordance with BOE policies and procedures and spent to provide the maximum benefit possible to the students. "It is also important that the principal, who is ultimately responsible for these funds, be aware that the success of the internal control system rests largely with them."

Improvement is necessary to be in compliance with BOE policies and procedures as established in the APM. Students are not receiving the maximum possible benefit of the resources available to them. *This finding was noted during the previous audit period ended June 2019.*

Recommendations: The principal should continue to carefully review the APM and ensure that internal controls are operating effectively to ensure fiscal accountability. The principal must continue to be involved in the daily operations as it relates to the administration of the school's resources. 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.**

**Eleanor Roosevelt High School
School Activity Funds
Internal Audit Report
For Period Ended November 30, 2021**

STATUS OF PRIOR AUDIT FINDINGS

The previous audit report for Eleanor Roosevelt High School was issued for the period ended June 30, 2019. The current principal was on staff. The former recordkeeping staff was on staff through July 16, 2021. The current recordkeeping staff began working at the school on November 8, 2021. The 9 findings noted as a result of that audit and their current status are summarized below:

1. **Mismanagement of Receipts** – Condition still exists. See Finding 2022.03 regarding *Mismanagement of Funds Received*.
2. **Mismanagement of Disbursements** – Condition still exists. See Finding 2022.04 regarding *Mismanagement of Disbursements*.
3. **Financial Reporting Requirements** – Condition still exists. See Finding 2022.05 regarding *Financial Reporting Requirements*.
4. **Restricted Account Deficits** – Condition still exists. See Finding 2022.06 regarding *Restricted Account Deficits*.
5. **Administration of Voided Checks** – Condition still exists. See Finding 2020.07 *Administration of Voided Checks*.
6. **Inappropriate Operation of Vending Machines** – Unable to determine since the audit was conducted remotely.
7. **Monetary Transmittal Form Envelopes Retention** – Condition still exists. See Findings 2022.02 and 2022.08 regarding *Records Management and Year-End Monetary Transmittal Form Procedures not Followed*.
8. **Fundraiser Forms/Reports not Completed** – Condition still exists. See Finding 2020.09 regarding *Fundraiser Reports not completed*.
9. **Improvement Needed in Management Oversight** – Condition still exists. See Finding 2020.10 regarding *Improvement Needed in Management Oversight*.

ACKNOWLEDGEMENT

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

**Prince George's County Public Schools
Internal Audit Department
School/Office: Eleanor Roosevelt HS
Response Date April 04, 2022**

| | Findings | Recommendations | Concur Non-Concur Partially Concur | Action Plan | Corrective Action Date | Status Implemented Partially Implemented Not Implemented |
|----|--|---|---|---|-----------------------------------|---|
| 1. | <u>2022.01 Missing Funds</u> | The principal should pursue restitution of \$22,820.08 to the school. Employee Labor Relations should determine the appropriate disciplinary action against the former recordkeeping staff for inappropriate handling of the schools resources to include responsibility for restitution. | Concur | Action has been taken by Employee Labor Relations. | March 2022 | ? |
| 2. | <u>2022.02 Records Management</u> | The following is recommended for the school's record to be maintained in an organized manner. A. The principal and recordkeeping staff should establish an adequate records management system that ensures all financial documents are maintained in an organized manner and made available for review upon request. | Concur | A) Financial documents are now kept in separate and labeled notebooks according to type of document and labeled with the school year. This includes, MTF's, Deposits, Journal Entries, Bank Reconciliations, Fundraisers and any new SFO Account Requests. Checks are in a file cabinet labeled by the the month of check issuance. | November 2021 | Implemented |

Principal Signature Raymond M. Lill

Date March 28, 2022

| | | | | | | |
|----|--|---|---|--|--|--|
| | | <p>B. The principal should implement a system that ensures consistent annual submission of end of year MTF envelopes.</p> <p>C. The principal should complete a periodic review of financial records to determine proper organization.</p> <p>D. The recordkeeping staff and school staff must be held accountable for compliance</p> | <p>Concur</p> <p>Concur</p> <p>Concur</p> | <p>B) Regular Staff meetings to remind the staff to keep MTF forms for end of the year submission and the proper MTF procedures.</p> <p>C) Principal and record keeping staff will meet on a monthly basis to review records and ensure organization.</p> <p>D) Guidelines for all procedures will be discussed quarterly to ensure compliance and remind of accountability and potential consequences of noncompliance.</p> | <p>March 2022</p> <p>December 2021</p> <p>March 2022</p> | <p>Partially Implemented</p> <p>Implemented</p> <p>Partially Implemented</p> |
| 3. | <u>2022.03</u> <u>Mismanagement of Funds Received</u> | <p>The following recommendations are suggested to help ensure that collections are properly managed:</p> <p>A. Staff members must be held accountable for remitting funds collected to the recordkeeping staff on a daily basis and the recordkeeping staff must be held accountable for depositing funds as required.</p> <p>B. The recordkeeping staff must ensure verification of source of funds and amount of funds. Adequate support must be attached to the MTF prior to</p> | <p>Concur</p> <p>Concur</p> | <p>A) Regular staff meeting reminders regarding daily deposits with MTF forms to be submitted to the recordkeeping staff or placed in the drop safe.</p> <p>B) Recordkeeping staff will work with and remind the staff that all funds require a form of documentation with the submission of MTF's and money for deposit.</p> | <p>March 2022</p> <p>November 2021</p> | <p>Partially Implemented</p> <p>Implemented</p> |

Principal Signature _____

Reginald M. Lill

Date _____

March 28, 2022

| | | | | | | |
|----|--|--|-----------------------------|--|--|--|
| | | <p>acknowledging receipt of funds and approving the MTF.</p> <p>C. The principal should complete a periodic review of deposit documentation to ensure that all collections are processed as required. Funds received at the front office must be documented by staff other than recordkeeping staff and remitted to the recordkeeping staff to foster adequate segregation of duties.</p> <p>D. All MTFs should be processed as required. The recordkeeping staff must review each MTF and supporting documentation along with funds remitted. An approval signature must be affixed to the MTF as the final step verification.</p> <p>E. The recordkeeping staff should ensure that the MTF log is updated and maintained. The principal must perform periodic reviews to ensure compliance.</p> | <p>Concur</p> <p>Concur</p> | <p>C) Principal will review all deposits made by the recordkeeping staff. SFO deposit record, MTF and verification documentation and copies of any checks with check stub or money orders as applicable will be provided to principal. Main office staff are aware that recordkeeping staff cannot accept funds directly.</p> <p>D) Recordkeeping staff receives the MTF's from another staff member directly or from the drop safe. MTF is reviewed for details, supporting documentation is reviewed and funds are counted to ensure accuracy in totals. Once complete, recordkeeping staff signs and returns the canary copy to staff.</p> <p>E) Recordkeeping staff reviews MTF logs daily to ensure compliance of details. MTF logs are available for principal's review at any time.</p> | <p>November 2021</p> <p>December 2021</p> <p>December 2021</p> | <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> |
| 4. | <u>2020.04 Mismanagement of Disbursements</u> | The principal should establish the following procedures are implemented to ensure compliance with the APM requirements for funds disbursed: | | | | |

Principal Signature Raymond M. Little

Date March 28, 2022

| | | | | | |
|--|---|--------|---|---------------|-------------|
| | <p>A. Staff members and the recordkeeping staff should be reminded that adequate documentation must be used to substantiate all checks issued. A careful review must be performed prior to processing checks.</p> | Concur | A) Principal will remind staff and recordkeeping staff of proper check request procedures during Staff meetings. | December 2021 | Implemented |
| | <p>B. Staff members and recordkeeping staff should be reminded that all anticipated purchases must be preapproved prior to the purchase being made.</p> | Concur | B) Principal will remind staff and recordkeeping staff of required preapproval from check issuance for purchases and reimbursements during staff meetings | March 2022 | Implemented |
| | <p>C. The staff members should be reminded of the importance of submitting invoices and reimbursement requests timely for payment. The recordkeeping staff should ensure that invoices and reimbursements requests are processed within 30 days or by the invoice due date.</p> | Concur | C) Principal will remind staff of the importance of timely and accurate delivery of invoices to recordkeeping staff for purchases and reimbursements during staff meetings. | March 2022 | Implemented |
| | <p>D. The recordkeeping staff should ensure that all refunds and reimbursements are issued per the APM.</p> | Concur | D) Principal will periodically review all check's issued to ensure recordkeeping staff is compliant with APM. | December 2021 | Implemented |
| | <p>E. The sales tax-exempt certificate should be made available to staff members so that it can be presented to vendors when school-related purchases are made.</p> | Concur | E) Recordkeeping staff has the tax exempt certificate available to present to staff and vendors. | March 2022 | Implemented |

Principal Signature

Raymond M. Lill

Date

March 28, 2022

| | | | | | | |
|----|---|--|--------|---|---------------|-------------|
| | | F. The recordkeeping staff and staff members must be held accountable for ensuring the disbursements are processed as required. | Concur | F) Recordkeeping staff and staff members will work together using multiple forms of communication to accomplish proper disbursement procedure. | December 2021 | Implemented |
| 5. | <u>2022.05 Delinquent Monthly Bank Reconciliations</u> | The principal and recordkeeping staff should ensure that the monthly financial reporting process is performed in accordance with scheduled requirements included in the APM (bank reconciliation within 7 days after receiving the statement from the bank and completion of financial reports by the 15 th of each month). The principal and recordkeeping staff should meet on a monthly basis to review and approve the financial reports. | Concur | Principal and recordkeeping staff meet monthly to review the monthly financial reporting documents and obtain proper signatures. Copies of the reconciliation are filed in a notebook for review at an time. | November 2021 | Implemented |
| 6. | <u>2022.06 Restricted Fund Account Deficits</u> | The principal should contact the Accounting and Financial Reporting Office for guidance on resolving the restricted account deficits. Also, focused planning and budgeting should occur to ensure that the school's resources are used properly and that further deficits do not occur. | Concur | Recordkeeping staff has reached out to Katrina Greene for guidance on resolving restricted account deficits. Ms. Greene plans to meet at the end of April 2022 with principal and recordkeeping staff for assistance. Staff members will be provided details upon request of their SFO account balances to discuss any deficits | December 2021 | Implemented |

Principal Signature Raymond M. Little

Date March 28, 2022

| | | | | | | |
|----|--|--|--------|---|------------|---------------------|
| | | | | upon receipt of an MTF or disbursement via check. | | |
| 7. | <u>2022.07 Administration of Voided Checks</u> | The recordkeeping staff should ensure that voided checks are administered as required by the APM. The principal should complete a periodic review of voided checks to ensure compliance with BOE policies and procedures. The recordkeeping staff must be held accountable for compliance. | Concur | Recordkeeping staff is aware of the proper procedures for voided checks. Signature lines are removed and the voided check and journal entry are on record in a notebook for review. | March 2022 | Implemented |
| 8. | <u>2022.08 Year-End Monetary Transmittal Form Procedures Not Followed</u> | The principal and/or the principal's designee, with the use of the SFO "Receiptee History" report, should ensure that envelopes include all MTF remittances prior to sealing the end of year MTF envelopes. Teachers should be held accountable for compliance. | Concur | Staff members will be made aware of procedure during staff meetings of whom the designee will be for sealed MTF remittance drop off. At the beginning of school year, recordkeeping staff will provide an envelope for this specific purpose. | March 2022 | Partial Implemented |
| 9. | <u>2022.09 Fundraiser Reports Not Completed</u> | The principal must continue to enforce established procedures to ensure the completion of all fundraiser documents including the Fundraiser Request and Authorization and Fundraiser Completion Reports for fundraisers held during the school year. Also, the principal or designee should complete reports at the end of each school year to summarize fundraising activities held. Required reports must be maintained on file for public and auditor review. | Concur | Principal will receive assistance from recordkeeping staff to ensure staff members and sponsors understand the importance of the Fundraiser request and authorization as well as the completion reports. Recordkeeping staff will file in a notebook for Principal or designee's review to summarize fundraiser activities. | March 2022 | Implemented |

Principal Signature Raymond M. Little

Date March 28, 2022

| | | | | | | |
|-----|---|--|--------|--|------------|-------------|
| 10. | <p><u>2022.10</u> <u>Improvement</u> <u>Needed in</u> <u>Management</u> <u>Oversight</u></p> | <p>The principal should continue to carefully review the APM and ensure that internal controls are operating effectively to ensure fiscal accountability. The principal must continue to be involved in the daily operations as it relates to the administration of the school's resources. Continued improvement of the internal control environment should be emphasized by focusing on these five basic principles of internal control:</p> <ul style="list-style-type: none"> ❖ 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. | Concur | Principal will oversee recordkeeping staff and staff members to ensure the proper and most effective ways to establish internal control and operating procedures in accordance with the APM. | March 2022 | Implemented |
|-----|---|--|--------|--|------------|-------------|

Principal Signature Raymond M. Lill

Date March 28, 2022