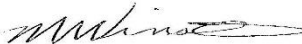


March 31, 2022

MEMORANDUM

To: Kara Miley Libby, Ed. D., Instructional Director

Lorrie Ann Armfield, Interim Program Administrator
Howard B. Owens Science Center

From: Michele Winston, CPA, Director 
Internal Audit

Re: Financial Audit for the Period November 1, 2015 to November 30, 2021

An audit of the financial records of **Howard B. Owens Science Center** was completed for the period November 1, 2015 through November 30, 2021. The audit indicates that the school's financial records and procedures require improvement to be in accordance with the Accounting Procedures Manual for School Activity Fund (APM) and Board of Education policies and procedures. The exceptions noted are included in the attached report.

As the program administrator, you will be responsible for preparing an action plan by **May 2, 2022** indicating steps that will be taken to ensure compliance with the APM. Please note that you are required to provide your 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 your action plan should also be forwarded to Danyelle Washington, Business Analyst, email address: dany.washington@pgcps.org, Joeday Newsom, Esq., Ethics Compliance Officer, email address: joeday.newsom@pgcps.org and Katrina Greene, School Activity Funds Support Specialist, email address: katrina.greene@pgcps.org.

Enclosure

cc: Juanita Miller, Ed. D., Board Chair
Monica Goldson, Ed. D., Chief Executive Officer
Members, Board of Education
Mychael Dickerson, Chief of Staff
Helen Coley, Ed. D., Chief of School Support and Leadership
Michael Herbstman, Chief Financial Officer
James Dougherty, Director, Financial Services
Kia McDaniel, Ed. D., Director, Curriculum and Instruction
Joeday Newsom, Esq., Ethics Compliance Officer
Katrina Greene, School Activity Funds Support Specialist
Janice Walters-Semple, CPA, Internal Audit Supervisor
Theodore Dzodzomenyo, Internal Auditor II

Internal Audit Report

**Howard B. Owens Science Center
School Activity Funds**

For the Period Ended November 30, 2021

Howard B. Owens Science Center
School Activity Funds
Internal Audit Report
For the Period Ended November 30, 2021

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Howard B. Owens Science Center
School Activity Funds
Internal Audit Report
For the Period Ended November 30, 2021

Internal Auditor's Report

We have examined the School Activity Funds (SAF) of Howard B. Owens Science Center for the period November 1, 2015 to November 30, 2021. Howard B. Owens Science Center's Program Administrator 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 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:

- *Administration of a Contract, and*
- *Mismanagement of Disbursements*

Individually or in 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 deviation 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 November 30, 2021.



Michele Winston, CPA
Director, Internal Audit

Howard B. Owens Science Center
School Activity Funds
Internal Audit Report
For the Period Ended November 30, 2021

SUMMARY

The Internal Audit Department completed an audit of school activity funds (SAF) for Howard B. Owens Science Center for the period November 1, 2015 to November 30, 2021. The audit was performed as part of the annual audit plan.

The audit indicated that the science center's financial records and procedures require improvement to be in compliance with the requirements of the Accounting Procedures Manual for School Activity Funds (APM) and Board of Education (BOE) policies and procedures.

This audit report includes 2 findings, which occurred under the leadership of the previous program administrator. 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 center 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 center. 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, available cancelled checks all voided checks and monetary transmittal form (MTF) envelopes submitted by staff for the period November 1, 2015 to November 30, 2021. Also, selected 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.

Howard B. Owens Science Center
School Activity Funds
Internal Audit Report
For the Period Ended November 30, 2021

FINDINGS AND RECOMMENDATIONS

The audit resulted in the following findings and recommendations:

2022.01: Administration of a Contract

The former program administrator entered into a contract in January 2020 with a vendor for Magic Tree House, fulldome program for digital planetarium shows. The term of the contract was 5 years and its value is \$4,500.00.

According to the APM, Section 6.5, *Contracts*, Schools may not enter into any multiple year agreements. Only the CEO and the Board of Education has the authority to approve multi-year contracts.

The contract was signed during the tenure of the former program administrator; therefore, the cause for entering into the multi-year contract could not be determined. The signing of multi-year contracts by anyone other than the CEO or the Board represents noncompliance with the policies and procedures as it pertains to the contracting authority of employees.

Recommendation: The interim program administrator should liaise with Purchasing and Supply Services regarding the status of the current contract. Due care must be taken to ensure that, the procedures prescribed in Administrative Procedure 5135.2 relative to contracting are consistently followed.

2022.02: Mismanagement of Disbursements

The following exceptions pertaining to the management of funds disbursed were noted:

- A. *Inadequate Approval of Disbursements* - There were **2** instances where expenditures were not pre-approved by the program administrator.
- B. *Inadequate Documentation of Disbursements*- There were **8** instances where expenditures were not adequately documented. The “*Funds Available*” section of School Funds Expenditure Forms (SFEF) was not completed in the noted instances.

The following are the criteria as it pertains to management of funds disbursed:

- A. Accounting Procedures Manual for School Activity Funds **Section 4.5.3.1**, “*Pre-Approval by the Principal*” states that, prior to ordering or purchasing goods or services; a SFEF must be completed and signed by the principal.
- B. Required information on the SFEF includes notating the balance of the fund account from which the expenditure is being made.

Howard B. Owens Science Center
School Activity Funds
Internal Audit Report
For the Period Ended November 30, 2021

The following causes were identified relative to mismanagement of funds disbursed:

- A. Staff members did not obtain approval from the program administrator prior to obligating the center.
- B. The recordkeeping staff was not aware of the provision in the APM which requires completion of the “*Funds Available*” section of the SFEF.

Inadequate approval of expenditures can result in the obligation of the center for goods and services for which funds may not be available.

There is increased financial risk to the center when the documentation of disbursement is not adequate to substantiate expenditures. The omission of pertinent information such as funds available removes guidance to the program administrator as it pertains to funding for the center’s expenditures and can result in insolvency of specific fund accounts.

Recommendation: The following steps must be taken to improve the management of funds disbursed:

- A. Staff members must be reminded through written communication of the requirement to obtain approval from the program administrator prior to obligating the center financially.
- B. The recordkeeping staff must read the APM to become familiar with the requirements for completing the SFEF. Specifically, the recordkeeping staff should ensure that, all sections of the SFEF including the “*Available Funds*” section is completed.

STATUS OF PRIOR AUDIT FINDINGS

The previous audit report for Howard B. Owens Science Center was issued for the period ended October 31, 2015. During that period, neither the interim program administrator nor the recordkeeping staff were in their current positions. There were **3** findings indicated in the previous audit and **1** is repeated in this current audit. The following findings were noted as a result of the last audit and the current status is indicated below:

- **Transactions Incorrectly Classified** - Condition was not noted during this audit.
- **Expenditures Made Without Preapproval of the Program Administrator** - Condition still exists - **See Finding 2022.02** regarding *Mismanagement of Disbursements*.

Howard B. Owens Science Center
School Activity Funds
Internal Audit Report
For the Period Ended November 30, 2021

- **Year End Monetary Transmittal Forms** - Condition was not noted during this audit.

ACKNOWLEDGEMENT

We would like to thank the interim program administrator and staff of Howard B Owens Science Center for their cooperation and assistance extended during the audit.

Prince George's County Public Schools
Internal Audit Department
School/Office: Howard B. Owens Science Center
Response Date May 02, 2022

| | Findings | Recommendations | Concur Non-Concur Partially Concur | Action Plan | Corrective Action Date | Status Implemented Partially Implemented Not Implemented |
|----|--|---|---|---|---|---|
| 1. | <u>2022.01:</u> <u>Administration</u> <u>of a Contract</u> | The Interim Program Administrator should liaise with Purchasing and Supply Services regarding the status of the current contract. Due care must be taken to ensure that the procedures prescribed in Administrative Procedure 5135.2 relative to contracting are consistently followed. | Concur | A. Ensure the following team members have reviewed Administrative Procedure 51325.2: <ul style="list-style-type: none"> • Lorrie Armfield- Interim Program Administrator • Ximena Walker- Secretary B. Schedule and meet with Purchasing and Supply Services Department: <ul style="list-style-type: none"> • Lorrie Armfield- Interim Program Administrator • Ximena Walker- Secretary | A. Completed on February 14, 2022. B. Completed on April 12, 2022. The current contract ends January 2025. | Implemented Implemented |
| 2. | <u>2022.02:</u> <u>Mismanagement</u> <u>of</u> <u>Disbursements</u> | The following steps must be taken to improve the management of funds disbursed: A. Staff members must be reminded through written communication of the requirement to obtain approval | Concur | A. Review protocols and procedures for obtaining approval for disbursements during a staff meeting, and provide a written copy to all staff. | A. Staff members were reminded of the proper procedures at our staff meeting on February 14, 2022. | Implemented |

Principal Signature _____

L. L. L. L.

Date _____

April 29, 2022

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|--|--|--|--|--|---|--------------------|
| | | <p>from the program administrator prior to obligating the center financially.</p> <p>B. The recordkeeping staff must read the APM to become familiar with the requirements for completing the SFEF. Specifically, the recordkeeping staff should ensure that, all sections of the SFEF including the "Available Funds" section is completed.</p> | | <p>B. The recordkeeping staff, Ximena Walker (Secretary) will read the Accounting Procedures Manual (APM) to familiarize herself with the requirements for completing the School Funds Expenditure Forms (SFEF).</p> | <p>Additionally, the procedures were shared again both verbally and in writing at our staff meeting on April 26, 2022.</p> <p>B. Ximena Walker (Secretary), reviewed the APM on February 2, 2022.</p> <p>Ximena Walker (Secretary), Lorrie Armfield (Interim Program Administrator), and Theodore Dzodzomenyo (Internal Auditor) reviewed the SFEF including the "Available Funds" section, and discussed the importance of ensuring this form is completed in its</p> | <p>Implemented</p> |
|--|--|--|--|--|---|--------------------|

Principal Signature

Lorrie Armfield

Date

April 29, 2022

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | <p>entirety. (February 2, 2022).</p> <p>In addition, Ximena Walker (Secretary), Lorrie Armfield (Interim Program Administrator), reviewed the APM again to ensure understanding of the requirements for completing the SFEF on April 26, 2022.</p> | |
|--|--|--|--|--|--|--|

Principal Signature Lorrie Armfield
Date April 29, 2022