

August 18, 2022

**MEMORANDUM**

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

Sonya Gaston, Principal  
Francis T. Evans Elementary School

From: Michele Winston, CPA, Director   
Internal Audit

Re: Financial Audit for July 1, 2017 through May 31, 2022

An audit was completed on the financial records of **Francis T. Evans Elementary School** for the period July 1, 2017 through May 31, 2022. 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 Funds (APM) and Board of Education (BOE) policies and procedures. The exceptions noted in the audit are documented in the attached audit report.

As principal of the school, you will be responsible for preparing an action plan by **September 19, 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](mailto:internal.audit@pgcps.org). **Please forward this template as a Microsoft Word document.** A copy of your action plan should also be forwarded to Danyelle Washington, Business Analyst, email address: [dany.washington@pgcps.org](mailto:dany.washington@pgcps.org); and Katrina Greene, School Activity Funds Support Specialist, email address: [katrina.greene@pgcps.org](mailto: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  
Michael Herbstman, Chief Financial Officer  
James Dougherty, Esq., Director, Financial Services  
Kassandra Lassiter, Ed. D., Associate Superintendent, Area 1  
Helen Coley, Ed. D., Chief, School Support and Leadership  
Robin Welsh, Director of Monitoring, Accountability and Compliance  
Katrina Greene, Student Activity Fund Support Specialist  
Joeday Newsome, Esq., Director, Board of Education Staff Office  
Janice Walters-Semple, CPA, Supervisor Internal Audit  
Rhonda Carter, Internal Auditor II

**Internal Audit Report**

**Francis T. Evans Elementary School  
School Activity Funds**

**For the Period Ended May 31, 2022**

Francis T. Evans Elementary School  
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Internal Audit Report  
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**Internal Auditor's Report**

We have examined the School Activity Funds (SAF) of Francis T. Evans Elementary School for the period July 1, 2017 through May 31, 2022. Francis T. Evans Elementary School's Principal is responsible for the administration of SAF. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and 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 finding:

- *Mismanagement of Funds Received*
- *Administration of Voided Checks; and*
- *Delinquent Monthly Bank Reconciliations*

Individually or in the aggregate, the findings resulted in a material deviation from Board of Education (BOE) policies, procedures, and the requirements of the Accounting Procedures Manual (APM) for SAF.

In our opinion, except for the deviations from the criteria described in the preceding paragraph, the SAF referred to above was administered in compliance with BOE policies and procedures and the APM, in all material respects, for the period ended May 31, 2022.



Michele Winston, CPA, Director  
Internal Audit

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**SUMMARY**

Internal Audit completed an audit of the School Activity Funds (SAF) of Francis T. Evans Elementary School for the period July 1, 2017 through May 31, 2022. The audit was conducted as part of the department's annual audit plan.

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

This audit report includes **3** findings that occurred under the leadership of the current principal. A listing of the findings and the personnel responsible is included in the appendix at the end of the audit report. In addition, details of the 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 complies with the policies and procedures of the APM and the BOE. It is important to recognize that, while the audit focused on deficiencies, it was intended to be constructive. The audit was not designed and conducted to evaluate the effectiveness of the educational programs in the school. Therefore, the absence of comments related to the educational programs should not be construed to imply that these programs are either adequate or deficient.

**SCOPE**

The audit was based on our review of bank statements, financial reports, selected cancelled checks, and all voided checks and Monetary Transmittal Form (MTF) envelopes submitted by staff for the period July 1, 2017 through May 31, 2022. In addition, selected receipts, disbursements, and supporting documentation were reviewed for the aforementioned 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.

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**FINDINGS AND RECOMMENDATIONS**

The audit resulted in the following finding and recommendation.

**2023.01: Mismanagement of Funds Received**

Collections reviewed during the audit were not always processed in accordance with BOE policies and procedures. The following exceptions were noted:

- A. *Delinquent Deposits* – There were **2** instances where deposits were not made in a timely manner. The delinquency was 4 and 6 days.
- B. *Year-end MTF Envelope Submission* – There were **3** instances in FY 2020 where both pink and yellow MTF remittances were not maintained in a sealed envelope and could not be located for review as required by the APM.

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

- A. Bookkeepers are required to make deposits of all funds received at least every other day. However, no more than **\$250.00** should be kept in the building overnight. Funds held at the school awaiting deposit, it must be kept in a secure location. It is important that schools establish internal controls to ensure frequent deposits occur.
- B. Each staff member who collects SAFs is responsible for maintaining an envelope containing both pink and yellow copies of MTF remittances generated during the year. The staff member is required to submit the signed, sealed envelope to the designated administrator prior to the year-end check out. The envelopes should remain sealed until requested by Internal Audit.

Due to multiple deposits received, the recordkeeping staff combined several receipts on the deposit analysis before making the deposits which caused the two late deposits. BOE policies and procedures as established in the APM regarding MTF submission during the year-end check out process were not consistently followed.

Delinquent deposit of funds impacts the accuracy of financial reporting upon which administrators rely to make financial decisions. The audit trail for ensuring that all SAFs collected are subsequently deposited was weakened and the potential loss of assets increased.

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**Recommendation:** The following corrective actions should be implemented to ensure proper administration of funds received:

- A. The recordkeeping staff must be reminded that all funds collected and remitted should be deposited on a daily basis especially when funds in excess of **\$250.00**. Teachers must be reminded that funds collected cannot be held overnight. The principal should perform periodic review of the deposit records to monitor whether deposits are made as required.
- B. Staff must be reminded of their responsibility relative to MTF envelope submission during the year-end checkout process. The recordkeeping staff should print the “*Receiptee History*” report from the accounting system and provide it to the administrator responsible for collecting MTF envelopes. The principal should instruct the administrator to obtain MTF envelopes based on the printed report. Each employee must be held accountable for returning MTF envelopes, including all processed MTFs, as part of the year-end checkout process.

**2023.02 Administration of Voided Checks**

During the review of the school’s voided checks, the following exceptions were noted:

- There were **4** instances where checks were not properly voided by removal of the signature line.
- There were **19** instances where voided checks were not entered into the SFO accounting system as required.

According to the APM all voided checks must be entered in SFO and have “VOID” written across the face of the check. The signature line must be removed and the voided checks attached to approved SFEFs or Void Check Proof Sheets.

Certain checks were voided because of printer errors. The recordkeeping staff was unaware that the signature line still needed to be removed despite the printer errors. In addition, competing recordkeeping duties caused the bookkeeper to overlook inputting voided checks into the SFO accounting system.

Failure to properly void checks by removal of the signature line and input all voided checks into SFO could result in unauthorized negotiation of checks and increases financial risk to the school.

**Recommendation:** The recordkeeping staff must be reminded of the importance of administering checks as required by the BOE. All checks must be entered in SFO and

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have “VOID” written across the face of the check. Also, the signature line must be removed during the voiding process.

**2023.03 Delinquent Monthly Bank Reconciliations**

Monthly reconciliations and financial reporting by the 15<sup>th</sup> of each month is not always performed timely. There were **2** instances where the bank account was **not** reconciled timely. The range of delinquency was 3 to 21 days.

The principal is responsible for receiving the bank statement unopened. After reviewing the statement and cancelled checks, the principal forwards the documents to the bookkeeper for reconciliation. The bookkeeper should complete the reconciliation within 7 days after receiving the statement from the bank. Typically, this process is completed by the 15<sup>th</sup> of each month. The completed reconciliation should be returned to the principal every month for review and approval. After review and approval, all reports and related documentation should be organized and maintained in three-ring binders identified by fiscal year.

Due to virtual learning in FY 2021 during the COVID-19 pandemic, the recordkeeping staff was only in the office two days a week which caused delays in completing the monthly reconciliations timely.

Current financial information was not readily available for review by the principal to inform financial decisions.

**Recommendation:** The principal must ensure that established procedures are consistently followed during all circumstances including recordkeeping staff absences which allows continuous preparation of monthly reconciliations and financial reporting to take place by the 15<sup>th</sup> of each month.

**STATUS OF PRIOR AUDIT FINDINGS**

The previous audit report for Francis T. Evans Elementary School was issued for the period ended June 30, 2017. During that period, the current principal and recordkeeping staff were assigned to the school in their respective positions. The previous audit report had **5** reportable conditions, and there are **3** repeat findings in the current audit. The following findings were noted as a result of the prior audit, and the status is indicated below:

- **Mismanagement of Funds Received** – Condition still exists. See Finding 2023.01, *Mismanagement of Funds Received*.
- **Mismanagement of Disbursements** – Controls appear to be working.

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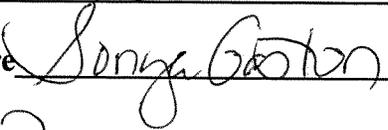
- **Administration of Voided Checks** – Condition still exists. See Finding 2023.02, *Administration of Voided Checks*.
- **Financial Reporting** – Condition still exists. See Finding 2023.03, *Delinquent Monthly Bank Reconciliations*.
- **Fundraiser Forms** – Controls appear to be working.

**ACKNOWLEDGEMENT**

We would like to thank the principal and staff of Francis T. Evans Elementary School for their cooperation and assistance extended during the audit.

**Prince George's County Public Schools**  
**Internal Audit Department**  
**School/Office: Francis T. Evans ES**  
**Response Date September 19, 2022**

	<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>2023.01:</u></b> <b><u>Mismanagement</u></b> <b><u>of Funds</u></b> <b><u>Received</u></b>	<p>The following corrective actions should be implemented to ensure proper administration of funds received:</p> <p>A. The recordkeeping staff must be reminded that all funds collected and remitted should be deposited on a daily basis especially when funds in excess of <b>\$250.00</b>. Teachers must be reminded that funds collected cannot be held overnight. The principal should perform periodic review of the deposit records to monitor whether deposits are made as required.</p> <p>B. Staff must be reminded of their responsibility relative to MTF envelope submission during the year-end checkout process. The recordkeeping staff should print the "Receipt History" report from the accounting system and</p>	Concur	<ul style="list-style-type: none"> <li>● Bookkeeper will make deposits when money on hand is over \$250.</li> <li>● Principal will monitor deposit records to ensure deposits are made as required.</li> <li>● Staff meeting was held during pre-service week to discuss the following: <ul style="list-style-type: none"> <li>○ Collecting money</li> <li>○ How to fill out the MTF</li> <li>○ How it should be submitted back at the end of the school year.</li> </ul> </li> <li>● Another staff meeting will be held in January to go over procedures again.</li> <li>● Bookkeeper will run the 'Receipt History' report and</li> </ul>	8/26/22	Implemented and implemented partially for upcoming dates

**Principal Signature** 

**Date** 9/19/22

		provide it to the administrator responsible for collecting MTF envelopes. The principal should instruct the administrator to obtain MTF envelopes based on the printed report. Each employee must be held accountable for returning MTF envelopes, including all processed MTFs, as part of the year-end checkout process.		<p>give it to the Administrator in charge of MTFs.</p> <ul style="list-style-type: none"> <li>Administrator will then collect the MTFs from staff and secure them.</li> </ul>		
2.	<b><u>2023.02</u></b> <b><u>Administration of</u></b> <b><u>Voided Checks</u></b>	The recordkeeping staff must be reminded of the importance of administering checks as required by the BOE. All checks must be entered in SFO and have "VOID" written across the face of the check. Also, the signature line must be removed during the voiding process.	Concur	<ul style="list-style-type: none"> <li>In the instances of voided checks, the Bookkeeper will enter the check in SFO, write 'Void' across the face of the check and remove the signature line.</li> </ul>	7/12/22	Implemented
3.	<b><u>2023.03</u></b> <b><u>Delinquent</u></b> <b><u>Monthly Bank</u></b> <b><u>Reconciliations</u></b>	The principal must ensure that established procedures are consistently followed during all circumstances including recordkeeping staff absences which allows continuous preparation of monthly reconciliations and financial reporting to take place by the 15 <sup>th</sup> of each month.	Partially Concur	<ul style="list-style-type: none"> <li>Principal will get set up with electronic bank statements.</li> <li>Bookkeeper will complete reconciliation within 7 days after receiving the bank statement in order to be completed before the 15<sup>th</sup> of the month.</li> </ul>	8/1/22	Implemented

Principal Signature Jonny Weston

Date 9/19/22