

March 9, 2023

MEMORANDUM

To: Ava Tasker-Mitchell, Ph.D., Instructional Director
Cluster 1

Joel Nelson, Principal
Greenbelt Elementary School

From: Michele Winston, CPA, Director
Internal Audit

Re: Financial Audit for the Period October 1, 2017 to July 31, 2022

An audit of the financial records of **Greenbelt Elementary School** was completed for the period October 1, 2017 to July 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 Fund (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 11, 2023** 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. **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, and Katrina Greene, School Activity Funds Support Specialist, email address: katrina.greene@pgcps.org.

Enclosure

cc: Judy Mickens-Murray, 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
Lisa Howell, Acting Chief Financial Officer
James Dougherty, Director, Financial Services
Kassandra Lassiter, Ed. D., Associate Superintendent
Robin Welsh, Director of Monitoring, Accountability and Compliance
Katrina Greene, School Activity Fund Support Specialist
Janice Walters-Semple, CPA, Supervisor Internal
Benjamin Hanks, Internal Auditor II

Internal Audit Report

Greenbelt Elementary School
School Activity Funds

For the Period Ended July 31, 2022

**Greenbelt Elementary School
School Activity Funds
Internal Audit Report
For Period Ended July 31, 2022**

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**Greenbelt Elementary School
School Activity Funds
Internal Audit Report
For Period Ended July 31, 2022**

Internal Auditor's Report

We have examined the School Activity Funds (SAF) of Greenbelt Elementary School for the period of October 1, 2017 to July 31, 2022. Greenbelt Elementary 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:

- *Fundraiser Forms Not Completed;*
- *Untimely Completion of Monthly Bank Reconciliations;*
- *Record Retention;*
- *Inadequate Completion of Monetary Transmittal Forms;*
- *Inadequate Approval of Disbursements; and,*
- *Administration of Vending Machines Contract*

The finding resulted in a 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, considering the deviation from the criteria described in the preceding paragraph, the SAF referred to above has mostly been administered in compliance with BOE policies and procedures and the APM, in all material respects, for the period ended July 31, 2022.



Michele Winston, CPA
Director, Internal Audit

**Greenbelt Elementary School
School Activity Funds
Internal Audit Report
For Period Ended July 31, 2022**

SUMMARY

An audit of the school activity funds (SAF) for Greenbelt Elementary School was completed for the period October 1, 2017 through July 31, 2022. 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 for School Activity Funds (APM) and Board of Education (BOE) policies and procedures.

This audit report includes 6 findings, which occurred under the leadership of the previous principal. The findings and the personnel responsible are included in the appendix at the end of the audit report. Detailed findings from the current audit are cited on the following pages with accompanying recommendations for corrective action.

OBJECTIVES

The objectives of the audit were to determine the effectiveness of the system of internal controls and whether the school was in compliance with the policies and procedures of the 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 October 1, 2017 to July 31, 2022. 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.

**Greenbelt Elementary School
School Activity Funds
Internal Audit Report
For Period Ended July 31, 2022**

FINDINGS AND RECOMMENDATIONS

The audit resulted in the following findings and recommendations:

2023.01 Fundraiser Forms Not Completed

The school administered **8** school-wide fundraisers (student pictures, two book fairs, candy grams, two Silver Diner fundraisers, holiday gift shop, Buy Nothing/Sell Nothing) during the audit period. However, annual reports to summarize the fundraising activities were not available for review.

APM Section 7.2.2, *Fundraising Procedures*, requires the principal to prepare an annual report summarizing all fundraising activities conducted during the year. The data in this annual report should be available for review by parents and other interested members of the community, and include the net amount retained as profit from each fundraising activity.

The school's principal was appointed to the school during FY 2023, and the transition of custody of SAF documentation was overlooked.

Failure to complete fundraiser forms constitutes non-compliance with BOE policies and procedures and increases financial risk to the school. It decreases transparency of fundraising activities and the associated profits to interested parents and community members.

Recommendation: The current principal and recordkeeping staff should develop and document specific procedures for fundraisers. The procedures should establish specific responsibilities for the principal or a designee to prepare annual fundraising as required. All fundraiser forms should be retained for future review.

2023.02 Untimely Completion of Monthly Bank Reconciliations

There were **10** instances where the principal and recordkeeping staff did not complete and review monthly bank reconciliations in a timely manner. Delinquency in the completion of monthly bank reconciliations ranged from **5** to **120** days late.

APM Section 5.1.2, *Procedures*, states that the monthly bank reconciliation should be completed by the bookkeeper within 7 days after receiving the statement from the bank. Typically, this process should be completed by the 15th of each month. The completed reconciliation should be forwarded to the principal every month for review and approval.

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Beginning in April, 2022, the school had no dedicated recordkeeping staff. Monthly bank reconciliations for April, May, and June, 2022 were completed by the Accounting and Financial Reporting Office and reviewed by the principal in September. The bank reconciliation for July, 2022 was used as a training case for the school's new recordkeeping staff. The other 6 delinquent monthly bank reconciliations were completed by the school's previous principal and recordkeeping staff, therefore a further cause for their untimely completion could not be determined.

Delinquent monthly bank reconciliations impact the timeliness and reliability of financial information used in the fiscal decision-making process. The principal's ability to promptly verify the school's solvency status and identify erroneous transactions may also be impacted.

Recommendation: The recordkeeping staff should implement the training received to ensure that monthly bank reconciliations are prepared as required. The principal should ensure that bank statements are received promptly each month so that recordkeeping staff is able to prepare the month's reconciliation in a timely manner. The principal and recordkeeping staff must ensure that each month's reconciliation is completed and reviewed by the 15th of the subsequent month.

2023.03 Record Retention

There were 57 instances where records to substantiate SAF transactions could not be located for review.

- ***End-of-Year MTFs:*** 11 MTFs;
- ***Cash Receipts:*** 2 bank deposit slips;
- ***Cancelled Checks:*** 24 cancelled check images; and
- ***Voided Checks:*** 20 voided checks' defaced signature lines;

APM Section 6.12, *Record Retention*, states that all SAF records must be retained for a period of seven years and/or until audited, including the current fiscal year.

The school's principal and recordkeeping staff joined the school during FY 2023, and the transition of custody of SAF documentation was overlooked. A more detailed cause for the missing documentation could not be determined. An effective records management system was not established to facilitate the retrieval of files.

The absence of an effective records management system impacts the retrieval and accessibility of requested documentation. Additionally, SAF transactions are not verifiable when SAF records are not appropriately maintained. **This finding was noted in the previously completed audit report dated September 30, 2017.**

**Greenbelt Elementary School
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Recommendation: The principal and recordkeeping staff should establish an adequate records management system which ensures that all financial documents are maintained in an organized manner. Disbursements should be filed in numerical order and deposits should be filed in date order. The principal should conduct a periodic review of financial records to determine proper organization. Recordkeeping staff must be held accountable for compliance.

2023.04 Inadequate Completion of Monetary Transmittal Forms

There were **2** instances where Monetary Transmittal Forms (MTFs) were signed and dated by recordkeeping staff after the corresponding bank deposit was made. MTF #416526 was deposited on 5/17/2022 and signed on 5/19/2022. MTF #416543 was deposited on 6/14/2022 and signed on 6/28/2022.

APM *Exhibit B*, requires the recordkeeping staff to prepare and process all financial transactions in a timely manner.

The school's principal and recordkeeping staff joined the school during FY 2023 and after the MTFs were inadequately completed. A more detailed cause for these MTF date discrepancies could not be determined.

Internal controls regarding the collection of funds are compromised when MTFs are not appropriately completed. **This finding was noted in the previously completed audit report dated September 30, 2017.**

Recommendation: The current recordkeeping staff should ensure that completed MTFs are provided with funds remitted by staff members. The recordkeeping staff's review and approval must be documented on the MTF prior to deposits being initiated with the bank.

2023.05 Inadequate Approval of Disbursements

There were **8** instances where disbursements were made without the principal's pre-approval.

APM Section 4.5.3.1, *Cash Disbursements Procedures*, states that prior to ordering or purchasing goods or services, a School Funds Expenditure Form (SFEF) must be completed and signed by the principal.

The school's principal and recordkeeping staff joined the school during FY 2023, subsequent to the inadequate approval of disbursements. A more detailed cause for these inadequately approved disbursements could not be determined.

**Greenbelt Elementary School
School Activity Funds
Internal Audit Report
For Period Ended July 31, 2022**

Internal controls regarding the disbursement of funds are compromised when SFEFs are not appropriately completed. Also, the school is subject to the risk of fraud when expenditures are not pre-approved as required. **This finding was noted in the previously completed audit report dated September 30, 2017.**

Recommendation: Staff must be reminded of their responsibility to seek authorization for expenditures by completing the SFEF and obtaining the principal's approval prior to obligating the school's SAF. The recordkeeping staff must ensure that the SFEFs, accompanied by any supporting documentation, are submitted to the principal for approval and signature. Staff members must be held accountable for compliance.

2023.06 Administration of Vending Machines Contract

The school operates 2 vending machines (1 snack, and 1 soda) for its faculty. A contract for the vending services for the current school year was not on file.

APM Section 9.8, *Vending Machine Sales*, states that all schools with vending machines must retain a signed contract stipulating the commissions due to the school and the frequency with which these commissions are remitted. The contract term cannot exceed one year.

The school's principal and recordkeeping staff joined the school during FY 2023, and the transition of custody of SAF documentation was overlooked. A more detailed cause for the missing vending services contract could not be determined.

The school may not be deriving the maximum benefit from the operation of their vending machines when procedures regarding vending services contracts are not appropriately followed.

Recommendation: The principal must obtain a signed contract for the vending machines located at the school. The contract must specify the commissions due to the school and the frequency with which these commissions are remitted. Purchasing and Supply should be contacted if the school is unable to secure a contract with the vending company.

**Greenbelt Elementary School
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Internal Audit Report
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STATUS OF PRIOR AUDIT FINDINGS

The previous audit report for Greenbelt Elementary School was issued for the period ended September 30, 2017. Neither the principal nor the recordkeeping staff was on staff during that audit. There were 4 findings noted as a result of that audit, 3 of which are repeated in this audit report as summarized below.

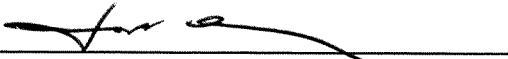
- **Mismanagement of Funds Received** – Condition still partially exists. See **Finding 2023.04** regarding *Inadequate Completion of Monetary Transmittal Forms*.
- **Mismanagement of Disbursements** – Condition still partially exists. See **Finding 2023.05** regarding *Inadequate Approval of Disbursements*.
- **Administration of Voided Checks** – Condition still exists. See **Finding 2023.03** regarding *Records Retention*.
- **Transfers Not Properly Approved** – Condition was not noted during this audit.

ACKNOWLEDGEMENT

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

Prince George's County Public Schools
Internal Audit Department
School/Office: Greenbelt ES
Response Due Date April 11, 2023

	Findings	Recommendations	Concur Non-Concur Partially Concur	Action Plan	Corrective Action Date	Status Implemented Partially Implemented Not Implemented
1.	<u>2023.01</u> <u>Fundraiser</u> <u>Forms Not</u> <u>Completed</u>	The current principal and recordkeeping staff should develop and document specific procedures for fundraisers. The procedures should establish specific responsibilities for the principal or a designee to prepare annual fundraising as required. All fundraiser forms should be retained for future review.	Concur	All GES staff will follow the procedures outlined in administrative procedure 5131.1 - Fundraising. <u>The Secretary II/Bookkeeper, Mrs. Wheeler, will be the designated staff to review the fundraiser documents before they are submitted to Mr. Nelson for approval.</u> AP 5135.1 (Fund Raising) and 5135.2 (Principal's Contracting Authority) <u>The fundraiser will be formally approved by the Principal, Mr. Nelson, using a Fundraiser Authorization Form that designates and communicates the purpose for the fundraiser.</u>	October 2022	Implemented

Principal Signature 

Date April 11, 2023


			<p>Only the <u>Principal</u> may authorize and execute such agreements involving the use of School Activity Funds. The principal's authorization on contracts is limited to a specific amount.</p> <p>A Fundraiser Completion Report must be prepared by the sponsor, reviewed and acknowledged by the <u>Principal</u>.</p> <p><u>Principal Designee (Secretary II/Bookkeeper)</u> will prepare an annual report summarizing all fundraising activities concluded during the year. The annual report will be available for review by parents, other interested members of the community, and include the net amount retained as profit from each fundraising activity.</p> <p><u>Secretary II/Bookkeeper</u> will keep an accurate and detailed account of all receipts and</p>		
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Principal Signature 

Date April 11, 2023

				<p>disbursements in accordance with prescribed procedures.</p> <p>All fundraiser forms and documents will be retained in a file/binder by the Secretary II for future review.</p>		
2.	<p><u>2023.02 Untimely Completion of Monthly Bank Reconciliations</u></p>	<p>The recordkeeping staff should implement the training received to ensure that monthly bank reconciliations are prepared as required. The principal should ensure that bank statements are received promptly each month so that recordkeeping staff is able to prepare the month's reconciliation in a timely manner. The principal and recordkeeping staff must ensure that each month's reconciliation is completed and reviewed by the 15th of the subsequent month.</p>	Concur	<p>Mrs. Wheeler received training on Tuesday, September 13th, 2022 from Ms. Katrina Greene on the PGCPs Bank Reconciliation and has implemented the training to ensure she meets all required submission deadlines. Mrs. Wheeler has reviewed and follows the PGCPs Accounting Procedures Manual.</p> <p>Mr. Nelson receives the bank statements online and via USPS mail. He then forwards the online statements to Mrs. Wheeler so that she can begin the reconciliation process as soon as possible.</p> <p>We have implemented a scheduled meeting time to allow Mr. Nelson and Mrs. Wheeler to meet before the reconciliation is</p>	October 2022	Implemented

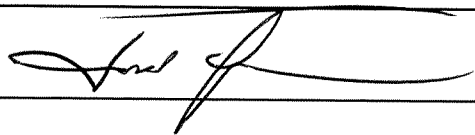
Principal Signature _____



Date April 11, 2023

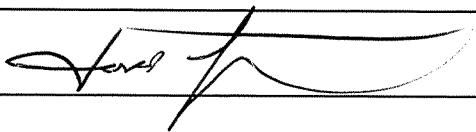
				due on the 15th of the subsequent month in order to review the reconciliation documents and obtain all the necessary signatures needed for completion on or before the 15th of the subsequent month.		
3.	<u>2023.03 Record Retention</u>	The principal and recordkeeping staff should establish an adequate records management system which ensures that all financial documents are maintained in an organized manner. Disbursements should be filed in numerical order and deposits should be filed in date order. The principal should conduct a periodic review of financial records to determine proper organization. Recordkeeping staff must be held accountable for compliance.	Concur	Disbursements, Deposits and Journal Entries are all kept in their respective binders filed in numerical order by school year. We have scheduled time on the calendar to conduct self audits to maintain accurate records (twice a year). All records will be retained for 7 years per the PGCPs Accounting Procedures Manual.	October 2022	Implemented
4.	<u>2023.04 Inadequate Completion of Monetary Transmittal Forms</u>	The current recordkeeping staff should ensure that completed MTFs are provided with funds remitted by staff members. The recordkeeping staff's review and approval must be documented on the MTF prior to deposits being initiated with the bank.	Concur	Mrs. Wheeler confirms that all the steps are followed and in compliance with the PGCPs Accounting Procedures Manual. Staff members collecting money are required to: - Sign out a Monetary Transmittal Form from the bookkeeper (or	February 2023	Implemented

Principal Signature _____



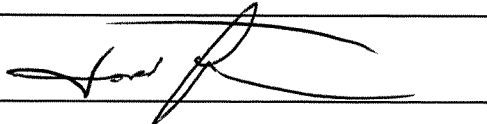
Date April 11, 2023

				<p>Principal in the bookkeeper's absence)</p> <ul style="list-style-type: none"> - complete a Monetary Transmittal Form fully and accurately before returning to - submit the MTF to the Bookkeeper along with money collected. <p>Note: The MTF must be completely filled out with the following information. 1) who collected money; 2) when it was collected; 3) from whom it was collected; 4) the amount and form of the collection; and 5) the reason for collecting. If additional space is needed a Student Remittance Report, Excel spreadsheet, class list, receipts, or ticket/report stubs, can be used as an attachment.</p> <p>The MTF is a three-part, pre-printed, pre-numbered, self-carboned PGCPs form that is available from the Bookkeeper. Each school is issued unique, numerically sequenced packages of MTF</p>		
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Principal Signature 

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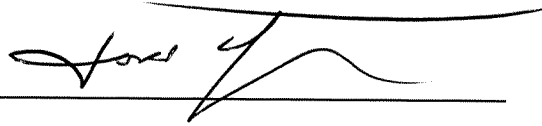
			<p>forms by Internal Audit, as needed. The Bookkeeper is responsible for accounting for all forms issued to schools.</p> <p>A MTF log is required and maintained by the Bookkeeper to include a numerical list of the MTF's, the name of individuals and dates the forms were issued, the date returned to the Bookkeeper, and the total amount of the MTF.</p> <p>If someone makes a mistake on a MTF form or it is unusable for any reason, the form should be marked 'Void' and be retained by the Bookkeeper. <u>These forms should never be discarded or destroyed.</u></p> <p>At the top of the MTF are specific instructions for completing the form. The person collecting funds is responsible for filling in all required information, including signing and dating the form. The exact make-up of the funds and the total amount being submitted to</p>		
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Principal Signature 

Date April 11, 2023

			<p>the Bookkeeper must be itemized on the MTF and the grand total on the MTF must agree with the total on the Student Remittance Report.</p> <p>The pink copy of the MTF is retained by the preparers of the form. The white and yellow copies are submitted to the Bookkeeper with cash. After approving a MTF, the Bookkeeper returns the yellow copy to the originator.</p> <p>Prior to departing at year-end, faculty and program managers are to submit the pink and yellow copies of the MTF(s) in a sealed envelope (with their signature over the seal) to the designated administrator.</p> <p>The Bookkeeper will print the SFO RECEIPTEE HISTORY REPORT and submit it to a designated administrator. This alerts the administrator which MTF envelope packages to expect.</p>		
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Principal Signature _____



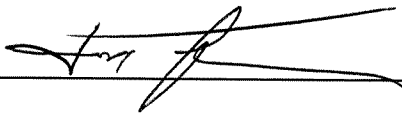
Date April 11, 2023

5.	<p><u>2023.05</u> <u>Inadequate</u> <u>Approval of</u> <u>Disbursements</u></p>	<p>Staff must be reminded of their responsibility to seek authorization for expenditures by completing the SFEF and obtaining the principal's approval prior to obligating the school's SAF. The recordkeeping staff must ensure that the SFEFs, accompanied by any supporting documentation, are submitted to the principal for approval and signature. Staff members must be held accountable for compliance.</p>	Concur	<p>Mrs. Wheeler confirms that all the steps are followed and in compliance with the PGCP Accounting Procedures Manual.</p> <p>Prior to ordering or purchasing goods or services, a <u>School Funds Expenditure Form</u> 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 this form. The employee can be held personally liable for the obligation, if this procedure is not followed.</p> <p>Each school should make a copy of this form, type the name of the school on the form, and then make additional copies for future use.</p> <p>Check signers (i.e. Principal, Bookkeeper or third designated signer), in instances where reimbursement(s) is necessary, should not sign their own reimbursement check. This</p>	January 2023	Implemented
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Principal Signature  _____

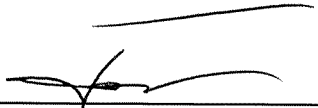
Date April 11, 2023

				<p>responsibility lies with the two (2) alternate signers.</p> <p>If a Principal's extended absence is anticipated, the pre-approval function may be delegated to a vice-Principal (or alternate administrator). To do so, the Principal must sign a written statement delegating the authority to a specifically-named individual for a specific timeframe during the absence. A copy of the delegation letter shall be provided to the Instructional Director and the Accounting and Financial Reporting Office.</p> <p>Payment of all bills, invoices and reimbursements to staff members that are funded from School Activity Funds must be made with a school check drawn on the school's checking account. No expenditures are to be paid using cash collected for the SAF.</p>		
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Principal Signature 

Date April 11, 2023

6.	<u>2023.06</u> <u>Administration of</u> <u>Vending</u> <u>Machines</u> <u>Contract</u>	The principal must obtain a signed contract for the vending machines located at the school. The contract must specify the commissions due to the school and the frequency with which these commissions are remitted. Purchasing and Supply should be contacted if the school is unable to secure a contract with the vending company.	Concur	Mr. Nelson has obtained a currently signed vending machine contract that specifies the commissions due to the school and the frequency in which the commissions are remitted.	January 2023	Implemented
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Principal Signature _____ 

Date _____ April 11, 2023 _____