




June 15, 2021

**MEMORANDUM**

To: **K. Fossett**, Ed. D., Instructional Director  
Cluster 8

**Judy Adams**, Ed. D., Principal  
Accokeek Academy

From: **Michele Winston**, CPA, Director   
Internal Audit

Re: Financial Audit for July 1, 2016 through March 31, 2021

An audit of the financial records of **Accokeek Academy** was conducted for the period July 1, 2016 through March 31, 2021. The audit indicated that the school's financial records and procedures require improvement to be in accordance with the Accounting Procedures for School Activity Funds (APM) and Board of Education policies and procedures. The exceptions noted in the audit are documented in the attached audit report.

As the principal of the school, you will be responsible for preparing an action plan by **July 15, 2021** 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). A copy of the action plan should be forwarded to Danyelle Washington, Business Analyst, email address: [dany.washington@pgcps.org](mailto:dany.washington@pgcps.org); Deborah Smalls, Business Operations Technician, email address: [deborah.smalls@pgcps.org](mailto:deborah.smalls@pgcps.org); Joeday Newsom, Esq., Ethics Compliance Officer, email address: [joeday.newsom@pgcps.org](mailto:joeday.newsom@pgcps.org) and Katrina Greene, School Activity Funds Support Specialist, email address: [Katrina.greene@pgcps.org](mailto:Katrina.greene@pgcps.org).

Enc.

cc:

**Juanita Miller**, Ed. D., Chair, Board of Education  
**Monica Goldson**, Ed. D., Chief Executive Officer  
**Members**, Board of Education  
**Mychael Dickerson**, Chief of Staff  
**Helen Coley**, Ed. D., Chief, School Support and Leadership  
**David Curry**, Ed. D., Associate Superintendent, Area 2  
**Michael Herbstman**, Chief Financial Officer  
**James Dougherty**, CPA, Director, Financial Services  
**Joeday Newsom**, Esq. Ethics Compliance Officer  
**Robin Welsh**, Director of Monitoring, Accountability and Compliance  
**Katrina Greene**, School Activity Funds Support Specialist  
**Janice Walters-Semple**, CPA, Internal Audit Supervisor  
**Derrick Martin**, Internal Auditor II

# Internal Audit Report

Accokeek Academy  
Student Activity Funds

For the Period Ended March 31, 2021

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Internal Auditor's Report

We have examined the Student Activity Funds (SAF) of Accokeek Academy for the period July 1, 2016 through March 31, 2021. Accokeek Academy'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:

- *Mismanagement of Funds Received;*
- *Mismanagement of Disbursements;*
- *Restricted Fund Account Deficits;*
- *Transfers Not Properly Approved;*
- *Vending Machine Contract; and*
- *Record Retention*

Individually or in the aggregate, these findings resulted in 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 March 31, 2021.



Michele Winston, CPA  
Director, Internal Audit

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**SUMMARY**

Internal Audit completed an audit of school activity funds (SAF) for Accokeek Academy for the period July 1, 2016 to March 31, 2021.

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 that occurred under the leadership of the current principal. Specifically, the current principal is responsible for **all** of the reported findings. 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 (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 review of selected bank statements, financial reports, and available cancelled checks, all voided checks, and Monetary Transmittal Form (MTF) envelopes submitted by staff for the period July 1, 2016 to March 31, 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. Certain requested financial records were not made available for the audit and therefore were not included in the audit scope. (See 2021.06 *Record Retention*)

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**FINDINGS AND RECOMMENDATIONS**

The audit resulted in the following findings and recommendations:

**2021.01: Mismanagement of Funds Received**

The following exceptions were noted pertaining to mismanagement of funds received:

- A. **Monetary Transmittal Forms Submission** – There were **10** instances where MTFs submitted were approved by the recordkeeping staff without sufficient supporting documentation. Missing documentation included but was not limited to class lists, itemized receiptee information, concession sales inventory list, etc.
  
- B. **Inappropriate Collection of Funds** – There were **2** instances where the recordkeeping staff collected funds and also prepared the MTFs.

The APM provides the following requirements regarding the mentioned conditions:

*4.5.2 Cash Receipts:* 1. Collecting Funds: Completing the MTF states:

- A. Staff members collecting money are required to complete a Monetary Transmittal Form and submit it to the bookkeeper along with all money collected. The MTF must be entirely completed with the following information. 1) who collected funds; 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.

*4.5.2.2 Procedures:* 3. Preparing Bank Deposits states:

- B. The bookkeeper is responsible for counting cash, verifying the total on the MTF and applicable attachments.

**Segregation of Duties** - No one individual should ever be made solely responsible for maintaining records on resources that they have custody of, access to and/or authority over. Ideally, different individuals should be assigned the responsibilities of 1) authorizing transactions, 2) recording transactions and 3) maintaining the custody of the related assets. In simple terms, there should be “checks and balances.”

Reportedly, staff members occasionally submitted supporting documentation via email and submitted the MTF document in person. This resulted in the separation of supporting

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information. It was also noted that the athletic director recorded the amount of concession sales and ticket sales as an aggregate amount on the MTF. This accounted for the difference on the attached mandatory ticket report. The Secretary I and Secretary II share bookkeeping duties which also contributed to discrepancies with on MTFs.

When BOE policies and procedures for collection of SAF are not followed, the school's assets are at risk of fraud waste and abuse. Recordkeeping staff are unable to verify the accuracy of funds remitted without appropriate supporting documentation. Segregation of duties does not occur when the recordkeeping staff collects funds.

**Recommendation:** The following should be performed to correct deficiencies in management of funds received:

- A. The recordkeeping staff should ensure there is appropriate documentation provided when accepting and approving MTFs. When accepting athletic ticket sales, the recordkeeping staff should ensure the athletic director provides all concession sales details to substantiate the deposit.
- B. The principal should define roles for each secretary to ensure that there is always adequate segregation of duties relative to the collection of funds.

**2021.02 Mismanagement of Disbursements**

The following deficiencies were noted pertaining to mismanagement of disbursements:

- **Documentation** – There was **1** instance where the school reimbursed an employee \$344.00 for pizza purchase. There was no receipt to substantiate the purchase.
- **Gift Cards** – There were **2** instances where the school purchased an Amazon gift card for \$25.00 and a Fandango gift card for \$25.00. These gift card purchases were included on a store receipt which included other purchases from Staples.

The APM States the following regarding the mentioned conditions:

*4.5.3.1 Procedures:* 2. Inclusion of Supporting Documentation states:

- All checks must have itemized documentation attached to the School Funds Expenditure Form that supports the amount of the check. Examples of supporting documents are cash register receipts, invoices, bills of sale, etc.

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6.7 Gift Cards States:

- Schools are prohibited from purchasing gift cards as a form of payment, expenditure or award.

Reportedly, the gift card purchase was an oversight made in March of 2019 due to lack of familiarity with the gift card policy. The pizza reimbursement was also an oversight.

Noncompliance with disbursement requirements compliance jeopardizes the school's internal controls. Also, failure to document support for reimbursements reduces the assurance that purchases were made in accordance with the APM and for the benefit of students.

**Recommendation:** The recordkeeping staff should exercise due care to ensure that all disbursements are adequately supported as required by section 4.5.3.1 – 2. *Inclusion of supporting documentation.* The principal and recordkeeping staff should familiarize themselves with the gift card policy outlined in the APM to ensure that the school is always in compliance.

**2021.03 Restricted Fund Account Deficits**

The following restricted fund accounts had deficits which aggregated to approximately **(\$7,025.38)** as of March 31, 2021.

Account	Name	Amount
211.65	Boys Basketball Sports Equipment	-\$126.10
211.85	Boys Baseball Uniforms	-\$615.50
212.00	Boys Basketball Allotment	-\$19.99
317.00	School Magazine	-\$1,017.90
324.00	Lotto Read	-\$173.62
326.00	Spirit Squad	-\$250.30
415.40	Student Lunch Fund 5-8	-\$285.00
415.50	Student Lunch Fund K-4	-\$285.00
430.10	Freeman Foundation	-\$200.00
440.00	PBIS	-\$463.46
450.10	PSA - Flowers	-\$748.54
450.20	PSA - Food	-\$153.56
450.30	PSA - Staff Appreciation	-\$1,044.45



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450.40	PSA - Clothing	-\$1,431.19
516.00	AVID	-\$152.00
567.00	Elementary Music	-\$58.77
<b>Total</b>		<b>-\$7,025.38</b>

Expenditures for restricted fund accounts are limited to the amount of funds collected for those activities. When restricted accounts exceed the available cash, the account is insolvent. As the fiduciary agent for the SAF, the principal should ensure all accounts are solvent at all times.

Under the BOE policies and procedures that govern the SFEF, the bookkeeper should complete the funds available line in the “Request and Pre-Approval” section to ensure that there is sufficient funding to cover the requested expenditure prior to the approval.

The principal and recordkeeping staff inherited the restricted fund deficits. Attempts have been made to bring accounts positive and the school continues to make progress. The school has made multiple attempts to contact the Accounting and Financial Reporting Office for guidance but has not received a resolution.

Students are not receiving the maximum possible benefit of the resources that should have been available to them.

**Recommendation:** The principal should continue to work towards elimination of all restricted fund account deficits. The Accounting and Financial Reporting Office should be pursued to obtain guidance on resolution including the following considerations:

- Use of PY Carryover funds to resolve the inherited deficits.
- Performance of an analysis of dormant accounts to determine whether funds can be transferred to resolve some of the deficits.

**2021.04 Transfers Not Properly Approved**

There were **10** instances where journal entries processed by the recordkeeping staff were not approved by the principal as evidenced by the Fund Transfer Journal Entry Proof Sheet.

The APM section 4.5.4.2 *Transfers between Restricted and Unrestricted/Net Accounts* states that “Transfers between restricted accounts are only authorized if reviewed and approved by the principal.”

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Reportedly, the principal reviewed and signed off on transfers using the monthly reconciliation packages. The school will now ensure that Fund Transfer Journal Entry Proof Sheets are approved as required to provide evidence that approval of each transfer journal entry occurred.

Transfers made without principal approval can result in inappropriate processing and or misuse of the school's funds.

**Recommendation:** The principal and recordkeeping staff should ensure Fund Transfer Journal Entry Proof Sheets are always approved as required. Record of approval should be retained to substantiate compliance.

**2021.05 Vending Machine Contract**

There are 6 vending machines located throughout the school. However, there is no contract in place that specifies commission due and the terms of the contract.

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

The current recordkeeping staff was unable to locate the appropriate contract for the vending machines. Failure to have a formal contract in place that stipulates commission due and contract term constitutes non-compliance with BOE policies and procedures.

Failure to maintain a vending machine contract violates the requirements of the APM and constitutes noncompliance with BOE policies and procedures. This compromises the principal's ability to obtain and follow the vending agreement to ensure that the school receives adequate compensation.

**Recommendation:** The principal must establish procedures to ensure that a current vending contract is established and maintained on file in compliance with BOE policies and procedures. Purchasing and Supply Service should be consulted for identification of an alternate vendor in the absence of a current vending contract.

**2021.06 Record Retention**

The following financial records were not made available for the audit

- Journal Entry Transfer Records – 30;
- FY 2020 End of the year MTF Envelopes – 8 envelopes containing 119 MTF records;

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- FY 2019 End of the year MTF Envelopes – 6 envelopes containing 148 MTF records; and
- FY 2019 Disbursement Record – 1

The APM section 6.12 *Record Retention* requires all SAF records to be retained for a period of 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.”

The recordkeeping staff did not consistently print out approval documents for the principal to approve transfers prior to posting in SFO. The staff designated to collect MTF envelopes did not ensure that each staff member who processed MTFs during the audit period submitted the MTF envelopes as required. The one disbursement record was an oversight.

Failure to make financial records available for audit constitutes noncompliance with BOE policies and procedures and compromises the audit trail necessary for determining compliance with applicable requirements.

**Recommendation:** The principal must ensure that financial records are retained for the stipulated period of 7 years and in an organized manner. The principal should oversee the records management process to ensure school records are properly maintained and secured.

### **STATUS OF PRIOR AUDIT FINDINGS**

The previous audit report for Accokeek Academy was issued for the period ended October 31, 2015. During that period, the principal and the recordkeeping staff held their current positions. The previous audit report had 7 reportable conditions, of which 6 are repeated in the current audit report. The following findings were noted as a result of the prior audit and the current status is indicated below:

- **Missing Funds** – Controls appear to be working
- **Mismanagement of Disbursements** – See Finding 2021.02 regarding *Mismanagement of Disbursements*.
- **Mismanagement of Funds Received** – See Finding 2021.01 regarding *Mismanagement of Funds Received*.
- **Year-end Monetary Transmittal Form Envelopes Collection Process** – See Finding 2021.06 regarding *Record Retention*.
- **Record Retention** – See Finding 2021.06 regarding *Record Retention*.
- **Vending Machine Contract** – See Finding 2021.05 regarding *Vending Machine Contract*.
- **Excessive Spending in Restricted Accounts** – See Finding 2021.03 regarding *Restricted Fund Account Deficits*.

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**ACKNOWLEDGEMENT**

We would like to thank the principal and record keeping staff of Accokeek Academy for their cooperation and assistance during the audit.

**Prince George's County Public Schools  
Internal Audit Department  
School/Office: Accokeek Academy  
Response Date July 15, 2021**

	<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>2021.01 Mismanagement of Funds Received</u></b>	<p>The following should be performed to correct deficiencies in management of funds received:</p> <p>A. The recordkeeping staff should ensure there is appropriate documentation provided when accepting and approving MTFs. When accepting athletic ticket sales, the recordkeeping staff should ensure the athletic director provides all concession sales details to substantiate the deposit.</p> <p>B. The principal should define roles for each secretary to ensure that there is always adequate segregation of duties relative to the collection of funds.</p>	Partially Concur	<p>A. Record keeping staff will assure appropriate documentation will accompany the MTF Form. Record keeper will review documentation for accuracy prior to signing off on the MTF Form. Review of practice and procedures with Athletic Director and other staff assuring all concession stand details will accompany the MTF Form to include the price list of items sold.</p> <p>B. School has been in the process since June 2020 of moving the duties of the bookkeeper from our Secretary 2 to our Financial Secretary. Segregation if duties for secretaries will be in place defining roles of collection of funds.</p>	08/01/2021	

Principal Signature Judy N. Adams

Date 7/13/2021

2.	<b><u>2021.02 Mismanagement of Disbursements</u></b>	The recordkeeping staff should exercise due care to ensure that all disbursements are adequately supported as required by section 4.5.3.1 – 2. <i>Inclusion of supporting documentation.</i> The principal and recordkeeping staff should familiarize themselves with the gift card policy outlined in the APM to ensure that the school is always in compliance.	Concur	The record keeping staff is well aware of the non-reimbursement for gift cards and to have adequate documentation to disburse a check. It was a one-time oversight and will not happen again.	7/15/2021	
3.	<b><u>2021.03 Restricted Fund Account Deficits</u></b>	The principal should continue to work towards elimination of all restricted fund account deficits. The Accounting and Financial Reporting Office should be pursued to obtain guidance on resolution including the following considerations: <ul style="list-style-type: none"> <li>• Use of PY Carryover funds to resolve the inherited deficits.</li> </ul> Performance of an analysis of dormant accounts to determine whether funds can be transferred to resolve some of the deficits.	Concur	Memo in process to Accounting and Financial Reporting office along with Internal Audit to resolve inherited deficits.	7/20/2021	
4.	<b><u>2021.04 Transfers Not Properly Approved</u></b>	The principal and recordkeeping staff should ensure Fund Transfer Journal Entry Proof Sheets are always approved as required. Record of approval should be retained to substantiate compliance.	Concur	Fund transfers were reflected on the Year to Date Report which was signed by the Principal. We will add the individual transfer fund proof sheets for future transfers.	7/1/2021	
5.	<b><u>2021.05 Vending Machine Contract</u></b>	The principal must establish procedures to ensure that a current vending contract	Concur	We will obtain current contract, review, and update annually. We	8/1/2021	

Principal Signature Judy N. Adams

Date 7/13/2021

		is established and maintained on file in compliance with BOE policies and procedures. Purchasing and Supply Service should be consulted for identification of an alternate vendor in the absence of a current vending contract.		will allow current vendor to provide contract and if not made available, we will search for alternate vendor.		
6.	<b><u>2021.06 Record Retention</u></b>	The principal must ensure that financial records are retained for the stipulated period of 7 years and in an organized manner. The principal should oversee the records management process to ensure school records are properly maintained and secured.	Concur	Record keeper will send out quarterly MTF assignments to administrators. Administrators will collect the verified MTF's quarterly. At the end of the school year, administrators will secure all MTF's and file with the Principal.	8/1/2021	

Principal Signature     *Judy N. Adams*    

Date     7/13/2021