



February 23, 2021

MEMORANDUM

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

Anna Santiago, Ed. D, Principal
Cesar Chavez Dual Language Spanish Immersion

From: Michele Winston, CPA, Director
Internal Audit

Re: Financial Audit for the Period October 1, 2019 through December 31, 2020

An audit was completed on the financial records of **Cesar Chavez Dual Language Spanish Immersion** for the period October 1, 2019 through December 31, 2020. 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 principal of the school, you will be responsible for preparing an action plan by **March 23, 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, Attention: Danyelle Washington, Business Analyst, email address: dany.washington@pgcps.org. A copy of your action plan should also be forwarded to Deborah Smalls, Business Operations Technician, email address: deborah.smalls@pgcps.org, Joeday Newsom, Esq., Ethics Compliance Officer, email address: joeday.newsom@pgcps.org and Katrina Greene, Student 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
Helen Coley, Ed. D, Chief School Support and Leadership
Michael Herbstman, Chief Financial Officer
James Dougherty, Director, Financial Services
Kasandra Lassiter, Ed. D, Associate Superintendent, Elementary Schools
Suzann King, Esq, Executive Director, Board of Education
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

Cesar Chavez Dual Language Spanish Immersion

Student Activity Funds

For the Period Ended December 31, 2020

Cesar Chavez Dual Language Spanish Immersion
Student Activity Funds
Internal Audit Report
For the Period Ended December 31, 2020

Table of Contents

INTERNAL AUDITOR’S REPORT.....2
SUMMARY 3
OBJECTIVES 3
SCOPE 3
FINDINGS AND RECOMMENDATIONS..... 4
STATUS OF PRIOR AUDIT FINDINGS 6
ACKNOWLEDGEMENT 6

Cesar Chavez Dual Language Spanish Immersion
Student Activity Funds
Internal Audit Report
For the Period Ended December 31, 2020

Internal Auditor's Report

We have examined the Student Activity Funds (SAF) of Cesar Chavez Dual Language Spanish Immersion for the period October 1, 2019 through December 31, 2020. Cesar Chavez Dual Language Spanish Immersion'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:

- *Deficits in Restricted Accounts,*
- *Year-End Monetary Transmittal Form Processes Not Followed, and*
- *Delinquent Financial Reporting*

Individually or in the 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 APM referred to above, was administered in compliance with BOE policies and procedures and the APM, in all material respects, for the period ended December 31, 2020



Michele Winston, CPA
Director, Internal Audit

Cesar Chavez Dual Language Spanish Immersion
Student Activity Funds
Internal Audit Report
For the Period Ended December 31, 2020

SUMMARY

The Internal Audit Department completed an audit on the student activity funds (SAF) for Cesar Chavez Dual Language Spanish Immersion for the period October 1, 2019 through December 31, 2020. The audit was conducted as part of the audit plan for the year.

This audit report includes **3** 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. 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 to determine whether the school was in compliance with the policies and procedures of the Accounting Procedures Manual for School Activity Funds 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 all bank statements, financial reports, cancelled checks and all available Monetary Transmittal Form (MTF) envelopes submitted by staff for the period October 1, 2019 through December 31, 2020. 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.

Cesar Chavez Dual Language Spanish Immersion
Student Activity Funds
Internal Audit Report
For the Period Ended December 31, 2020

FINDINGS AND RECOMMENDATIONS

The audit resulted in the following findings and recommendations:

2021.01: Deficits in Restricted Accounts

The following restricted accounts had deficits as of December 31, 2020 which aggregated to **(\$3,392.97)**.

- Water - **(\$90.00)**
- Kindergarten Activities - **(\$94.00)**
- Lego Team - **(\$227.05)**
- School Spirit Jackets - **(\$121.26)**
- Yearbook - **(\$2,604.65)**
- PE Uniforms and Equipment - **(\$256.01)**

According to the APM, expenditures for all restricted accounts are limited to the amount of funds collected for those activities. However, if restricted accounts exceed the available cash balance, the account is insolvent. As the fiduciary agent for the SAF, the principal should ensure SAF accounts are solvent at all times.

Most of the deficits pre-dated the tenure of both the principal and the recordkeeping staff. According to the recordkeeping staff, she attempted to resolve the Kindergarten Activities deficit when she transferred funds from an unrestricted fundraising account that had kindergarten students involvement to pay for expenses in the restricted kindergarten account. However, this transaction was subsequently reversed as advised by accounting office staff. Students are not receiving the maximum possible benefit from the resources that should have been available to them.

Recommendation: The principal and financial secretary should identify any dormant accounts with positive balances, from which transfers could be made to “zero-out” deficits and discuss options for resolution of these deficits with Accounting and Financial Reporting Office. Spending in these accounts must cease until the accounts' deficits are resolved.

2021.02: Year-End Monetary Transmittal Form Processes Not Followed

The year-end MTF submission process was not operating as required. Both pink and yellow MTF remittances were not located for review in 4 instances. Also, the staff member responsible for the 4 missing MTF remittances did not submit the pink MTF remittances as required in the other instances.

Cesar Chavez Dual Language Spanish Immersion
Student Activity Funds
Internal Audit Report
For the Period Ended December 31, 2020

The pink copy of the MTF is required to be retained by the preparer of the form. The white and yellow copies are submitted to the bookkeeper with collected funds. After approving a MTF, the bookkeeper returns the yellow copy to the originator. Prior to departing at year-end, faculty and program managers are required 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. 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.

Due to the COVID-19 closings and reopening, some staff members were unable to return to the school to submit their envelopes. An email reminder was sent to staff when Internal Audit contacted the school about the impending audit but some staff members did not report to the school to submit the required MTF envelopes. Internal controls for ensuring all SAF collected were subsequently deposited was weakened and the potential for loss of assets increased.

Recommendation: Staff must be reminded of the year-end MTF envelope submission process and be held accountable for submitting their MTF remittances in signed and sealed envelopes to the principal or a designated administrator as part of the year-end check-out process. Provision should be made for submission when there are extreme circumstances.

2021.03: Delinquent Financial Reporting

There were **4** instances where the monthly bank reconciliations were not completed timely by the recordkeeping staff. The reconciliations were completed between **30** and **90** days after the due date.

According to the APM, Section 4.2.2, *Bank Account Procedures*, the principal should receive the bank statement unopened. After reviewing the statement and the cancelled checks, the principal should sign the bank statement and forward it to the bookkeeper. The bank account must be reconciled within 7 days of receipt of the bank statement. Also, Section 5.2.1, *Financial Reporting Requirements Procedures* require that, the principal should receive the report package (including the bank reconciliation) from the bookkeeper by the 15th of each month.

According to the recordkeeping staff, she was overwhelmed with other administrative responsibilities when she lost the support of two front office staff members. Reportedly, this impacted her ability to complete all responsibilities including the bank account reconciliations timely. Also, there was a delay in securing the bank statements and attempts to obtain electronic copies could not be completed until October 2020. Preparing bank reconciliations delinquent impacts 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 review individual transactions may be impacted.

Recommendation: The principal must ensure that there is adequate staffing made available to the recordkeeping staff to facilitate timely preparation of monthly bank reconciliations. The

Cesar Chavez Dual Language Spanish Immersion
Student Activity Funds
Internal Audit Report
For the Period Ended December 31, 2020

recordkeeping staff must be held accountable for the completion of bank reconciliations by the due date.

STATUS OF PRIOR YEAR FINDINGS

The previous audit report for Cesar Chavez Dual Language Spanish Immersion was issued for the period ended September 30, 2019. The current principal and recordkeeping staff were in their current positions at that time. The previous audit report included 6 findings and 2 are repeated in the current audit. The following findings were noted as a result of the last audit and their current status is indicated below.

- **Mismanagement of Funds Received** - Condition was not noted during this audit.
- **Excessive Spending in Restricted Accounts** - Condition still exists. See Finding 2021.01 regarding *Excessive Spending in Restricted Accounts*.
- **Inadequate Approval of Disbursements** - Condition was not noted during this audit.
- **Improper Administration of Voided Checks** - Condition was not noted during this audit.
- **Delinquent Financial Reporting** - Condition still exists. See Finding 2021.03 regarding *Delinquent Financial Reporting*.
- **Fundraiser Forms** - Condition was not noted during this audit.

ACKNOWLEDGEMENT

We would like to thank the principal and staff of Cesar Chavez Dual Language Spanish Immersion for their cooperation and assistance extended during the audit.

Prince George's County Public Schools
Internal Audit Department
School/Office: Cesar Chavez Dual Language Spanish Immersion
Response Date March 23, 2021

	Findings	Recommendations	Concur Non- Concur Partially Concur	Action Plan	Corrective Action Date	Status Implemented Partially Implemented Not Implemented
1.	<u>2021.01: Deficits in Restricted Accounts</u>	The principal and financial secretary should identify any dormant accounts with positive balances, from which transfers could be made to “zero-out” deficits and discuss options for resolution of these deficits with Accounting and Financial Reporting Office. Spending in these accounts must cease until the accounts' deficits are resolved.	Partially Concur	These accounts were deficit prior to Principal taking Principalship of the school. In 2019, Accounting and Financial Reporting Office were contacted and asked to use prior year’s roll over funds to zero out the existing deficit. Principal will make a request again.(It is not just to use funds current students are raising to zero out preexisting deficit.) Spending in the deficit accounts has not occurred since the Principal took the Principal of Cesar Chavez.	3/18/2021	Implemented- request sent to Accounting and Financial Reporting Office (Katrina Greene)
2.	<u>2021.02: Year-End Monetary Transmittal Form Processes Not Followed</u>	Staff must be reminded of the year-end MTF envelope submission process and be held accountable for submitting their MTF remittances in signed and sealed envelopes to the principal or a designated administrator as part of the year-end check-out process. Provision should be made for submission when	Partially concur	Staff are reminded during Pre-service training and when fundraising approval/MTF are distributed. The sudden closure of schools due to COVID Pandemic, prevented the usual end of year procedures which included the submission/collection of MTFs. (this was a result of one staff	3/18/2021	Implemented

Principal Signature *Anna M. Santiago, PhD*

Date 3/18/2021

		there are extreme circumstances.		member's MTFs). The continued closure for a year prevented staff from returning to the building to access the MTFs and has now complete this task. Secretary's duties and staff handbook will include the prioritization of collection of MTFs in the event of another Pandemic and/or extreme circumstances.		
3.	<u>2021.03:</u> <u>Delinquent</u> <u>Financial</u> <u>Reporting</u>	The principal must ensure that there is adequate staffing made available to the recordkeeping staff to facilitate timely preparation of monthly bank reconciliations. The recordkeeping staff must be held accountable for the completion of bank reconciliations by the due date.	Do not concur	It is very difficult to ensure adequate staffing when the Pandemic closed schools and reduced working capacity for checking backgrounds/fingerprinting and onboarding staff members. However, the issue is completion of the bank reconciliation. The closure of schools prevented the post office from delivering bank statements. A request to the Accounting office to communicate to Sun Trust permission to send us electronic bank statements was delayed until October due to the Pandemic. Once the communication was received and bank statements were send electronically, the secretary completed reconciliation.	October 2020	Completed Reconciliations and hiring of new staff

Principal Signature Anna M. Santiago, PD

Date 3/18/2021