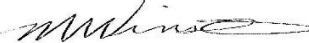


September 16, 2020

MEMORANDUM

To: Sheena Hardy, Instructional Director
Cluster 3

Traci Brown, Principal
Glassmanor Elementary School

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

Re: Financial Audit for July 1, 2016 through July 31, 2020

An audit of the financial records of **Glassmanor Elementary School** was conducted for the period July 1, 2016 through July 31, 2020. 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 are responsible for preparing an action plan by **October 16, 2020** 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 the action plan should be forwarded to Danyelle Washington, Business Analyst, email address: dany.washington@pgcps.org; Deborah Smalls, Business Operations Technician, email address: deborah.smalls@pgcps.org; and Joeday Newsom, Esq., Ethics Compliance Officer, email address: joeday.newsom@pgcps.org.

Enc.

cc:

Alvin Thornton, Ph. D., Chairman, Board of Education
Monica Goldson, Ed. D., Chief Executive Officer
Members, Board of Education
Christian Rhodes, Chief of Staff
Helen Coley, Ed. D, Chief, School Support and Leadership
Kassandra Lassiter, Ed. D., Associate Superintendent, Elementary Schools
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
Suzann King, Esq., Executive Director, Board of Education
Janice Walters-Semple, CPA, Internal Audit Supervisor
Derrick Martin, Internal Auditor II

Internal Audit Report

Glassmanor Elementary School Student Activity Funds

For the Period Ended July 31, 2020

Glassmanor Elementary School
Student Activity Funds
Internal Audit Report
For the Period Ended July 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](#) 7
[ACKNOWLEDGEMENT](#) 7

Glassmanor Elementary School
Student Activity Funds
Internal Audit Report
For the Period Ended July 31, 2020

Internal Auditor's Report

We have examined the Student Activity Funds (SAF) of Glassmanor Elementary School for the period July 1, 2016 to July 31, 2020. Glassmanor 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:

- *Vending Machine Contract;*
- *Fundraiser Forms; and*
- *Transfers Not Properly Approved;*

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 July 31, 2020.

Michele Winston, CPA 
Director, Internal Audit

Glassmanor Elementary School
Student Activity Funds
Internal Audit Report
For the Period Ended July 31, 2020

SUMMARY

The Internal Audit Department completed an audit of student activity funds (SAF) for Glassmanor Elementary School for the period July 1, 2016 to July 31, 2020.

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 July 31, 2020. Also, selected receipts, disbursements and supporting documentation were reviewed for the said period.

Glassmanor Elementary School
Student Activity Funds
Internal Audit Report
For the Period Ended July 31, 2020

FINDINGS AND RECOMMENDATIONS

The audit resulted in the following findings and recommendations:

2021.01 Vending Machine Contract

There is **1** Pepsi vending machine located in the school's common area where students and teachers have access. However, there is no contract in place that specifies 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."

According to the recordkeeping staff, attempts to contact the vending company to obtain a signed contract has been unsuccessful as the vending company has been unresponsive.

Failure to have a formal contract in place that stipulates commission due and contract term constitutes noncompliance with BOE policies and procedures. This compromises the principal's ability to obtain potential profit that could benefit the school and students. It also impacts the principal's ability to seek recourse if the vendor does not act in the interest of the school.

Recommendation: The principal must establish procedures to ensure that current vendor contracts are established and maintained on file in compliance with BOE policies and procedures. The principal must either obtain a current vending contract or consult with Purchasing and Supply Service for identification of an alternate vendor if the vendor does not respond to their request for a signed contract.

2021.02 Fundraiser Forms

The school held **3** club sponsored fundraisers and **9** school-wide fundraisers during the audit period. However, Fundraiser Request and Authorization Forms, Completion Reports and annual reports summarizing fundraising activities were not completed as required. As a result there were a total of **12** missing completion reports, **3** missing Fundraiser Request and Authorization Forms **3** missing annual reports summarizing the school's fundraising activities as shown in the table below:

Glassmanor Elementary School
 Student Activity Funds
 Internal Audit Report
 For the Period Ended July 31, 2020

Fiscal Year	Fundraiser	School-wide	Club Sponsored	Was Request and Approval on File?	Was Fundraiser Completion Report on File?	Was Annual Consolidation Report Completed?
2018	Student Council	No	Yes	No	No	
2018	Bookfair	Yes	No	N/A	No	
2018	Student Pictures	Yes	No	N/A	No	
2018	Claire's Gourmet	Yes	No	N/A	No	
2018 Total Missed Reports				1	4	
2019	Student Council	No	Yes	No	No	
2019	Bookfair	Yes	No	N/A	No	
2019	Student Pictures	Yes	No	N/A	No	
2019	Claire's Gourmet	Yes	No	N/A	No	
2019 Total Missed Reports				1	4	
2020	Student Council	No	Yes	No	No	
2020	Student Pictures	Yes	No	N/A	No	
2020	Bookfair	Yes	No	N/A	No	
2020	Claire's Gourmet	Yes	No	N/A	No	
2020 Total Missed Reports				1	4	
Total Missing Fundraiser Reports				3	12	3

Administrative Policy 5135.1, *Fundraising* indicates that when clubs and organizations have fundraisers, they must complete the Fundraiser Request and Authorization Forms, Fundraiser Completion Report and the principal and record keeping staff must complete annual fundraising summaries at the end of each school year. These documents are required to be maintained on file for public and auditor review upon request.

The school did not follow BOE policies and procedures as established in the APM. According to the recordkeeping staff, there were no internal controls in place to ensure that fundraiser forms were completed as required.

Glassmanor Elementary School
Student Activity Funds
Internal Audit Report
For the Period Ended July 31, 2020

It is difficult to determine whether the fundraisers conducted by the school yielded any financial benefit or loss. Financial records are not complete and information may not be available to make informed decisions on continuing fundraising activities. As the fiduciary agent of the school, the principal has not fulfilled his responsibilities for reviewing and approving fundraiser reports.

Recommendation: Procedures must be implemented by the principal to ensure completion of the required reports. Fundraising sponsors must be required to submit requests for all fundraisers initiated by clubs and organizations. At the end of the school year, the record keeping staff should generate reports of all fundraising activities to facilitate completion of the annual fundraising reports. An adequate filing system must be implemented to facilitate the retrieval of those forms and reports upon request by the Internal Audit or anyone with reviewing authority. The school staff should become familiar with the Student Accounting Manual regarding fundraising activities and the required documents. The principal should consider appointing an administrator with responsibility for oversight of fundraising activities.

2021.03 Transfers Not Properly Approved

There were **9** instances where transfers performed were not preceded by the principal's approval of the *Fund Transfer Journal Entry Proof Sheet as required*.

The APM Section 4.5.4.2 *Transfers Between Restricted and Unrestricted/Net Accounts* states, "Transfers between restricted accounts are only authorized if reviewed and approved by the principal."

The recordkeeping staff was not aware of the requirements for approval of transfers as outlined in the APM. Although the Fund Transfer Journal Entry Proof Sheets were printed, they did not contain documentation of the principal's signature as proof of approval. Funds transferred without the principal's approval can lead to misuse of school funds.

Recommendation: The principal and record keeping staff should ensure that all transfers are approved by the principal as required and the Fund Transfer Journal Entry Proof Sheet should be retained on file as evidence of compliance.

Glassmanor Elementary School
Student Activity Funds
Internal Audit Report
For the Period Ended July 31, 2020

STATUS OF PRIOR AUDIT FINDINGS

The previous audit report for Glassmanor Elementary School was issued for the period ended September 30, 2014. During that period, the recordkeeping staff was in her current position. The principal assumed his position on July 1, 2019. The previous audit report included 3 reportable conditions, none of which is 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:

- **Mismanagement of Disbursements** – Controls Appear to be Working
- **Warehouse Membership Cards** – Controls Appear to be Working
- **Inadequate Documentation for Receipts** – Controls Appear to be Working

ACKNOWLEDGEMENT

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

**Prince George's County Public Schools
Internal Audit Department
School/Office: Glassmanor ES**

Response Date October 16, 2020

	Findings	Recommendations	Concur Non- Concur Partially Concur	Action Plan	Corrective Action Date	Status Implemented Partially Implemented Not Implemented
1.	<u>2021.01 Vending Machine Contract</u>	The principal must establish procedures to ensure that current vendor contracts are established and maintained on file in compliance with BOE policies and procedures. The principal must either obtain a current vending contract or consult with Purchasing and Supply Service for identification of an alternate vendor if the vendor does not respond to their request for a signed contract.	Concur	The Secretary II has reached out to the Pepsi Plant in Columbia MD. She was unable to talk to a live person. The answering machine only repeats the message. She finally reached out to the Pepsico Corporation. Just waiting for them to pick up the machine. If we decide to have another vending machine, we will contact Purchasing for a different approved vendor.	10/21/2020	Implemented
2.	<u>2021.02 Fundraiser Forms</u>	Procedures must be implemented by the principal to ensure completion of the required reports. Fundraising sponsors must be required to submit requests for all fundraisers initiated by clubs and organizations. At the end of the school year, the record keeping staff should generate reports of all fundraising activities to facilitate completion of the annual fundraising reports. An adequate filing system must be implemented to facilitate the retrieval of those forms and reports upon request by the Internal	Concur	Principal will ensure that all staff are familiar with the fundraising procedures. Secretary II will make sure that all sponsors are submitting requests to Principal for approval. She will also include completed forms and annual fundraising reports in filing system already established for all audit forms retained by audit year. The	10/21/2020	Implemented

Principal Signature

Shaa Brown

Date

10/23/2020

		Audit or anyone with reviewing authority. The school staff should become familiar with the Student Accounting Manual regarding fundraising activities and the required documents. The principal should consider appointing an administrator with responsibility for oversight of fundraising activities.		Principal will meet with the Secretary II monthly to review documentation for accuracy.		
3.	<u>2021.03 Transfers Not Properly Approved</u>	The principal and record keeping staff should ensure that all transfers are approved by the principal as required and the Fund Transfer Journal Entry Proof Sheet should be retained on file as evidence of compliance.	Concur	The Secretary II will obtain Principal approval before transferring funds. Once transfer is completed. She will print Journal Entry Proof sheet, sign it and obtain Principal signature. This documentation will be filed in the corresponding audit year files.	10/21/2020	Implemented

Principal Signature Shaci Brown

Date 10/23/2020