



August 7, 2020

MEMORANDUM

To: Susan Holiday, Instructional Director
Area 1

Phyllis Gillens, Ed. D, Principal
Magnolia Elementary School

From: Michele Winston, CPA, Director
Internal Audit

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

An audit was completed on the financial records of **Magnolia Elementary School** for the period July 1, 2016 through March 31, 2020. The audit indicates that the school's financial records and procedures require improvement to be in accordance with the Accounting Procedures Manual (APM) for School Activity Funds (SAF) 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 7, 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. **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; Deborah Smalls, Business Operations Technician, email address: deborah.smalls@pgcps.org; and Joeday Newsom, Esq., Ethics Compliance Officer, email address: joeday.newsom@pgcps.org.

Enclosure

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
Michael Herbstman, Chief Financial Officer
James Dougherty, Esq., Director, Financial Services
Kassandra Lassiter, Ed. D., Associate Superintendent, Elementary Schools
Helen Coley, Ed. D., Chief, School Support and Leadership
Joeday Newsom, Esq., Ethics Compliance Officer
Suzann King, Esq., Executive Director, Board of Education
Janice Walters-Semple, CPA, Supervisor, Internal Audit
Rhonda Carter, Internal Auditor II

Internal Audit Report

**Magnolia Elementary School
School Activity Funds**

For the Period Ended March 31, 2020

Magnolia Elementary School
School Activity Funds
Internal Audit Report
For the Period Ended March 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 11
ACKNOWLEDGEMENT 12

Magnolia Elementary School
School Activity Funds
Internal Audit Report
For the Period Ended March 31, 2020

Internal Auditor's Report

We have examined the School Activity Funds (SAF) of Magnolia Elementary School for the period July 1, 2016 through March 31, 2020. Magnolia 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 (AICPA) 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:

- *Mismanagement of Disbursements,*
- *Administration of Voided Checks,*
- *Mismanagement of Funds Received,*
- *Monthly Bank Reconciliation and Financial Reporting,*
- *Excessive Spending in Restricted Accounts,*
- *Year-End Monetary Transmittal Form Envelope Submission Process,*
- *Failure to Complete Fundraising Forms, and*
- *Management Oversight*

Individually or in the aggregate, these 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 March 31, 2020.

Michele Winston, CPA, Director



Magnolia Elementary School
School Activity Funds
Internal Audit Report
For the Period Ended March 31, 2020

Internal Audit

SUMMARY

The Internal Audit (IA) Department completed an audit of the SAF for Magnolia Elementary School for the period July 1, 2016 through March 31, 2020. 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 APM for School Activity Funds and BOE policies and procedures.

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 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 MTF envelopes submitted by staff for the period July 1, 2016 through March 31, 2020. In addition, selected receipts, disbursements, and supporting documentation were reviewed for the aforementioned period.

Magnolia Elementary School
School Activity Funds
Internal Audit Report
For the Period Ended March 31, 2020

FINDINGS AND RECOMMENDATIONS

The audit resulted in the following findings and recommendations.

2021.01: Mismanagement of Disbursements

Cash disbursements reviewed were not processed in accordance with BOE policies and procedures. Most transactions had multiple noncompliance or internal control weaknesses. The following exceptions pertaining to management of disbursements were noted:

- A. *Inadequate Approval* – There were **20** instances where expenditures were not adequately approved. The School Fund Expenditure Forms (SFEF) were approved by the principal after the dates of purchase.
- B. *Delinquent Vendor Payments* – There were **9** instances where payments were not remitted to vendors in a timely manner. The range of delinquency was between 2 and 46 days.
- C. *Cancelled Checks* – There were **12** instances where cancelled checks were not available for review.
- D. *Inadequate Supporting Documentation* - There were **3** instances where supporting documentation to substantiate expenditures was inadequate.

The APM provides the following guidelines regarding the administration of cash disbursements:

- A. Prior to ordering or purchasing goods or services, an SFEF must be completed and signed (approved) by the principal.
- B. Invoices are required to be paid within 30 days of receipt or by the invoice due date. Principals should review invoices and statements for past due amounts and ensure that payments are made in a timely manner.
- C. All checks must have itemized documentation attached to the SFEF that supports the amount of the check.

The recordkeeping staff did not follow established internal controls relative to management of disbursements. Checks were allowed to be issued without prior approval of the SFEF by the principal. A review of supporting documentation was not performed prior to issuance of the

Magnolia Elementary School
School Activity Funds
Internal Audit Report
For the Period Ended March 31, 2020

vendor payments. In addition, the principal and the recordkeeping staff did not fully comprehend the requirements for cash disbursements as outlined in the APM. The principal did not perform period review of the open invoice folder to ensure timely payments occurred. Also, an adequate records management system was not established to facilitate retention of canceled checks.

Mismanagement of disbursements constitutes non-compliance with BOE policies and procedures and increases financial risk to the school and staff. Approving purchases without adequate documentation or failure to adequately approve expenditures could result in payment for goods and services that were not received and increases the school's vulnerability to potential misuse or waste of resources. Delinquent payment of invoices could result in the vendor placing the BOE's account with a collection agency where significant collection fees could be assessed. Failure to maintain canceled checks remove the audit trail for determining that checks were processed as required and to the appropriate payee.

Recommendation: The principal and recordkeeping staff must perform the following to improve the administration of disbursements:

- A. The principal must ensure that staff members are aware that pre-approval is required prior to the purchase of products or services and staff members held accountable for compliance. SFEF's should be entirely completed by staff. The principal should ensure that all pre-approval details are provided on SFEFs prior to approving expenditures.
- B. The principal and recordkeeping staff must ensure that vendor payments are issued timely, within 30 days of receipt or by the invoice due date. The open invoice file must be reviewed periodically by the principal to ensure compliance. .
- C. The principal and recordkeeping staff must establish an effective records management system that facilitate retention of all cancelled checks.

2021.02: Administration of Voided Checks

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

- A. There were **16** instances where voided checks were not properly voided by removal of the signature line.
- B. There were **2** instances where voided checks were not entered into the SFO accounting system.

Magnolia Elementary School
School Activity Funds
Internal Audit Report
For the Period Ended March 31, 2020

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 SFEF’s or Void Check Proof Sheets.

The recordkeeping staff did not follow established internal controls relative to administration of voided checks as documented in the APM.

Failure to void checks as required constitutes non-compliance with BOE policies and procedures and increases financial risk to the school and staff. Failure to properly void checks could also result in unauthorized negotiation of checks.

Recommendation: The recordkeeping staff must be reminded of the importance of administering voided checks as required by the BOE. All voided checks must be entered in SFO and the signature line must be removed during the voided check process. The principal must perform periodic review of the voided check file to ensure compliance with the voided check requirements.

2021.03: Mismanagement of Funds Received

Collections reviewed were not processed in accordance with BOE policies and procedures. Some transactions had multiple noncompliance or internal control weaknesses as follows:

- A. ***Inadequate Supporting Documentation*** - There were **10** instances where funds received were not properly supported (incomplete MTFs or no documentation was available to substantiate MTFs).
- B. ***Support for Transfer of Funds Received*** - There were **17** instances where supporting documentation to determine whether transfers were made in accordance with the requirements of the APM were not made available for review.
- C. ***Delinquent Deposit*** – There were **4** instances where deposits were not made in a timely manner. Deposits were up to 6 days delinquent.

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

- A. MTFs should be supported with student remittance forms, fundraiser forms or other documentation that shows the source and purpose of collected funds. All funds collected should be remitted to the recordkeeping staff and properly supported with approved MTF’s. Changes and alterations made to MTF’s require initials.
- B. Transfers should take place when expenditures are recorded in unrestricted (or net) accounts that lack a specific funding source, funds must be transferred from an unrestricted account that has revenue (e.g., fundraisers, unrestricted donations, prior year

Magnolia Elementary School
School Activity Funds
Internal Audit Report
For the Period Ended March 31, 2020

carryover, etc.). Transfers are only authorized if reviewed and approved by the principal. Upon the principal's concurrence, the bookkeeper can record the transfer in School Funds Online. Specifically, the Funds Transfer Journal Entry Proof Sheet should be approved by the principal prior to recording transfers in SFO.

- C. 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.

The recordkeeping staff did not consistently perform verification and maintenance of all MTF's and supporting documentation prior to accepting MTFs from staff members. Internal controls were not established to ensure occurrence of timely deposits and adequate support for transfers of SAF. Staff members were not held accountable for remitting funds to the recordkeeping staff daily. Also, the recordkeeping staff does not always have sufficient time to ensure that funds are deposited timely.

Failure to adequately perform recordkeeping responsibilities when processing collections constitutes noncompliance with the requirements of the APM. Audit evidence was not available for ensuring the appropriate transfer of funds collected and could lead to inaccurate recording and reporting the school's financial transactions. Delinquent deposits of funds affect the accuracy of financial reporting upon which administrators rely to make financial decisions.

Recommendation: The following corrective actions should be implemented for Magnolia Elementary School's collections to be processed in accordance with BOE policies and procedures:

- A. The recordkeeping staff must ensure that all MTF documentation is complete including verifying that all supporting documentation is attached to the corresponding MTF prior to acceptance and deposit of funds.
- B. The recordkeeping staff must be reminded that all funds collected and remitted should be deposited on a daily basis especially funds in excess of **\$250.00**. Teachers must be reminded that funds collected cannot be held overnight. The Principal must provide the bookkeeper with adequate time to verify that funds collected are as indicated on the MTF's submitted and that deposits are made with the bank timely. The principal should perform periodic review of the deposit records to monitor whether deposits are made as required. The principal should hold all staff accountable for compliance.
- C. The principal must establish internal controls to ensure that transfers between restricted accounts are only authorized if reviewed and approved by the principal before the transfer is processed in SFO as evidenced by the Funds Transfer Journal Entry Proof Sheet.

Magnolia Elementary School
School Activity Funds
Internal Audit Report
For the Period Ended March 31, 2020

2021.04: Monthly Bank Reconciliation and Financial Reporting

Monthly financial reporting including the preparation of monthly bank reconciliations was not done by the 15th of each month as required. There were 7 months where the bank account was not reconciled timely. The range of delinquency was 2 to 15 days.

According to the APM, the principal is responsible for receiving the monthly bank statements unopened. After reviewing the statement and cancelled checks, the principal forwards the documents to the bookkeeper for preparation of the bank reconciliation. The bookkeeper should complete the reconciliation within 7 days after receiving the statement from the bank. Typically, this process is to be completed by the 15th of each month. The completed bank reconciliation should be submitted to the principal each 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. This is not only good accounting practice, but also facilitates review by auditors.

The principal did not exercise proper oversight to ensure that monthly bank reconciliations and financial reporting were completed by the 15th of each month. BOE policies and procedures as established in the APM regarding financial reporting were not followed. Current financial information was not always readily available to inform financial decisions.

Recommendation: The principal must establish financial reporting procedures to ensure that monthly reconciliations and financial reporting take place by the 15th of each month and related documentation is organized and maintained in three-ring binders identified by fiscal year. The recordkeeping staff must be held accountable for compliance.

2021.05: Excessive Spending in Restricted Accounts

The School Activity Fund has 2 restricted fund accounts with deficits totaling **(\$562.49)** as of March 31, 2020. The following is a listing of accounts with deficits:

- The Robotic Team Account has a deficit of **(\$532.11)**, and
- The STEM Fair account has a deficit of **(\$30.38)**

According to the APM, expenditures for all restricted accounts are limited to the amount of funds collected for those activities. Restricted accounts in excess of the available funds results in insolvent accounts. As the fiduciary agent for SAFs, the principal is required to ensure that all accounts are solvent at all times.

Magnolia Elementary School
School Activity Funds
Internal Audit Report
For the Period Ended March 31, 2020

The principal and recordkeeping staff did not always monitor expenditures to ensure that restricted accounts maintained a positive balance. BOE policies and procedures as established in the APM regarding the use of restricted funds were not followed.

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

Recommendation: We recommend that the principal evaluate all potential expenditures with regard to available resources and due care be exercised to ensure the resources used are based on availability and for maximum benefit of the students. Spending in these accounts must cease until the account deficits are resolved. The principal should discuss options for resolving the account deficits with the Accounting and Financial Reporting Office.

2021.06: Year-End Monetary Transmittal Form (MTF) Envelope Submission Process

The year-end MTF submission process was not operating as required by the policies outlined in the APM. There were **25** instances where MTF's were not maintained as required. Specifically the MTF envelopes containing the MTFs could not be located for review.

According to the APM, 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.

It does not appear that any consistent documented training was provided to the staff relative to the year-end MTF envelope submission process. As such, policies and procedures regarding MTF submission during the year-end check out process were not followed.

The audit trail for ensuring that all SAFs collected are subsequently deposited was weakened and the potential for loss of assets increased.

Recommendation: 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.

Magnolia Elementary School
School Activity Funds
Internal Audit Report
For the Period Ended March 31, 2020

2021.07: Failure to Complete Fundraising Forms

Fundraising sponsors failed to complete and submit Fundraiser Request and Authorization Forms and Fundraising Completion Reports for 4 fundraisers held during the period reviewed. Also, the annual reports summarizing fundraising activities were not completed at the end of each school year included in the audit period, i.e. FY 2017, FY 2018 and FY 2019.

Administrative Procedure 5135.1 states, the standard in-house Fundraiser Authorization Form (Attachment 1) will be used to request authorization to proceed with a fundraising activity when the fundraising activity is handled by anyone other than the principal.

According to the APM *Fund Raising*, fundraisers must first be formally approved by the principal using a *Fundraiser Authorization Form* prior to proceeding with a fundraising activity. All expenditures are restricted to the specified purpose and at the conclusion of a fundraising event a Fundraiser Completion Report must be prepared by the sponsor, reviewed and acknowledged by the principal. Additionally, the principal should prepare an annual report summarizing all fundraising activities concluded during the year. The data in this annual report should be available for review by parents, other interested members of the community, and include the net amount retained as profit from each fundraising activity.

The principal did not establish internal controls to ensure that the requirements for completion of fundraising forms was followed. It is difficult to determine whether the fundraisers conducted by the school yielded any financial benefit or loss, since financial records were not complete and profit/loss ratio for fundraisers conducted were not determined. As a result, pertinent financial information for the school's administrators to make fiscal decisions was not readily available.

Recommendation: The principal must establish fundraising internal controls that ensures fundraising sponsors are reminded of the requirement to complete the Fundraiser Request and Authorization Forms prior to commencing a fundraiser and the Fundraiser Completion Forms at the end of each fundraiser. Also, at the end of the school year, the principal or a designee should complete a report summarizing the fundraising activities for that year. Evidence of compliance should be documented and maintained for review when required.

2021.08: Management Oversight

The previous audit report for Magnolia Elementary School was issued for the period ended August 31, 2015 with 7 findings identified. The principal and bookkeeper were on staff during that period. The principal did not fully implement the action plan submitted for the prior audit. The principal corrected 1 of the prior 7 audit findings; however, conditions still exist for 6 of the prior findings. Continued improvement is necessary for full compliance with BOE policies and procedures as established in the APM.

Magnolia Elementary School
School Activity Funds
Internal Audit Report
For the Period Ended March 31, 2020

According to the APM, the principal is the fiduciary agent for SAFs. The principal is responsible for accounting, safeguarding, and managing the SAF, in accordance with PGCPS policies and procedures, and for pre-approval of all expenditures from the SAF.

Several BOE policies and procedures as established in the Accounting Procedures Manual were not followed. This resulted in internal controls being compromised. Students are not receiving the maximum possible benefit of the resources available to them.

Recommendation: The principal should carefully review guidance for the administration of School Activity Funds in the APM to ensure that internal controls are operating effectively. The principal needs to be involved in the daily operations as it relates to the management of the school's resources. Continued improvement of the internal control environment should be emphasized by focusing on these **5** basic principles of internal control:

- ❖ **Clearly defined lines of authority and responsibility,**
- ❖ **Segregation of duties,**
- ❖ **Maintenance of adequate documents and records,**
- ❖ **Limited access to assets, and**
- ❖ **Independent checks on performance.**

STATUS OF PRIOR AUDIT FINDINGS

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

- **Delinquent Deposits** – Condition still exists. **See Finding 2021.03**, regarding *Mismanagement of Funds Received*.
- **Mismanagement of Disbursements** - Condition still exists. **See Finding 2021.01**, regarding *Mismanagement of Disbursements*.
- **Principal-Sponsored Activity (PSA) Account Deficit** – Controls appear to be working.
- **Record Retention** – Condition still exists. **See Finding 2021.01/ 2021.02 and 2021.06** regarding *Mismanagement of Cash Disbursements/ Administration of Voided Checks and Year-end MTF Envelope Submission Process*.
- **Management of Cancelled and/or Voided Checks** - Condition still exists. **See Finding 2021.02**, regarding *Administration of Voided Checks*.

Magnolia Elementary School
School Activity Funds
Internal Audit Report
For the Period Ended March 31, 2020

- **Failure to Complete the Fund Raising Completion and Annual Fund Raising Summary Reports** – Condition still exists. See **Finding 2021.07**, regarding *Failure to Complete Fundraising Forms*.
- **Management Oversight** – Condition still exists. See **Finding 2021.08**, regarding *Management Oversight*.

ACKNOWLEDGEMENT

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

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

Response Date September 8, 2020

(Please Note: September 7, 2020 Schools and Offices Closed Labor Day)

	Findings	Recommendations	Concur Non-Concur Partially Concur	Action Plan	Corrective Action Date	Status Implemented Partially Implemented Not Implemented
1.	<u>2021.01: Mismanagement of Disbursements</u>	<p>The principal and recordkeeping staff must perform the following to improve the administration of disbursements:</p> <p>A. The principal must ensure that staff members are aware that pre-approval is required prior to the purchase of products or services and staff members held accountable for compliance. SFEF's should be entirely completed by staff. The principal should ensure that all pre-approval details are provided on SFEFs prior to approving expenditures.</p> <p>B. The principal and recordkeeping staff must ensure that vendor payments are issued timely, within 30 days of receipt or by the invoice due date. The open invoice file must be reviewed periodically by the principal to ensure compliance.</p>	Partially Concur	<p><u>Submission of SFEF</u></p> <ul style="list-style-type: none"> Staff are trained regarding the process for requesting reimbursements and completing School Fund Expenditure Forms at the start of each school year. Additional, quarterly reviews will be completed with staff. Hardcopies of SFEFs are available to staff in a designated file in the office. Additionally, an electronic form and/or PDF will be provided to staff. During quarterly trainings, emphasize will be made that prior approval is needed for 	<p>9/30/2020: SAF Accountability Binder will be created.</p> <p>Electronic and/or PDF SFEF forwarded to staff.</p> <p>Staff Handbook Weekly Correspondence entries.</p> <p><u>Staff Trainings and Reviews</u> 9/30/2020: 1st Quarter –Staff Training (Review) 11/30/2020: 2nd Quarter – Staff Training (Review) 2/28/2021: 3rd Quarter – Staff Training (Review) 4/30/2021: 4th Quarter – Staff Training (Review)</p>	

Principal Signature Phyllis L. Gillens

Date September 8, 2020

		<p>C. The principal and recordkeeping staff must establish an effective records management system that facilitate retention of all cancelled checks.</p>		<p>ordering or purchasing goods or services.</p> <ul style="list-style-type: none">• The process for completing SFEFs will be outlined in the following documents: staff handbook and school weekly correspondence.• Additional trainings/updates will be completed monthly to ensure compliance.• The principal will refrain from approving purchases without prior approval for ordering or purchasing good and services.• A SAF Accountability binder will be created to store Teacher Training Logs. <p><u>Payment of Invoices within 30 Days</u></p> <ul style="list-style-type: none">• SDI Innovations was an authorized vendor when items were initially ordered. Upon receipt of the invoice, an initial attempt was made to pay SDI. It was determined that SDI's insurance had expired. Payment was placed on hold until the vendor submitted the necessary documents to the BOE. The vendor was paid after the documents were updated		
--	--	--	--	---	--	--

Principal Signature _____

Phyllis L. Gibbons

Date _____

September 8, 2020

				<p>using the initial invoice.</p> <p>The school will request that vendors submit updated invoice ifs:</p> <ul style="list-style-type: none"> • vendor licenses expire with the BOE after the order was placed or • there is a delay due to the vendor. • Staff will be trained regarding the submission of adequate documentation when submitting School Fund Expenditure Forms at the start of the school year. • A SAF Accountability binder will be created to store Teacher Training Logs. <p><u>Itemized documentation</u></p> <ul style="list-style-type: none"> • Additional, quarterly reviews will be completed with staff. • Examples of documentation will be provided to staff. • The process for submitting documentation with the SFEEF will be outlined in the following documents: staff handbook and school weekly correspondence. Examples of support documentation will include receipts, invoices, 		
--	--	--	--	--	--	--

Principal Signature Phyllis L. Gillens

Date September 8, 2020

				email correspondence, etc. <ul style="list-style-type: none"> A SAF Accountability binder will be created to store Teacher Training Logs. 		
2.	<u>2021.02: Administration of Voided Checks</u>	The recordkeeping staff must be reminded of the importance of administering voided checks as required by the BOE. All voided checks must be entered in SFO and the signature line must be removed during the voided check process. The principal must perform periodic review of the voided check file to ensure compliance with the voided check requirements.	Concur	During the monthly reconciliation review, the principal and bookkeeper will verify that voided checks are: <ul style="list-style-type: none"> attached to the voided check proof sheet, and signature lines are cut out. The voided check proof sheet will include both the principal's and bookkeepers signature for verification 	9/30/2020 through 6/30/2020	
3.	<u>2021.03: Mismanagement of Funds Received</u>	The following corrective actions should be implemented for Magnolia Elementary School's collections to be processed in accordance with BOE policies and procedures: <p>A. The recordkeeping staff must ensure that all MTF documentation is complete including verifying that all supporting documentation is attached to the corresponding MTF prior to acceptance and deposit of funds.</p> <p>B. The recordkeeping staff must be reminded that all funds collected and remitted should be deposited on a daily basis especially funds in excess of \$250.00. Teachers must be reminded that funds collected cannot be held overnight. The Principal must provide the bookkeeper with</p>	Partially Concur	<u>MTF Documentation</u> <ul style="list-style-type: none"> Due to the difficulty with collecting appropriate documentation, fundraisers that collect less than \$5.00 (five dollars) per person are discontinued. Funds collected by staff must be submitted to the bookkeeper by 1:30 pm. This is a change from 2:00 pm. The bookkeeper is allotted a blackout time of 90 minutes per day to verify funds 	9/8/2021 Through 6/30/2021	

Principal Signature *Phyllis L. Gibbons*

Date September 8, 2020

		<p>adequate time to verify that funds collected are as indicated on the MTF's submitted and that deposits are made with the bank timely. The principal should perform periodic review of the deposit records to monitor whether deposits are made as required. The principal should hold all staff accountable for compliance.</p> <p>C. The principal must establish internal controls to ensure that transfers between restricted accounts are only authorized if reviewed and approved by the principal before the transfer is processed in SFO as evidenced by the Funds Transfer Journal Entry Proof Sheet.</p>		<p>collected. The blackout time will be changed from 10:30 am to 1:30 pm.</p> <ul style="list-style-type: none"> Deposits will be made by 4:30 pm every other day with the exception of deposits over \$250. <p><u>Transfers</u></p> <ul style="list-style-type: none"> A transfer request log will be created for transfer approvals. The principal will review the transfer request log prior to the transfer and give written approval. A SAF Accountability binder will be created to store the Transfer Request Log. 		
4.	<u>2021.04: Monthly Bank Reconciliation and Financial Reporting</u>	The principal must establish financial reporting procedures to ensure that monthly reconciliations and financial reporting take place by the 15 th of each month and related documentation is organized and maintained in three-ring binders identified by fiscal year. The recordkeeping staff must be held accountable for compliance.	Concur	<p><u>Bank Reconciliation</u></p> <ul style="list-style-type: none"> The electronic bank statement will be forwarded to the bookkeeper by the principal. The bank reconciliation will be completed by the 15th of each month. 	9/8/2020 through 6/30/2021	
5.	<u>2021.05: Excessive Spending in</u>	We recommend that the principal evaluate all potential expenditures with regard to available resources and due care be exercised to ensure	Non-Concur	<p><u>Excessive Spending</u></p> <ul style="list-style-type: none"> The Robotics Team Account is 	9/30/2020	

Principal Signature Phyllis L. Gillens

Date September 8, 2020

	<u>Restricted Accounts</u>	the resources used are based on availability and for maximum benefit of the students. Spending in these accounts must cease until the account deficits are resolved. The principal should discuss options for resolving the account deficits with the Accounting and Financial Reporting Office.		<p>not able to stand alone as a restricted account. This is due to the limited resources of funding. The Robotics Team relies on donations. Also, robotics is used for instructional purposes to build students' knowledge of STEM and is open to all students in grades 4-6. The school will work with the SAF manager to set-up the account as unrestricted.</p> <ul style="list-style-type: none"> The STEM Fair account is not able to stand alone as a restricted account. This is due to the limited resources for funding. This fund is used to purchase backboards for the Science Fair. Science backboards are sold (i.e. at cost) to students and are provided to students who are unable to purchase backboards. The school will work with the SAF manager to set-up the account as unrestricted 		
6.	<u>2021.06: Year-End Monetary Transmittal Form (MTF) Envelope Submission Process</u>	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	Partially Concur	<p><u>MFTs</u></p> <ul style="list-style-type: none"> The staff will be trained on the procedure for storing MTF forms will be at the start of the school year. MFT procedures will be reviewed quarterly. 	<p><u>Target Dates</u> 9/30/2020: SAF Accountability Binder will be created.</p> <p>Procedures posted in staff handbook and school weekly</p>	

Principal Signature Phyllis L. Gillens

Date September 8, 2020

		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.		<ul style="list-style-type: none">• The procedure will be posted in the following documents: Staff Handbook and Magnolia Matters weekly correspondence.• The bookkeeper will print the "Receiptee History" report form the accounting system and provide to the administrator responsible for collecting MTF envelopes• The administrator will obtain the envelopes based on the printed report• The administrator will verify that MTF envelopes have been submitted by employees.• A written statement will be taken from employees who fail to submit MTFs.• Due to COVID-19 restrictions in handling materials, MFTs for SY2019 were not available at the time of the audit. A SAF Accountability binder will be created to store MFT Recieptee History reports and submission of verification sheets.	communication. Trainings 9/30/2020: 1st Quarter –Staff Training (Review) 11/30/2020: 2nd Quarter – Staff Training (Review) 2/28/2021: 3rd Quarter – Staff Training (Review) 4/30/2021: 4th Quarter – Staff Training (Review) 9/9/2020 Receiptee History Report and Verification of MTFs for SY2019-2020	
--	--	--	--	---	---	--

Principal Signature Phyllis L. Gillens

Date September 8, 2020

7.	<u>2021.07: Failure to Complete Fundraising Forms</u>	The principal must establish fundraising internal controls that ensures fundraising sponsors are reminded of the requirement to complete the Fundraiser Request and Authorization Forms prior to commencing a fundraiser and the Fundraiser Completion Forms at the end of each fundraiser. Also, at the end of the school year, the principal or a designee should complete a report summarizing the fundraising activities for that year. Evidence of compliance should be documented and maintained for review when required.	<p style="text-align: center;"><u>Fundraisers</u></p> <ul style="list-style-type: none"> • A Fundraiser Request and Authorization Form will be completed 10 to 30 days prior to the start of a fundraiser. • A Fundraiser Completion Form will be completed and submitted 10 to 30 days after the end of the fundraiser. • The principal or designee will complete the Annual Fundraising Summary Report no later than June 30. • The End of the Year Fundraiser Reports will be completed for SY2019-2020 • A SAF Accountability binder will be created to store fundraising documents. 	<p>9/30/2020 Fundraiser Reports for SY2019-2020 Completion</p> <p>9;30/2020 through 6/30/2021 Fundraiser Report Completion as needed.</p>	
8.	<u>2021.08: Management Oversight</u>	<p>The principal should carefully review guidance for the administration of School Activity Funds in the APM to ensure that internal controls are operating effectively. The principal needs to be involved in the daily operations as it relates to the management of the school’s resources. Continued improvement of the internal control environment should be emphasized by focusing on these 5 basic principles of internal control:</p> <p style="text-align: center;">❖ Clearly defined lines of authority and</p>	<p>The principal will implement the aforementioned action steps for Sections:</p> <ul style="list-style-type: none"> • 2021.01 • 2021.02 • 2021.03 • 2021.04 • 2021.05 • 2021.06 • 2021.07 	<p>9/30/2020: SAF Accountability Binder will be created.</p> <p>9/30/2020: 1st Quarter –Staff Training (Review)</p> <p>11/30/2020: 2nd Quarter – Staff Training (Review)</p>	

Principal Signature Phyllis L. Gillens

Date September 8, 2020

		responsibility, ❖ Segregation of duties, ❖ Maintenance of adequate documents and records, ❖ Limited access to assets, and ❖ Independent checks on performance.			2/28/2021: 3rd Quarter – Staff Training (Review) 4/30/2021: 4th Quarter – Staff Training (Review)	
--	--	--	--	--	--	--

Principal Signature *Phillisa L. Gibbons*

Date September 8, 2020