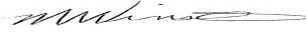


September 29, 2020

**MEMORANDUM**

To: Niki Brown, Ed. D, Instructional Director  
Cluster 4

Mrs. Jennifer Till, Principal  
Mount Rainier Elementary School

From: Michele Winston, CPA, Director,   
Internal Audit

Re: Financial Audit for July 1, 2016 through June 30, 2020

An audit was completed on the financial records of **Mount Rainier Elementary School** for the period July 1, 2016 through June 30, 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 **October 30, 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](mailto: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](mailto:dany.washington@pgcps.org); Deborah Smalls, Business Operations Technician, email address: [deborah.smalls@pgcps.org](mailto:deborah.smalls@pgcps.org); and Joeday Newsom, Esq., Ethics Compliance Officer, email address: [joeday.newsom@pgcps.org](mailto: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, Area 1  
Helen Coley, Ed. D., Chief, School Support and Leadership  
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, Supervisor Internal Audit  
Rhonda Carter, Internal Auditor II

**Internal Audit Report**

**Mount Rainier Elementary School  
School Activity Funds**

**For the Period Ended June 30, 2020**

Mount Rainier Elementary School  
School Activity Funds  
Internal Audit Report  
For the Period Ended June 30, 2020

**Table of Contents**

INTERNAL AUDITOR’S REPORT ..... 2  
SUMMARY ..... 3  
OBJECTIVES ..... 3  
SCOPE ..... 3  
FINDINGS AND RECOMMENDATIONS..... 4  
STATUS OF PRIOR AUDIT FINDINGS ..... 9  
ACKNOWLEDGEMENT ..... 10

Mount Rainier Elementary School  
School Activity Funds  
Internal Audit Report  
For the Period Ended June 30, 2020

**Internal Auditor's Report**

We have examined the School Activity Funds (SAF) of Mount Rainier Elementary School for the period July 1, 2016 through June 30, 2020. Mount Rainier 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*
- *Record Retention*
- *Monthly Bank Reconciliation and Financial Reporting*
- *Year-End Monetary Transmittal Form Envelope Submission Process*
- *Vending Machines Contract*

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 June 30, 2020.

Michele Winston, CPA, Director  
Internal Audit



Mount Rainier Elementary School  
School Activity Funds  
Internal Audit Report  
For the Period Ended June 30, 2020

**SUMMARY**

The Internal Audit (IA) Department completed an audit of the SAF for Mount Rainier Elementary School for the period July 1, 2016 through June 30, 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 June 30, 2020. In addition, selected receipts, disbursements, and supporting documentation were reviewed for the aforementioned period.

Mount Rainier Elementary School  
School Activity Funds  
Internal Audit Report  
For the Period Ended June 30, 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 **13** instances where expenditures were not adequately approved. The School Fund Expenditure Form (SFEF) in most instances either was approved by the principal after the date of purchase, on the same date as the purchase or did not include the date.
- B. *Delinquent Vendor Payments* - There were **5** instances where expenditures were not remitted to vendors in a timely manner. The range of delinquency was between two (2) and 46 days.
- C. *Inadequate Supporting Documentation* - There were **7** instances where the supporting documentation to substantiate the checks issued was not sufficient.

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 complete prior to issuance of the check. In addition, the Principal and the recordkeeping staff did not fully comprehend the APM.

Mount Rainier Elementary School  
School Activity Funds  
Internal Audit Report  
For the Period Ended June 30, 2020

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.

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

- A. The principal must ensure staff members are aware that pre-approval is required prior to the purchase of products or services and be held accountable for compliance. SFEF's should be entirely completed by staff. The principal should ensure all pre-approval details are provided on SFEF's prior to approving expenditures.
- B. The Principal and recordkeeping staff must ensure vendor payments are issued timely, within 30 days of receipt or by the invoice due date.
- C. Internal controls must be established to ensure that all SFEF's are complete and have adequate supporting documentation prior to issuance of payments.

**2021.02: Administration of Voided Checks**

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

- There were **24** instances where voided checks were not provided for review to substantiate that the checks were properly voided by removal of the signature line.
- There was **1** instance where a voided check was entered into the SFO accounting system, but showed as a cleared transaction on the bank statement.
- There was **1** instance where a check was voided twice in the SFO accounting system on different dates.
- There were **5** instances where checks were voided outside of the accounting system.

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.

Mount Rainier Elementary School  
School Activity Funds  
Internal Audit Report  
For the Period Ended June 30, 2020

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

***Monetary Transmittal Form Documentation (MTF)***

- 1) ***Inadequate Supporting Documentation*** - There were **25** instances where cash receipts were not properly supported (incomplete MTF or no documentation).
- 2) ***Changes Made to MTF's*** - There were two **2** instances where changes made to MTF's were not initialed.

According to the APM 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 MTFs. Changes and alterations made to MTFs require initials.

BOE policies and procedures as established in the APM were not followed. The recordkeeping staff did not perform verification and maintenance of all MTFs and supporting documentation prior to accepting MTFs and making deposits.

Failure to adequately perform bookkeeping responsibilities over the processing of funds received constitutes noncompliance with the requirements of the APM. Failure to initial changes on MTFs removes responsibility from the person making the change and affects the audit trail.

**Recommendation:** The recordkeeping staff must ensure that all MTF documentation is complete including verifying that all supporting documentation is attached to the MTF prior to



Mount Rainier Elementary School  
School Activity Funds  
Internal Audit Report  
For the Period Ended June 30, 2020

acceptance and deposit of funds. The bookkeeper should not accept the MTF if changes are not initialed.

**2021.04: Record Retention**

The following supporting documentation were not provided for review during the audit.

- 12 Cancelled checks,
- 15 Transfers,
- 25 Deposit slips, and
- 17 Monetary Transmittal Forms for FY 2019

According to **Section 6.12** of the APM, *Record Retention*, all SAF records must 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 properly maintain an adequate filing system. The principal did not provide sufficient oversight. These actions caused the school to be non-compliant with BOE policies and procedures as established in the Accounting Procedures Manual.

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 proper custody of all records relating to SAF until they are audited. An adequate filing system must be implemented to help ensure that in the absence of the recordkeeping staff or Principal, financial documents would be filed properly for future review.

**2021.05: Monthly Bank Reconciliation and Financial Reporting**

Monthly financial reporting including the preparation of monthly bank reconciliations was not done by the 15<sup>th</sup> of each month as required. There were 9 instances where the bank account was not reconciled timely. The range of delinquency was 2 to 41 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

Mount Rainier Elementary School  
School Activity Funds  
Internal Audit Report  
For the Period Ended June 30, 2020

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 15<sup>th</sup> 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 bank reconciliations and financial reporting occur by the 15<sup>th</sup> of each month and related documentation is organized and filed. The recordkeeping staff must be held accountable for compliance.

**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 **14** instances in Fiscal Year 2019 and **17** instances in Fiscal Year 2020 where MTFs were not maintained in a sealed envelope as required.

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.

According to the recordkeeping staff and the principal, there is no consistent documented training provided to 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:** The principal and recordkeeping staff must establish and implement staff training relative to year-end MTF submission. Staff members 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.

Mount Rainier Elementary School  
School Activity Funds  
Internal Audit Report  
For the Period Ended June 30, 2020

**2021.07: Vending Machines Contract**

A current signed contract stipulating commissions due the school and frequency of commissions was not on file.

According to the APM, Section 9.8, *Vending Machine Sales*, 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 Principal did not ensure that the school established a contractual agreement for vending services.

Due to the nonexistence of a valid contractual agreement for vending, the BOE cannot determine if the school is deriving maximum benefits from the operation of the vending machines.

**Recommendation:** The principal should contact the current vendor to obtain a vending services contract that includes the appropriate terms regarding commissions. The principal should consult with Purchasing and Supply Services to identify an alternate vending company in absence of a contract. The principal must establish procedures to ensure that the vendor contract is established, adhered to, and maintained on file in compliance with BOE policies and procedures.

**STATUS OF PRIOR AUDIT FINDINGS**

The previous audit report for Mount Rainier Elementary School was issued for the period ended October 31, 2014. During that period, the current principal was not in the position; however, the recordkeeping staff maintained her current position. The previous audit report had 5 reportable conditions, of which 3 are repeated in the current audit. The following findings were noted as a result of the prior audit, and the status is indicated below:

- **Mismanagement of Disbursements** - Condition still exists. See Finding 2021.01, *Mismanagement of Disbursements*.
- **Mismanagement of Funds Received** - Condition still exists. See Finding 2021.03, *Mismanagement of Funds Received*.
- **Inadequate Segregation of Duties** – Controls appear to be working.
- **Contract Not in Place for Vending Machines** – Condition still exists. See Finding 2021.07 *Contract Not in Place for Vending Machines*.

Mount Rainier Elementary School  
School Activity Funds  
Internal Audit Report  
For the Period Ended June 30, 2020

- **Fundraiser Forms Not Completed** – Controls appear to be working.

**ACKNOWLEDGEMENT**

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

**Prince George's County Public Schools  
Internal Audit Department  
School/Office: Mt. Rainier**

**Response Date October 30, 2020**

	<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:</u></b> <b><u>Mismanagement of Disbursements</u></b>	<p>The principal and recordkeeping staff must perform the following to improve the administration of disbursements:</p> <p>A. The principal must ensure staff members are aware that pre-approval is required prior to the purchase of products or services and be held accountable for compliance. SFEF's should be entirely completed by staff. The principal should ensure all pre-approval details are provided on SFEF's prior to approving expenditures.</p> <p>B. The Principal and recordkeeping staff must ensure vendor payments are issued timely, within 30 days of receipt or by the invoice due date.</p> <p>C. Internal controls must be established to ensure that all SFEF's are complete and have adequate supporting documentation prior to issuance of payments.</p>	Concur	<p>Staff Meeting to review policies and procedures for SFE's to ensure compliance.</p> <p>Monthly meeting scheduled with Ms. Libbee and Administration to review all financial documents/updates including vendor payments and SFE's.</p>	<p>October 21, 2020</p> <p>October 12, 2020</p> <p>November 12, 2020</p> <p>December 12, 2020</p> <p>January 12, 2021</p> <p>February 12, 2021</p> <p>March 12, 2021</p> <p>April 12, 2021</p> <p>May 12, 2021</p> <p>June 12, 2021</p>	<p>Partially Implemented</p> <p>(<a href="#">staff meeting</a> complete; will continue <a href="#">monthly meetings</a> throughout SY 20-21)</p>

Principal Signature: Jennifer A. Gill

Date: October 26, 2020

2.	<b><u>2021.02:</u></b> <b><u>Administration of Voided Checks</u></b>	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	Monthly meeting scheduled with Ms. Libbee and Administration to review all financial documents/updates including voided checks	October 12, 2020 November 12, 2020 December 12, 2020 January 12, 2021 February 12, 2021 March 12, 2021 April 12, 2021 May 12, 2021 June 12, 2021	Partially Implemented  (will continue to <a href="#">meet</a> throughout the SY as indicated by the dates)
3.	<b><u>2021.03:</u></b> <b><u>Mismanagement of Funds Received</u></b>	The recordkeeping staff must ensure that all MTF documentation is complete including verifying that all supporting documentation is attached to the MTF prior to acceptance and deposit of funds. The bookkeeper should not accept the MTF if changes are not initiated.	Concur	Monthly meeting scheduled with Ms. Libbee and Administration to review all financial documents/updates including MTF's and deposit of funds.	October 12, 2020 November 12, 2020 December 12, 2020 January 12, 2021 February 12, 2021 March 12, 2021 April 12, 2021 May 12, 2021	Partially Implemented  ( <a href="#">staff meeting</a> completed, will continue to <a href="#">meet</a> throughout the SY as indicated by the dates)

Principal Signature: *Jennifer A. Gill*

Date: October 26, 2020

				Ms. Libbee will provide each staff member a manilla envelope to place their MTF's in for preparation of submission in June (envelope sealed and signed). Training will be provided to the staff on procedures and policies for compliance.	June 12, 2021  October 21, 2020	
4.	<b><u>2021.04: Record Retention</u></b>	The principal must ensure proper custody of all records relating to SAF until they are audited. An adequate filing system must be implemented to help ensure that in the absence of the recordkeeping staff or Principal, financial documents would be filed properly for future review.	Concur	Ms. Libbee will organize all financial files and create colored binders for current financial records SY 20-21. Binders will be placed on the shelf behind Ms. Libbee's desk. Binders will be labeled and easily accessed.	October 12, 2020	Implemented
5.	<b><u>2021.05: Monthly Bank Reconciliation and Financial Reporting</u></b>	The principal must establish financial reporting procedures to ensure that monthly bank reconciliations and financial reporting occur by the 15 <sup>th</sup> of each month and related documentation is organized and filed. The recordkeeping staff must be held accountable for compliance.	Concur	Monthly meeting scheduled with Ms. Libbee and Administration to review all financial documents/updates including bank reconciliations prior to the 15th so they are reported, documented, and filed on time.	October 12, 2020  November 12, 2020  December 12, 2020  January 12, 2021  February 12, 2021  March 12, 2021  April 12, 2021  May 12, 2021	Partially Implemented  (will continue to <u>meet</u> throughout the SY as indicated by the dates)

Principal Signature: Jennifer A. Gill

Date: October 26, 2020

					June 12, 2021	
6.	<b><u>2021.06: Year-End Monetary Transmittal Form (MTF) Envelope Submission Process</u></b>	The principal and recordkeeping staff must establish and implement staff training relative to year-end MTF submission. Staff members must be reminded of their responsibility relative to MTF envelope submission during the year-end checkout process. The recordkeeping staff should print the “ <i>Receiptee History</i> ” 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.	Concur	Staff meeting for MTF submission training to ensure all policies and procedures are followed during the checkout process in June.  The Assistant Principal will collect the MTF’s from staff based on the printed report from Ms. Libbee.	October 21, 2020  May 19, 2021  June 18, 2021	Partially Implemented  ( <a href="#">October staff meeting complete</a> )
7.	<b><u>2021.07: Vending Machines Contract</u></b>	The principal should contact the current vendor to obtain a vending services contract that includes the appropriate terms regarding commissions. The principal should consult with Purchasing and Supply Services to identify an alternate vending company in absence of a contract. The principal must establish procedures to ensure that the vendor contract is established, adhered to, and maintained on file in compliance with BOE policies and procedures.	Concur	Ms. Libbee will contact the Vending Machine Vendor (approved by PGCPs) to obtain a contract for the 20-21 SY.  The principal will review and sign the contract.  The signed contract will be filed in the appropriate binder for the 20-21 SY.	October 12, 2020  October 16, 2020  October 16, 2020	Implemented

Principal Signature: Jennifer A. Gill

Date: October 26, 2020