



July 17, 2020

**MEMORANDUM**

To: Ava Tasker-Mitchell, Ed. D, Instructional Director  
Cluster 1

Tracie Prevost, Principal  
Scotchtown Hills Elementary School

From: Michele Winston, CPA,  
Director Internal Audit

Re: Financial Audit for July 1, 2016 to April 30, 2020

An audit was completed on the financial records of Scotchtown Hills Elementary School for the period July 1, 2016 to April 30, 2020. The audit indicates that the school's internal controls require improvement to be in full compliance with the Accounting Procedures Manual 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 principal of the school, you will be responsible for preparing an action plan by **August 17, 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). 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., Board Chair  
Monica Goldson, Ed. D., Chief Executive Officer  
Members, Board of Education  
Christian Rhodes, Chief of Staff  
Michael Herbstman, Chief Financial Officer  
James Dougherty, Director, Financial Services  
Helen Coley, Ed. D., Chief, School Support and Leadership  
Kassandra Lassiter, Ed. D, Associate Superintendent for Elementary Schools  
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, Supervisor, Internal Audit  
Dan Reagan, Internal Auditor II

**Internal Audit Report**

**Scotchtown Hills Elementary School  
Student Activity Funds**

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

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Internal Auditor's Report

We have examined the Student Activity Funds (SAF) of Scotchtown Hills Elementary School for the period July 1, 2016 to April 30, 2020. Scotchtown Hills 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 findings:

- *Administration of Strawbridge Pictures Spring Speculative Sale;*
- *Mismanagement of Funds Received;*
- *Mismanagement of Disbursements;*
- *Insolvent Principal Sponsored Activities (PSA) Fund Account;*
- *Lack of Effective Budgeting and Spending;*
- *Year-End Monetary Transmittal Form Procedures Not Followed;*
- *Voided Checks Not Properly Administered;*
- *Fundraiser Forms Not Completed; and*
- *Lack of Active Vending Contract and Commission.*

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 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 April 30, 2020.

Michele Winston, CPA, Director   
Internal Audit

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**SUMMARY**

The Internal Audit Department completed an audit of the student activity funds (SAF) for Scotchtown Hills Elementary School for the period July 1, 2016 to April 30, 2020.

The audit indicates that the school's internal controls require improvement to be in full compliance with the Accounting Procedures Manual for School Activity Funds (APM) and Board of Education (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 Monetary Transmittal Form (MTF) envelopes submitted by staff, for the period July 1, 2016 to April 30, 2020. In addition, selected receipts, disbursements and supporting documentation were reviewed for the said period.

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**FINDINGS AND RECOMMENDATIONS**

The audit resulted in the following findings and recommendations:

**2021.01 Administration of Strawbridge Pictures Spring Speculative Sale**

Strawbridge Photography conducted a speculative sale with students. Pictures were taken for interested students. Pictures were subsequently provided to students who keep their pictures and provide payment to the school or return the pictures. Payments were sealed in envelopes and provided to teachers. Teachers submitted the sealed envelopes without an MTF to the financial recordkeeping staff, who maintain them until they are picked up by Strawbridge Photography.

When the FY 2018 financial recordkeeping staff left in June 2018, school personnel found Strawbridge Photography envelopes in her desk drawer, rather than in the safe. The principal reported this instance to Internal Audit and her Instructional Director at the time, with concern that funds may have been missing.

The APM, Section 4.5.2.2, *Cash Receipts, Procedures* states that all funds collected must be remitted to the bookkeeper on the day of collection, along with a completed MTF. The bookkeeper must make deposits of all funds received at least every other day. However, no more than \$250.00 should be kept in the building overnight.

Both the principal and current financial recordkeeping staff stated that they have only a cursory knowledge of the 2016 version of the APM. Key controls at the school for administering collections have been in place for many years, without the principal or current financial recordkeeping staff ensuring that they are consistent with the APM requirements.

Although Strawbridge Photography confirmed that collections for FY 2018 were less than both FY 2017 and FY 2019, no missing funds was suspected. Due to the weak MTF and deposit process, it could not be determined whether any collections had been lost or stolen.

**Recommendation:** The principal should amend the agreement with Strawbridge Photography to ensure the processing of photography collections align with the requirement for collection and processing of funds as documented in the APM. The principal and current recordkeeping staff must become familiar with the requirements of the APM relative to administration of collection.

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**2021.02 Mismanagement of Funds Received**

The following exceptions pertaining to the management of receipts were identified:

- A. ***Pennies for Patients Collections Made Outside of SAF***: Students provided donations to the school for the Leukemia and Lymphoma's Society's Pennies for Patients program during each year of the audit period. However, during FY 2019 and FY 2020, funds collected by the Program Sponsor were not placed on an MTF or deposited into the school's checking account. The Leukemia and Lymphoma Society confirmed that **\$1,937.18** of funds in FY 2019 and **\$1,976.07** in FY 2020 were received directly from the program sponsor.
- B. ***Cash Found in Drop Safe***: Collections prior to the school's closure due to COVID 19 on March 13, 2020 in the amount of **\$195.00** was found in the safe on June 22, 2020 without a MTF. Teacher A left \$180.00 in shirt revenue in the safe but did not complete an MTF. The remaining \$15.00 was for replacement vests. All funds were deposited on June 22, 2020. MTFs were completed by July 1, 2020.
- C. ***Delinquent Deposits***: There were **20** instances where deposits were not made timely following the initial collection of funds. Deposits were made up to **27** days after initial collection by staff members. (***This condition was also noted in the previous audit as of October 31, 2011***)
- D. ***Sales Tax Not Collected***: Sales Tax was not properly accounted for with collections for Yearbooks and School Store during the FY 2020 school year resulting in **\$205.16** underpayment to the State of Maryland.

The APM, Section 4.5.2.2, *Cash Receipts, Procedures* states that all funds collected must be remitted to the bookkeeper on the day of collection, along with a completed MTF. The bookkeeper must 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 APM, Section 8.3, *Sales Tax Procedures*, states that when a school engages in the resale of items unrelated to fundraising, adherence to Maryland Comptroller of the Treasury regulations relative to collection and remittance of sales tax is required.

Both the principal and current financial recordkeeping staff stated that they have only a cursory knowledge of the 2016 version of the APM. Key controls at the school have been in place for many years, without the principal or current financial recordkeeping staff ensuring that they matched APM requirements.

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Specifically, they were not aware that the Strawbridge speculative sale and the Pennies for Patients process were circumventing key financial controls. Further, they were unaware of the timeline required for the deposit of funds. Staff members have been instructed to remit funds daily in a locked bag to the drop-safe, but were not required to complete an MTF until collections for a particular activity have been completed. As a result, funds are often not recorded or deposited for several days.

The \$195.00 found in the drop safe represents two instances of collections being made without an MTF. When the school unexpectedly closed in March 2020, the MTFs were never completed. The current financial recordkeeping staff was unaware that the \$180.00 was in the safe. However, they were aware of the \$15.00 but had not deposited it because they were unsure where to account for it.

The current financial recordkeeping staff was aware of the requirements for sales tax collection and remittance, but forgot to properly account for it during FY 2020.

The lack of effective internal controls over cash collections constitute non-compliance with Board policies and procedures and have increased the risk of lost or stolen funds. Specifically, there were no safeguards over the collections for Strawbridge Photography and Pennies for Patients when the MTF and deposit processes were circumvented.

Untimely completion of MTFs and deposits for all collections also increases the risk of fraud or leakage, since funds are often unaccounted for over several days.

The lack of accounting for sales tax in FY 2020 constitutes non-compliance with Maryland Tax Code.

**Recommendation:** The following is recommended for administration of funds collected:

The principal and financial recordkeeping staff should immediately familiarize themselves with the specific requirements for processing collections in the APM. Key controls should be developed and documented to ensure compliance with those requirements. Specifically, all funds collected must be recorded on MTFs on the day of collection, and deposited promptly. Staff members should be trained on these requirements at the beginning of Fiscal Year 2021.

The Pennies for Patients program should be managed within the SAF, with collections recorded on MTFs and deposited in the school's checking account. A school check should be written to the Leukemia and Lymphoma Society for the full collection amount.

The current financial recordkeeping staff should transfer \$110.52 from the School Store account and \$94.64 from the Yearbook account into the Sales Tax account to be transferred to the State of Maryland's Treasury when Treasury Operations conducts the next quarterly sweep of the



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Sales Tax account. The current financial recordkeeping staff should ensure that all future sales tax is properly recorded.

**2021.03 Mismanagement of Disbursements**

The following exceptions pertaining to the management of disbursements were identified:

- A. ***Delinquent Payments:*** There were **3** instances where payments were not made timely to vendors. The delinquency ranged from 12 to 16 days after the due dates stated on the invoices.
- B. ***Missing Cancelled Check Images:*** There were **4** instances where cancelled check images could not be located for review.

The APM, Section 4.5.3, *Cash Disbursements*, includes the following provisions:

- A. Invoices should be paid within 30 days of receipt and that the principal should review invoices and statements for past due amounts and ensure that payments are made in a timely manner.
- B. Images of cancelled checks must be returned with the bank statement. Once received, these images are to be maintained in a separate cancelled check file for the entire year. The bookkeeper must safeguard these images of cancelled checks, including endorsement information on the back of the checks.

The current financial recordkeeping staff stated that most payments are made timely to vendors, but that in isolated cases, she has delayed payment to wait for lagging collections.

Cancelled check images are returned from the bank on subsequent pages of the bank statement. The current financial recordkeeping staff has not always been diligent to ensure that copies of all pages from bank statements are maintained.

Inadequate management of disbursements constitutes non-compliance with BOE policies and procedures and increases risk to the school and staff. Specifically, untimely payments can lead to late charges and deteriorating relationships with vendors. Cancelled check image maintenance is important to keep an official record of payments made.

**Recommendation:** The following disbursement procedures should be implemented to ensure funds are properly disbursed:

- A. The principal and current financial recordkeeping staff should ensure that all activities are properly planned to ensure that funds are available to make payments to vendors timely.

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- B. The current financial recordkeeping staff should ensure that all pages of bank statements are maintained to keep a full record of cancelled check images.

**2021.04 Insolvent Principal-Sponsored Activities Account**

As of April 30, 2020, the Principal Sponsored Activities (PSA) fund account had an overall deficit of **(\$682.49)**. The deficit occurred in FY 2018 when the school expended \$3,645.06 out of PSA fund accounts in FY 2018 for teacher luncheons. No expenditure occurred in the PSA fund account since that amount was disbursed.

The APM, Section 9.6, PSA for Staff, states that discretionary expenditures incurred by the Principal on behalf of school staff are grouped in the PSA accounting category. These activities must be of a professional nature that enhances staff members' job performance. If the PSA account has a deficit, faculty spending must be ceased until the existing PSA deficit is resolved. Expenditures for authorized principal-sponsored activities are restricted to the funds available from the following sources:

- 100% of Vending commission from machines located in the staff lounge
- 25% of student vending commission
- 15% of school-wide fundraiser profits, including picture commissions
- Up to 25% of senior class residual funds.

The principal was aware that the PSA account had a small deficit because they had been insolvent in the past. She was aware of the specific requirements to ensure it was not overspent. However, there was a miscommunication between her and the FY 2018 financial recordkeeping staff on how the teachers' luncheons would be funded during FY 2019. The principal stated that she would not have approved the luncheons if she knew that it would have moved the PSA account into insolvency.

Failure to properly manage PSA spending constitutes non-compliance with BOE policies and procedures. PSA expenditures beyond the account balance represent staff inappropriate use of funds intended to benefit the student body.

**Recommendation:** The principal and financial recordkeeping staff should continue to suspend all PSA expenditures and continue to transfer proceeds from vending and fundraising activities until the account is solvent.

**2021.05 Lack of Effective Budgeting and Spending**

The school's checking account had a balance of **\$191,966.50** on April 30, 2020. This represents the largest balance of any PGCPS elementary or middle school. The large balance resulted from a lack of effective spending of the school's restricted and unrestricted funds.

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A. **Inactive Restricted Funds:** As of April 30, 2020, the school had 37 restricted accounts, with balances totaling **\$7,609.89** that were *not active* during the audit period.

B. **Active Restricted Funds:** The school had several *active* restricted accounts carrying high balances:

<b>Account</b>	<b>Balance as of 4/30/20</b>
310.40 4 <sup>th</sup> Grade Account	\$2,418.89
316.00 Ladies of Elegance	\$2,093.07
320.00 School Store	\$5,571.84
420.00 Field Trips	\$14,689.06
425.20 Library Books	\$2,825.13
480.00 Yearbook	\$3,222.86
505.00 Agenda Books	\$1,096.78

Clubs and Programs such as the ones listed above have not been required to develop and submit annual budgets.

C. **Unrestricted Funds:** During the audit period, the school generated proceeds of **\$34,597.57** from internal and external sources (mainly fundraising activities and administrative allotments, accounting for 91% of the balance) in unrestricted accounts designed to meet the general needs of the school. Unspent amounts during the audit period totaled **\$16,474.39** (47%).

The APM, Section 1.2, *Activity Funds*, states that SAFs are resources held by a school on a temporary, purely custodial basis. The funds are used for the general welfare of students, and for activities outside of the regular curriculum.

The APM, Section 3.2.1, *Principals*, states that the principal is the fiduciary agent for the SAF and is responsible for the accounting, safeguarding and managing of the SAF. The principal should review budgets of all organizations at the start of the school year.

The APM, Section 4.3, *Fund Accounts*, states that restricted funds are those funds that are raised by a specific group and/or for a specific purpose and are used exclusively for that group and/or

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purpose and not for general needs of the school. Unrestricted funds are those funds raised to benefit the entire student body and/or meet the general needs of the school.

The APM, Section 7.3, *Class and Club Accounts*, states that all clubs must provide a copy of an annual budget to the school's bookkeeper.

The principal does not have an intimate knowledge of the requirements of the APM, and as a result, has taken a conservative approach when managing the school's checking account. According to the principal, her focus has been to avoid issues rather than ensuring that funds collected were used for their intended purpose.

She also was unaware of the requirement for clubs to provide annual budgets. She has not reviewed the school's accounts to notice the large balances due to a lack of effective spending. For example, large balance in accounts such as field trips, yearbook, and agenda books were not properly monitored.

The lack of effective spending of SAF represents an underperformance of school staff to provide financial benefit to the student body. Much of the unspent unrestricted funds were collected from or generated directly from students; however, students did not receive maximum benefit from those funds. Funds collected for specific purposes and placed in restricted accounts have either been over-collected or under-spent.

**Recommendation:** The principal should review the Accounting Procedures Manual to familiarize herself with the purpose of the individual school accounts. A full review should be conducted prior to the opening of schools for the 2021 school year to:

- A. Identify dormant restricted accounts and make request to the Accounting and Financial Reporting Office for transfer of these account balances to PY Carryover.
- B. Develop a budgeting process to be used for sponsors of **all** active restricted accounts. The budgeting process should include a briefing to all sponsors of their existing balances and a determination on how it can best be expended for student needs. The budgets should be developed annually to maximize the benefit to students involved in each activity.
- C. Specifically, the principal must monitor restricted accounts to ensure that proceeds collected from sale of items such as yearbooks and agenda books and field trips are sufficient to adequately cover the cost of items and activities and do not place undue cost on students
- D. Identify opportunities to use the large balance in the unrestricted PY Carryover account, which can be used for expenditures that benefit the entire student body and general needs of the school.

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**2021.06 Year-End Monetary Transmittal Form Procedures Not Followed**

The following exceptions pertaining to the end-of-year MTF procedures were identified:

- A. ***Missing MTF copies:*** There were **2** MTF copies, representing collections of \$2,964.40, that could not be found in employees' end of year MTF envelopes.
- B. ***Lack of Security for MTF Copies:*** There were **4** envelopes observed that were not sealed or signed by the staff member who collected funds as required.

The APM, Section 4.5.2.2, *Cash Receipts: General Policies*, requires the pink MTF remittance copies to be retained by the preparer. The white and yellow MTF remittance copies are submitted to the bookkeeper with remitted funds. After approving MTFs, the bookkeeper returns yellow MTF remittance copies to the originator. Prior to departing the school at year-end, faculty and program managers seal envelopes containing yellow and pink remittance copies of MTFs (with their signature over the seal) and submit them to the designated administrator. The bookkeeper will print the SFO "*Receiptee History*" Report and submit it to the designated administrator. This alerts the administrator which MTF envelope packages to expect.

The former financial recordkeeping staff and current financial recordkeeping staff established good practices of providing envelopes and accurate instructions to all staff members. They also provided the designated administrator (assistant principal) with a listing of all staff members who were required to return MTF envelopes. However, staff members were not diligent to properly sign and seal envelopes, and to retain all MTF copies.

The ineffective year-end MTF process constitutes non-compliance with BOE policies and procedures and increases financial risk to the school. The audit trail for ensuring that SAF collected were subsequently remitted and deposited was compromised.

**Recommendation:** The principal and assistant principal should provide more effective oversight during the MTF envelope submission process to ensure that staff members are following all directions provided to them by the current financial recordkeeping staff.

**2021.07 Voided Checks Not Properly Administered**

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The following exceptions pertaining to the management of voided checks were identified:

- A. There were **3** instances where the voided checks were not properly defaced. Also, in **16** other instances, the voided checks could not be located for review.
  
- B. There were **4** instances where the voided checks were not properly entered into SFO.

The APM, Section 4.5.3, *Cash Disbursements*, states that voided checks must be defaced and filed in check number order with cancelled check images. All transactions must be entered into SFO. The APM also requires that financial records be retained for a minimum of 7 years. The current financial recordkeeping staff was not aware of the requirement to deface voided checks by removing the signature line. The instances of checks not being maintained or accounted for occurred during FY 2017. The FY 2017 financial recordkeeping staff has since retired from PGCPS and could not be reached to determine the cause. Failure to properly deface voided checks represents non-compliance with Board policies and procedures and increases the risk of check fraud for the school.

**Recommendation:** The financial recordkeeping staff should immediately begin to deface all voided checks, and continue to record and file voided checks. The principal should provide oversight to this process.

### **2021.08 Fundraiser Forms Not Completed**

During the audit period, the school held **9** fundraisers. Fundraiser Authorization Forms, Fundraiser Completion Reports, and Annual Fundraising Summaries have not been completed for the fundraising events. (*This condition was also noted in the previous audit as of October 31, 2011*)

The APM, Section 7.2.2, *Fundraising Procedures*, states that club fundraisers must be formally approved by the principal using a Fundraiser Authorization Form. At the conclusion of all fundraisers, a Fundraiser Completion Report must be prepared by the sponsor. Additionally, the principal should prepare an annual report summarizing all fundraising activities concluded during the school 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 and current financial recordkeeping staff were unaware of the requirements for fundraiser forms. Most fundraisers are completed by clubs and organizations, that are not currently required to complete or submit annual budgets. (*See Finding 2021.05*) An annual budgeting process would increase the coordination between the program sponsors and the school administration as it comes to fundraising.

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Failure to complete fundraiser forms constitutes non-compliance with BOE policies and procedures and increases financial risk to the school. It decreases transparency of fundraising activities and the associated profits to interested parents and community members. Further, Fundraiser Completion Reports bolster the budgeting process which can ensure optimal performance by each fundraiser.

**Recommendation:** The principal and current financial recordkeeping staff should document and develop internal controls for fundraising activities. The controls should include specific responsibilities for the staff, financial recordkeeping staff and principal or designee including completion of Fundraiser Authorization Forms, Fundraiser Completion Reports, and annual fundraising summaries. Training for staff should be provided before the 2020-21 school year.

**2021.09 Lack of Vending Commission or Contract**

The school does not have an active contract with the vendor and has not received any commission during the audit period for its faculty soda machine.

The APM, Section 9.8, *Vending Machine Sales*, requires each school with a vending machine must have a signed contract stipulating commissions due to the school and frequency these commissions are remitted. The contract term cannot exceed one year.

The principal and current financial recordkeeping staff were not aware of the requirement for annual vending contracts and were not aware that they had not received any commission during the audit period.

Failure to maintain an active contract for vending machine operations constitutes non-compliance with BOE policies and procedures. Further, the lack of commission has made it difficult for the school to maintain solvency of its' Principal Sponsored Activity (PSA) fund account (*See Finding 2021.04*).

**Recommendation:** The current financial recordkeeping staff should contact the vendor and obtain a signed contract for the vending machine operation. The contract should stipulate the frequency and percentage of commissions. The contract should also be renewed annually. Purchasing and Supply Services should be contacted to assist with securing an alternate vendor in the event that a contract cannot be established.

The principal and financial recordkeeping staff should monitor to ensure that monthly commission checks are received at appropriate amounts.

**STATUS OF PRIOR AUDIT FINDINGS**

The previous audit report for **Scotchtown Hills Elementary School** was issued for the period ended **October 31, 2011**. There were 8 findings in the previous audit and **2** are repeated. The

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principal has been in her position since the last audit date. The current financial recordkeeping staff began in April 2019. The following findings were noted as a result of the last audit and the current status is indicated below.

- **Alcoholic Beverages** – Controls appear to be working.
- **Untimely Deposits** - Condition still exists (*See Finding 2021.02*)
- **Funds Received By Bookkeeper** – Controls appear to be working.
- **Inadequate Support for Expenditures** – Controls appear to be working.
- **Checks Not Properly Signed** - Controls appear to be working.
- **Equipment Purchased not Recorded on Property Inventory Sheet** – Controls appear to be working.
- **Contracts Signed by Staff than Principal** – Controls appear to be working.
- **Fundraiser Forms Not Completed** – Condition still exists (*See Finding 2021.08*)

**ACKNOWLEDGEMENT**

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



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

**Response Date August 17, 2020**

<b>Findings</b>	<b>Recommendations</b>	<b>Concur Non-Concur Partially Concur</b>	<b>Action Plan</b>	<b>Corrective Action Date</b>
<b>1</b> <u>Administration of Strawbridge Pictures</u> <u>Speculative</u>	The principal should amend the agreement with Strawbridge Photography to ensure the processing of photography collections align with the requirement for collection and processing of funds as documented in the APM. The principal and current recordkeeping staff must become familiar with the requirements of the APM relative to administration of collection.	Concur	Principal secretary will contact Strawbridge Photography to discuss the current agreement. Moving forward, parents will make an online purchase if they wish to purchase spring portraits.	07/01/2020
<b>2</b> <u>Management of Received</u>	The principal and financial recordkeeping staff should immediately familiarize themselves with the specific requirements for processing collections in the APM. Key controls should be developed and documented to ensure compliance with those requirements. Specifically, all funds collected must be recorded on MTFs on the day of collection, and deposited promptly. Staff members should be trained on these requirements at the beginning of Fiscal Year 2021.  The Pennies for Patients program should be managed within the SAF, with collections	Partially Concur	Moving forward, all monies collected will be deposited the day it is collected.  Staff (teachers) will receive training around the process/ steps of collecting money and submitting a Monetary Transmittal Form (MTF) correctly.  Staff (teachers) wishing to participate in the "Pennies for Patients" program will collect	08/19

Signature Tracie Kewest  
21-2020

	<p>recorded on MTFs and deposited in the school's checking account. A school check should be written to the Leukemia and Lymphoma Society for the full collection amount.</p> <p>The current financial recordkeeping staff should transfer \$110.52 from the School Store account and \$94.64 from the Yearbook account into the Sales Tax account to be transferred to the State of Maryland's Treasury when Treasury Operations conducts the next quarterly sweep of the Sales Tax account. The current financial recordkeeping staff should ensure that all future sales tax is properly recorded.</p>		<p>money daily and record the information on a Monetary Transmittal Form (MTF). An account will be created in order to deposit the money. At the close of the activity, a check will be provided for the amount collected (Leukemia and Lymphoma Society).</p> <p>Money from the School Store and Yearbook account will be used to cover tax not collected for items sold. Moving forward, tax will be recorded.</p>		
<b>3 Management of Disbursements</b>	<p>The following disbursement procedures should be implemented to ensure funds are properly disbursed:</p> <p>A. The principal and current financial recordkeeping staff should ensure that all activities are properly planned to ensure that funds are available to make payments to vendors timely.</p> <p>The current financial recordkeeping staff should ensure that all pages of bank statements are maintained to keep a full record of cancelled check images.</p>	Concur	<p>Moving forward, money that is already in an activity account will be used to offset the cost of an activity/field trip.</p> <p>Moving forward, a record of all monthly cancelled check images will be on file.</p>	07/01/2020	1
<b>4 Insolvent Principal-Sponsored Activities Account</b>	<p>The principal and financial recordkeeping staff should continue to suspend all PSA expenditures and continue to transfer proceeds from vending and fundraising activities until the account is solvent.</p>	Concur	<p>Moving forward, monies from fundraising activities will continue to be transferred into the Principal Sponsored Account (PSA) A</p>	07/01/2020	1

Signature Tracie Kevatt  
21-2020



			discussion around vending may result in locating another partner.		
<b><u>5 Lack of ve Budgeting ending</u></b>	<p>The principal should review the Accounting Procedures Manual to familiarize herself with the purpose of the individual school accounts. A full review should be conducted prior to the opening of schools for the 2021 school year to:</p> <p>A. Identify dormant restricted accounts and make request to the Accounting and Financial Reporting Office for transfer of these account balances to PY Carryover.</p> <p>B. Develop a budgeting process to be used for sponsors of <b>all</b> active restricted accounts. The budgeting process should include a briefing to all sponsors of their existing balances and a determination on how it can best be expended for student needs. The budgets should be developed annually to maximize the benefit to students involved in each activity.</p> <p>C. Specifically, the principal must monitor restricted accounts to ensure that proceeds collected from sale of items such as yearbooks and agenda books and field trips are sufficient to adequately cover the cost of items and activities and do not place undue cost on students</p> <p>D. Identify opportunities to use the large balance in the unrestricted PY Carryover account, which can be used for expenditures that benefit the entire student body and general needs of the school.</p>	Concur	<p>A meeting will be held with all staff sponsoring an activity to discuss their individual school accounts and how best to use the money from their account.</p> <p>Principal will monitor restricted accounts (yearbooks, agenda books and field trips) and charge students the least amount possible for each activity.</p> <p>Restricted accounts that are not being used will be transferred (PY Carryover) in order to provide items for students and general needs of the school.</p>	N/A	Nc
<b><u>6 Year-End ary nittal Form</u></b>	The principal and assistant principal should provide more effective oversight during the MTF envelope submission process to ensure that staff members are following all directions	Concur	Administrative Team will monitor all "MTF" envelope submissions to ensure all are following procedures	07/01/2020	I

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<b><u>dures Not ved</u></b>	provided to them by the current financial recordkeeping staff.		provided by the financial/record keeping secretary.		
<b><u>07 Voided s Not Properly istered</u></b>	The financial recordkeeping staff should immediately begin to deface all voided checks, and continue to record and file voided checks. The principal should provide oversight to this process.	Concur	Moving forward, the financial/record keeping secretary will deface and file all voided checks. The principal will monitor this process.	07/01/2020	I
<b><u>08 Fundraiser : Not leted</u></b>	The principal and current financial recordkeeping staff should document and develop internal controls for fundraising activities. The controls should include specific responsibilities for the staff, financial recordkeeping staff and principal or designee including completion of Fundraiser Authorization Forms, Fundraiser Completion Reports, and annual fundraising summaries. Training for staff should be provided before the 2020-21 school year.	Concur	Moving forward, the financial/record keeping secretary will ensure a fundraiser document is on file for all activities which require it. The principal will monitor this process.	07/01/2020	I
<b><u>09 Lack of ng Commission tract</u></b>	The current financial recordkeeping staff should contact the vendor and obtain a signed contract for the vending machine operation. The contract should stipulate the frequency and percentage of commissions. The contract should also be renewed annually. Purchasing and Supply Services should be contacted to assist with securing an alternate vendor in the event that a contract cannot be established.  The principal and financial recordkeeping staff should monitor to ensure that monthly commission checks are received at appropriate amounts.	Concur	The financial/record keeping secretary will obtain a copy of the most recent signed contract for vending machine operations.  The financial/record keeping secretary and principal will monitor the submission of monthly commission checks.	N/A	I I re ve co to co i

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