

November 18, 2021

**MEMORANDUM**

To: Elizabeth Saunders, Ed. D. Instructional Director  
Cluster 12

Gordon Libby, Principal, College Park Academy PCS High School

Steven Baker, Principal, College Park Academy PCS Middle School

From: Michele Winston, CPA, Director  
Internal Audit

Re: Financial Audit for the Period April 1, 2020 through September 30, 2021

An audit of the financial records of **College Park Academy Charter School** was completed for the period April 1, 2020 through September 30, 2021. The audit indicates that the school's financial records and procedures require improvement to be in accordance with the Accounting Procedures Manual for School Activity Fund (APM) and Board of Education policies and procedures. The exceptions noted are included in the attached report.

As principals of the school, you will be responsible for preparing an action plan by **December 20, 2021** indicating steps that will be taken to ensure compliance with the APM. Please note that you are required to provide your action plan using the attached Microsoft word template and any other correspondence to the Internal Audit Office, 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), Joeday Newsom, Esq., Ethics Compliance Officer, email address: [joeday.newsom@pgcps.org](mailto:joeday.newsom@pgcps.org) and Katrina Greene, School Activity Funds Support Specialist, email address: [katrina.greene@pgcps.org](mailto:katrina.greene@pgcps.org).

Enclosure

cc: Juanita Miller, Ed. D., Board Chair  
Monica Goldson, Ed. D., Chief Executive Officer  
Members, Board of Education  
Mychael Dickerson, Chief of Staff  
Helen Coley, Ed. D., Chief of School Support and Leadership  
Michael Herbstman, Chief Financial Officer  
James Dougherty, Director, Financial Services  
Loretta White Khaalid, Executive Assistant, Charter Schools  
Joeday Newsom, Esq., Ethics Compliance Officer  
Katrina Greene, School Activity Funds Support Specialist  
Janice Walters-Semple, CPA, Internal Audit Supervisor  
Theodore Dzodzomenyo, Internal Auditor II

**Internal Audit Report**

**College Park Academy  
Public Charter School  
School Activity Funds**

**For the Period Ended September 30, 2021**

Purpose: To document the audit report

College Park Academy, Public Charter School  
School Activity Funds  
Internal Audit Report  
For the Period Ended September 30, 2021

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College Park Academy, Public Charter School  
School Activity Funds  
Internal Audit Report  
For the Period Ended September 30, 2021

Internal Auditor's Report

We have examined the School Activity Funds (SAF) of College Park Academy for the period April 1, 2020 through September 30, 2021. College Park Academy's principals are 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:

- *Mismanagement of Disbursements; and*
- *Excessive Spending in Restricted Fund Accounts*

Individually or in the aggregate, these findings resulted in a material deviation from Board of Education (BOE) Policies and Procedures and the requirements of the Accounting Procedures Manual for School Activity Funds (APM).

In our opinion, except for the deviation from the criteria described in the preceding paragraph, the APM referred to above, was administered in compliance with BOE policies and procedures and the APM, in all material respects, for the period ended September 30, 2021.



Michele Winston, CPA  
Director, Internal Audit

College Park Academy, Public Charter School  
School Activity Funds  
Internal Audit Report  
For the Period Ended September 30, 2021

**SUMMARY**

Internal Audit completed an audit on the school activity funds (SAF) for College Park Academy for the period April 1, 2020 through September 30, 2021. 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 Accounting Procedures Manual for School Activity Funds (APM) and Board of Education (BOE) policies and procedures.

This audit report includes **2** findings which occurred under the leadership of the current principals. A listing of the findings and the personnel responsible are included in the appendix at the end of the audit report. Detailed findings from the current audit are cited on the following pages with accompanying recommendations for corrective action.

**OBJECTIVES**

The objectives of the audit were to determine the effectiveness of the system of internal controls and to determine whether the school was in compliance with the policies and procedures of the APM and the BOE. It is important to recognize that, while the audit report focused on deficiencies, it was intended to be constructive. The audit was not designed and conducted to evaluate the effectiveness of the educational programs in the school. Therefore, the absence of comments related to the educational programs should not be construed to imply that these programs are either adequate or deficient.

**SCOPE**

The audit was based on our review of all bank statements, financial reports, cancelled checks and all available Monetary Transmittal Form (MTF) envelopes submitted by staff for the period April 1, 2020 through September 30, 2021. Also, selected receipts, disbursements and supporting documentation were reviewed for the said period.

This is an audit of funds related to students' activities at the school and does not include SOR funds or any funds not derived from students' activities for the audit period.

College Park Academy, Public Charter School  
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For the Period Ended September 30, 2021

**FINDINGS AND RECOMMENDATIONS**

The audit resulted in the following findings and recommendations:

**2022.01: Mismanagement of Disbursements**

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

- ***Lack of Adequate Approval:*** There were **11** instances where the principal's authorization of disbursements was not documented. School Funds Expenditure Forms (SFEFs) were not completed and approved to authorize refunds to students in these instances.
- ***Delinquent Payment of Invoices:*** There were **2** instances where payments were not remitted to vendors in a timely manner. The delinquency was 8 and 19 days.

The APM, Section 4.5.3.1 provides the following provisions pertaining to the management of disbursements:

- Prior to ordering or purchasing goods or services, a School Funds Expenditure Form must be completed and signed by the principal. Schools and their SAF cannot be held liable for financial obligations made by staff if the individual fails to complete this form. The employee can be held personally liable for the obligation, if this procedure is not followed.
- The Accounting Procedures Manual (APM), requires all invoices to be paid within 30 days of receipt or by the due date indicated on the invoice.

The following were identified as the causes of mismanagement of disbursements:

- The recordkeeping staff indicated that, these transactions occurred when schools reopened after closure due to the COVID-19 pandemic. At that point staff members were not always in the building to initiate the approval process.
- According to the recordkeeping staff, the delinquent payments occurred during school closures due to COVID-19 pandemic and she was not aware of the existence of the invoices because the staff members did not forward the invoice to her in a timely manner.

Mismanagement of disbursements constitute non-compliance with BOE policies and procedures and increases financial risk to the school and staff. Inadequate pre-approval can result in accounts being overspent and the school becoming insolvent. Delinquent payment of invoices may result in the school being unnecessarily assessed late fee charges.

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**Recommendations:** The following steps must be taken to improve the management of collection:

- The principal and recordkeeping staff must communicate the importance of the approval process prior to the issuance of checks. Staff members must be held accountable for compliance.
- Staff members must also be reminded of the importance of obtaining and submitting vendor invoices to the recordkeeping staff for payment in a timely manner as required by the APM.

**2022.02: Excessive Spending in Restricted Accounts**

The following restricted fund accounts had deficits as of September 30, 2021 which aggregated to approximately **(\$1,636.44)**

<u>Account #</u>	<u>Account Description</u>	<u>Amount</u>
316.00	National Honor Society-HS	(\$10.05)
440.00	PBIS	(\$1.82)
480.00	Yearbook	(\$1,472.40)
560.00	Library	(\$152.17)
	<b>Total</b>	<b>(\$1,636.44)</b>

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

The cause for the most significant deficits were that an excessive number of yearbooks were ordered and the school was unable to sell sufficient yearbooks to recover the cost. The Library account was overspent prior to the tenure of the current administration, including the recordkeeping staff, and the causes could not be ascertained. The risk of insolvency increases when restricted funds are overspent and not properly managed.

**Recommendations:** The principal and recordkeeping staff should continue to seek opportunities to resolve the account deficits. A budget should be used to plan for future yearbook sales to avoid excessive purchases. Further, all expenditures from these accounts must cease until the deficits are eliminated.

College Park Academy, Public Charter School  
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Internal Audit Report  
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**STATUS OF PRIOR YEAR FINDINGS**

The previous audit report for College Park Academy Public Charter School issued for the period ended March 31, 2020 included 5 findings. Of these findings, 2 were also noted in this current audit. The current principal and financial secretary were in their current positions at the time of the previous audit. The following findings were noted as a result of the last audit and the current status is indicated below.

- *Mismanagement of Disbursements*- Condition still exists – **See Finding 2022.01** regarding *Mismanagement of Disbursements*.
- *Untimely Bank Reconciliations*- Condition was not noted during this audit
- *Segregation of Duties*- Condition was not noted during this audit
- *Deficit in Restricted Accounts*- Condition still exists – **See Finding 2022.02** regarding *Excessive Spending in Restricted Accounts*.

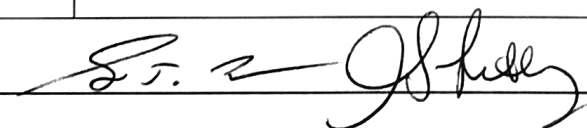
**ACKNOWLEDGEMENT**

We would like to thank the principal and staff of College Park Academy Public Charter School for their cooperation and assistance extended during the audit.

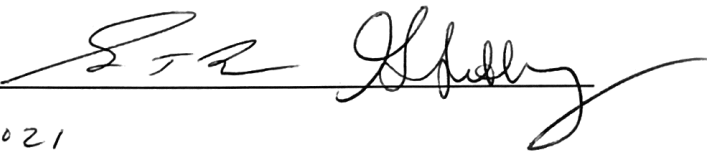


**Prince George's County Public Schools  
Internal Audit Department  
School/Office: College Park Academy PCS  
Response Date December 20, 2021**

	<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>2022.01:</u></b> <b><u>Mismanagement</u></b> <b><u>of Disbursements</u></b>	<p>The following steps must be taken to improve the management of collection:</p> <p>1. The principal and recordkeeping staff must communicate the importance of the approval process prior to the issuance of checks. Staff members must be held accountable for compliance.</p> <p>2. Staff members must also be reminded of the importance of obtaining and submitting vendor invoices to the recordkeeping staff for payment in a timely manner as required by the APM.</p>	Partially Concur	<p>1. All staff members must receive documented pre-approval by the principals prior to obligating the school. Staff will be trained on the pre-approval process during pre-service week, a January mid-year review at the January whole staff meeting, and at the June whole staff meeting.</p> <p>2. All staff members will be reminded that vendor invoices must immediately be submitted to the School Business Accounting Technician (SBAT) during pre-service week, a January mid-year review at the January whole staff meeting, and at the June whole staff meeting.</p>	12/2021	Partially Implemented

Principal Signature   
Date 12/16/2021

2.	<b><u>2022.02:</u></b> <b><u>Excessive</u></b> <b><u>Spending in</u></b> <b><u>Restricted</u></b> <b><u>Accounts</u></b>	The principal and recordkeeping staff should continue to seek opportunities to resolve the account deficits. A budget should be used to plan for future yearbook sales to avoid excessive purchases. Further, all expenditures from these accounts must cease until the deficits are eliminated.	Partially Concur	- There will be no further expenditures from the account in deficit. Furthermore, we will continue to reduce and resolve the account deficits which remain.	12/2021	Partially Implemented
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Principal Signature  \_\_\_\_\_

Date 12/16/2021