



December 13, 2022

**MEMORANDUM**

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

Ronae Smith, Principal  
Calverton Elementary School

From: Michele Winston, CPA, Director  
Internal Audit

Re: Financial Audit for the Period July 1, 2017 to August 31, 2022

An audit of the financial records of **Calverton Elementary School** was completed for the period July 1, 2017 to August 31, 2022. 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 the principal of the school, you will be responsible for preparing an action plan by **January 13, 2023** 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) 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  
Michael Herbstman, Chief Financial Officer  
James Dougherty, CPA, Director, Financial Services  
Kassandra Lassiter, Ed. D., Associate Superintendent, Area 1  
Helen Coley, Ed. D., Chief, School Support and Leadership  
Joeday Newsom, Esq., Staff Director, Board of Education Office  
Robin Welsh, Director of Monitoring, Accountability and Compliance  
Katrina Greene, Student Activity Fund Support Specialist  
Janice Walters-Semple, CPA, Supervisor Internal Audit  
Theodore Dzodzomenyo, Internal Auditor II

# Internal Audit Report

**Calverton Elementary School  
School Activity Funds**

**For Period Ended August 31, 2022**

**Calverton Elementary School  
School Activity Funds  
Internal Audit Report  
For Period Ended August 31, 2022**

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**Calverton Elementary School  
School Activity Funds  
Internal Audit Report  
For Period Ended August 31, 2022**

Internal Auditor's Report

We have examined the School Activity Funds (SAF) of Calverton Elementary School for the period July 1, 20217 to August 31, 2022. Calverton Elementary School's principal is responsible for the administration of the 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:

- *Restricted Fund Account Deficits, and*
- *Delinquent Financial Reporting*

This finding resulted in a material deviation from Board of Education (BOE) policies and procedures and the requirements of the Accounting Procedures Manual for the School Activity Funds (APM).

In our opinion, 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 August 31, 2022.



Michele Winston, CPA  
Director, Internal Audit

**Calverton Elementary School  
School Activity Funds  
Internal Audit Report  
For Period Ended August 31, 2022**

**SUMMARY**

Internal Audit completed an audit of the student activity funds (SAF) for Calverton Elementary School for the period July 1, 2021 to August 31, 2022. The audit was conducted as part of the annual audit plan.

This audit report includes **2** findings that occurred under the leadership of the former principal. 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 whether the school was in compliance with the policies and procedures of the Accounting Procedures Manual for School Activity Funds (APM) and the Board of Education (BOE). It is important to recognize that, while the audit report focused on deficiencies, it was intended to be constructive. The audit was not designed and conducted to evaluate the effectiveness of the educational programs in the school. Therefore, the absence of comments related to the educational programs should not be construed to imply that these programs are either adequate or deficient.

**SCOPE**

The audit was based on our examination of selected bank statements, financial reports, cancelled checks, all voided checks and Monetary Transmittal Form (MTF) envelopes submitted for the period July 1, 2021 to August 31, 2022. Also, available receipts, disbursements and supporting documentation were reviewed for the said period. Audit results were based on available documentation.

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.

**Calverton Elementary School  
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**FINDINGS AND RECOMMENDATIONS**

The audit resulted in the following findings and recommendations:

**2023.01 Deficits in Restrict Fund Accounts**

The following 5 restricted fund accounts had deficits as of August 31, 2022 totaling **\$3,961.60**. The deficits in restricted fund accounts totaled **\$4,837.38** at the time of the previous audit period, which ended 6/30/2017. All of these deficits originated prior to the tenure of the current principal. The current deficits in the restricted fund accounts are as follow:

<b>Account Number</b>	<b>Description</b>	<b>Amount</b>
420.00	Field Trips	(468.61)
450.40	PSA-Clothing	(1,465.57)
480.00	Yearbook	(\$1,542.11)
510.80	Pre-K Account	(\$52.51)
585.00	Science and Technology	(\$432.80)
<b>Total</b>		<b>(\$3,961.60)</b>

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 required to be used exclusively for that group and/or purpose and not for the general needs of the school. Expenditures for all restricted accounts are limited to the amount of funds collected for those activities. Therefore, if restricted expenditures exceed the available balance, the account is insolvent. As the fiduciary agent for the SAF, the principal should ensure that restricted accounts are solvent at all times.

The reasons for the 3 most significant deficits are as follows:

- A. Field Trips (420.00) - According to the recordkeeping staff, the funds remitted for fieldtrips were insufficient to cover all expenditures related to the trip because some students could not afford to pay to attend the field trip.
- B. PSA-Clothing (450.40) According to the recordkeeping staff, expenditures were originally posted to “Special Events” and corrective entry was made to properly post to “PSA-Clothing” in a previous year.
- C. Yearbook (480.00) - In previous years, the school did not receive enough revenues from the sale of Year Book because not all the books were sold.

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Overspending in restricted accounts results in insufficient funds being available to administer students' activities. Proper financial management has not occurred and could lead to further deficits and insolvency for the school.

**Recommendations:** The principal should contact the Accounting and Financial Reporting Office for guidance on resolving the carryforward restricted fund account deficits. The principal should ensure that sponsors are not allowed to exceed their respective restricted account balances. Adequate planning and budgeting should occur to ensure that the school's resources are used properly and to prevent further deficits while Year Books procurement should be limited to prepaying students only. The principal should also consider setting aside unrestricted funds from fundraisers, etc. to fund field trips for students who are unable to pay.

**2023.02: Delinquent Financial Reporting**

There were **5** and **6** instances respectively during the audit period, where the monthly bank reconciliations were not completed or reviewed timely by the recordkeeping staff and principal.

According to the APM, Section 4.2.2, *Bank Account Procedures*, the Principal should receive the bank statement unopened. After reviewing the statement and the cancelled checks, the principal should sign the bank statement and pass it to the Bookkeeper. The bank account must be reconciled within 7 days from receipt of the bank statement. Also, Section 5.1.2, the monthly financial reporting process is required to be completed by the 15th day of each month and presented to the principal for review.

According to the recordkeeping staff, the delays were an oversight. Pertaining to the delay by the principal, the delinquencies occurred during the tenure of the previous principal who is no longer an employee of the BOE.

Delinquent reporting impacts the timeliness and reliability of financial information used in the fiscal decision-making process. The principal's ability to promptly verify the school's solvency status and confirm individual transactions may be impacted.

**Recommendation:** The bookkeeper current principal should ensure that the bank reconciliations are completed as required and submitted to the principal for review monthly by the 15th day of each month.

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School Activity Funds  
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For Period Ended August 31, 2022**

**STATUS OF PRIOR AUDIT FINDINGS**

The previous audit report for Calverton Elementary School was issued for the period ended June 30, 2017. During that period, the principal was not in the current position but the recordkeeping staff was on staff. There were **8** reported findings in the previous audit and **2** are repeated in this current report. The following findings were noted as a result of that audit and the current status is indicated.

- *Mismanagement of Funds Received*- Condition was not noted during this audit
- *Mismanagement of Disbursements*- Condition was not noted during this audit
- *Administration of Voided Checks*- Condition was not noted during this audit
- *Delinquent Financial Reporting*- Condition still exists- See Finding **2023.02** regarding *Delinquent Financial Reporting*.
- *Fundraiser Forms*- Condition was not noted during this audit
- *Drop Safe Not on Premises*- Condition was not noted during this audit
- *Administration of Vending Contracts*- Condition was not noted during this audit, and
- *Deficits in Restricted Fund Accounts*- Condition still exists- See Finding **2023.01** regarding *Deficits in Restricted Fund Accounts*.

**ACKNOWLEDGEMENT**

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



**Prince George's County Public Schools**  
**Internal Audit Department**  
**School/Office: Calverton ES**  
**Response Due Date January 13, 2023**

	<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>2023.01 Deficits in Restrict Fund Accounts</u></b>	The principal should contact the Accounting and Financial Reporting Office for guidance on resolving the carryforward restricted fund account deficits. The principal should ensure that sponsors are not allowed to exceed their respective restricted account balances. Adequate planning and budgeting should occur to ensure that the school's resources are used properly and to prevent further deficits while Year Books procurement should be limited to prepaying students only. The principal should also consider setting aside unrestricted funds from fundraisers, etc. to fund field trips for students who are unable to pay.	Concur	Principal Smith will contact the Accounting and Financial Reporting office for guidance on resolving the carry forward restricted account balances.  Principal Smith will meet monthly with the Secretary 2 to review budget allocations and balances.  Unrestricted funds acquired from fundraisers will be set aside for field trips.	January, 2023  January 2023- December 2023	Partially Implemented  Implemented

Principal Signature



Date 12/15/2022

2.	<b><u>2023.02:</u></b> <b><u>Delinquent</u></b> <b><u>Financial</u></b> <b><u>Reporting</u></b>	The bookkeeper current principal should ensure that the bank reconciliations are completed as required and submitted to the principal for review monthly by the 15th day of each month.	Concur	Meet the 1st Monday of every month with the Secretary II to review bank statements and reconciliations.	January 2023- December 2023	Implemented
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Principal Signature



Date 12/15/2022