

Internal Audit Report

Paint Branch Elementary School
School Activity Funds

For the Period Ended April 30, 2023

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Internal Auditor's Report

We have examined the School Activity Funds (SAF) of Paint Branch Elementary for the period of October 1, 2017 to April 30, 2023. Paint Branch Elementary School's principal is responsible for 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 a finding - *Records Management*

The finding resulted in a 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, considering the deviation from the criteria described in the preceding paragraph, the SAF referred to above has mostly been administered in compliance with BOE policies and procedures and the APM, in all material respects, for the period ended April 30, 2023.



Michele Winston, CPA
Director, Internal Audit

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SUMMARY

An audit of the school activity funds (SAF) for Paint Branch Elementary was completed for the period October 1, 2017 to April 30, 2023. The audit was conducted as part of the annual audit plan.

The audit indicated that the school's financial records and procedures require some 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 1 finding which occurred under the leadership of the previous principal. The findings and the personnel responsible are included in the appendix at the end of the audit report. Detail of the finding from the current audit are cited on the following page 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 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 examination of selected bank statements, financial reports, cancelled checks, all voided checks and Monetary Transmittal Form (MTF) envelopes submitted for the period October 1, 2017 to April 30, 2023. Also, available receipts, disbursements and supporting documentation were reviewed for the said period. Certain cancelled checks were not available for review. (Refer to finding 2023.01 on the following page.)

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.

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FINDING AND RECOMMENDATIONS

The audit resulted in the following finding and recommendations:

2023.01 Records Management

There were **23** instances where cancelled check images were not located for review.

According to the APM Section 6.12 *Record Retention*, all SAF records are to 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.

There were 3 cancelled check images for disbursements issued in FY 2022 that could not be located. The school's bank, SunTrust became Truist in February 2022. Following this change, cancelled check images were not included with the school's bank statements. The issue was subsequently resolved. There were 20 instances where a further cause for the mismanagement of records retention could not be determined.

Failure to make financial records available for an audit constitutes noncompliance with BOE policies and procedures and compromises the audit trail necessary for determining compliance with applicable requirements.

Recommendation: The principal and recordkeeping staff should establish an adequate records management system which ensures that all financial documents, including cancelled checks, are maintained in an organized manner and are retrievable for audits or upon request by authorized individuals. Specifically, cancelled checks must be included with bank statements as required. The recordkeeping staff must be held accountable for compliance.

STATUS OF PRIOR AUDIT FINDINGS

The previous audit report for Paint Branch Elementary was issued for the period ended September 30, 2017. The current principal's tenure began on July 1, 2023. The recordkeeping staff was on staff for the entire audit period. There were **7** findings noted as a result of that audit, and none are repeated as summarized below.

- **Mismanagement of Funds Received** – Condition was not noted during this audit;
- **Unauthorized Check Signer** – Condition was not noted during this audit;

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- **Year-End Monetary Transmittal Form Envelope Submission** – Condition was not noted during this audit;
- **Administration of Sales Tax** – Condition was not noted during this audit;
- **Vending Contract** – Condition was not noted during this audit;
- **Fundraiser Forms** – Condition was not noted during this audit; and,
- **Unauthorized Transfer of Funds** – Condition was not noted during this audit.

ACKNOWLEDGEMENT

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

Prince George's County Public Schools
Internal Audit Department
School/Office: Paint Branch ES
Response Date August 14, 2023

	Findings	Recommendations	Concur Non- Concur Partially Concur	Action Plan	Corrective Action Date	Status Implemented Partially Implemented Not Implemented
1.	<u>2023.01:</u> <u>Records</u> <u>Management</u>	The principal and recordkeeping staff should establish an adequate records management system which ensures that all financial documents, including canceled checks, are maintained in an organized manner and are retrievable for audits or upon request by authorized individuals. Specifically, canceled checks must be included with bank statements as required. The recordkeeping staff must be held accountable for compliance.	Concur	Establish adequate records management system which ensures that all financial documents, including canceled checks, are maintained in an organized manner and are retrievable for audits or upon request by authorized individuals. Specifically, canceled checks must be included with bank statements as required.	8/14/23	Implemented

Principal Signature *Emmett Henderson*

Date 8/14/23