

**Internal Audit Report**

**Accokeek Academy  
School Activity Funds**

**For the Period Ended January 31, 2024**

Accokeek Academy  
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Internal Audit Report  
For the period ended January 31, 2024

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Internal Auditor's Report

We have examined the School Activity Funds (SAF) of Accokeek Academy for the period April 1, 2021 through January 31, 2024. Accokeek Academy'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:

- *Mismanagement of Funds Received*
- *Administration of Cancelled Checks*
- *Delinquent Bank Reconciliations*
- *Restricted Fund Account Deficits*
- *Administration of Fund Transfers*
- *Administration of Fundraising Reports*

Individually or in 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 January 31, 2024.



Janice Walters-Semple, CPA  
Acting Director, Internal Audit

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**SUMMARY**

An audit of the school activity funds (SAF) of **Accokeek Academy** was completed for the period April 1, 2021 through January 31, 2024. 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 **6** findings which occurred under the leadership of the current 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 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 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, available financial reports, cancelled checks and all available Monetary Transmittal Form (MTF) envelopes submitted by staff for the period April 1, 2021, through January 31, 2024. Also, selected receipts, disbursements and available 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.

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**FINDINGS AND RECOMMENDATIONS**

The audit resulted in the following findings and recommendations:

**2024.01: Mismanagement of Funds Received**

The following exceptions were noted relative to administration of funds collected:

- A. ***End of Year Monetary Transmittal Form (MTF) Envelopes*** – MTF Envelopes reviewed for FY 2022 and FY 2023 were not sealed as required.
- B. ***Delinquent Deposits*** - There were **5** instances where funds were not deposited in a timely manner. The delinquency ranged from 5 to 14 days.
- C. ***Inadequate Supporting Documentation*** – Bank deposit slips were not available to substantiate deposits in **13** instances. There were also **2** instances where MTFs were not available to document the origination of funds received.

The APM provides the following guidelines for management of funds received:

- A. Section 4.5.2.2 *Collecting Funds: Completing the Monetary Transmittal Form* - requires faculty and program managers to submit the pink and yellow copies of the MTF remittances in sealed envelopes (with their signature over the seal) to the designated administrator prior to their departure at the end of the school year.
- B. Section 4.5.2.2 *Guidelines for Bank Deposits* requires bookkeepers to make deposits of funds received at least every other day. However, no more than \$250.00 should be kept in the building overnight.
- C. Section 6.12 *Record Retention* requires all SAF records to be retained for a period of 7 years and or until audited including the current fiscal year.

The following explanations were provided for the deficiencies noted:

- A. ***EOY Envelopes*** - The recordkeeping staff explained that the procedures for properly submitting MTF envelopes were not always followed despite instructions being provided during in-service training.
- B. ***Delinquent Deposits*** – Reportedly competing duties resulting from the main office vacancies interfered with the recordkeeping staff's ability to timely deposit funds.

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- C. *Inadequate Documentation/Missing* - The recordkeeping staff explained that Truist Bank did not mail deposit receipts to the school following night deposits. The missing MTFs documentation occurred due to the recordkeeping staff's oversight.

Mismanagement of funds received constitutes noncompliance with BOE policies and procedures and can adversely impact the school. Specifically:

- A. Missing End of Year MTF remittances impact the quality of compensating evidence to support collections.
- B. Delinquent deposit of funds impacts the timeliness of processing of financial transactions and increases the risk of loss to the school.
- C. Missing and inadequate documentation of funds received hinders timely detection of errors in financial records and negates the audit trail necessary to determine the school's compliance with policies and procedures.

**Recommendations:** The following steps should be taken to improve the management of funds received:

- 1. The principal should emphasize the requirement for MTF envelope submission to staff members during in-service training. Staff members must be held accountable for compliance.
- 2. The principal should designate staff members, other than the recordkeeping staff, to cover the main office when there are vacancies in secretarial positions to ensure that deposits are made during regular business hours.
- 3. The principal should continue monthly review of the school's financial records to ensure that all collections are properly supported.

**2024.02: Administration of Cancelled Checks**

There were 4 instances where cancelled checks were not made available for review.

The APM Section 4.5.3.1 *Procedures 2. Inclusion of Supporting Documents* – require all expenditures to be properly supported by itemized documentation including copies of cancelled checks. Section 6.12 *Record Retention* requires all SAF records to be retained for a period of 7 years and or until audited including the current fiscal year.

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The recordkeeping staff explained that the cancelled checks are usually attached to the bank statements. The instances where cancelled checks were not located can be attributed to misfiling of disbursement records.

Mismanagement of disbursements constitutes non-compliance with BOE policies and procedures and increases financial risk to the school and staff. Failure to maintain financial records negates the audit trail required for determining the school's compliance with policies and procedures. Unavailable cancelled checks prevent the review of signatures to validate the appropriateness of expenditures.

**Recommendation:** The principal and recordkeeping staff must ensure that an effective records management system is implemented to ensure that expenditure documentation including cancelled checks is maintained and retrievable upon request.

#### **2024.03: Delinquent Bank Reconciliations**

There were 2 instances where bank reconciliations were not reviewed as required. The March 2023 and July 2023 bank reconciliations were reviewed 10-days and 7-days delinquent (after the 15<sup>th</sup> of the subsequent month).

The APM Section 4.2.2 *Bank Account Procedures* requires the bank account must be reconciled within 7 days of receipt of the bank statement. The principal is also required to conduct the review of bank reconciliations by the 15th day of each month.

The recordkeeping staff explained that the principal was on leave the months the bank reconciliations were not reviewed timely. The bank reconciliations were reviewed upon the principal's return to work.

Delinquent reconciliations impact the timeliness of financial information used in the fiscal decision-making process. The principal's ability to promptly verify the school's solvency status and identify erroneous transactions may also be impacted.

**Recommendation:** The principal should ensure all bank reconciliations are reviewed in a timely manner. Provisions must be made to ensure timely bank account reconciliation reviews when the principal is expected to be on leave.

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**2024.04: Overspending in Restricted Fund Accounts**

The following restricted fund accounts had deficits as of January 31, 2024, which aggregated to (\$2,508.15).

Account number	Account Name	Amount
211.65	Boys baseball Sports equipment	(\$ 252.94)
211.85	Boys baseball Uniforms	(\$ 225.71)
310.03	3 <sup>rd</sup> Grade class account	(\$ 33.47)
326.00	Spirit Squad	(\$ 0.30)
420.00	Field Trips	(\$ 1,795.73)
430.10	Freeman Foundation	(\$ 200.00)
	<b>Total Negative balance</b>	<b>(\$ 2,508.15)</b>

The APM Section 5.2.1 *Financial Reporting Requirement Procedures* – requires the principal to review the financial reports to verify the bank statement is reconciled correctly, the financial reports are in agreement with the reconciliation, and the school is solvent. As the fiduciary agent for the SAF, the principal should ensure the school is always solvent.

According to the recordkeeping staff, the most significant deficit, *Field Trips*, resulted because the cost for bus rental increased more than was budgeted. The increase was not passed on to the students. Freeman Foundation predated the current principal and occurred due to an error in posting. Boys Baseball Equipment and Uniforms deficits increased due to the need for baseball equipment and uniform while the sports allotment decreased.

Mismanagement of restricted fund accounts constitutes non-compliance with BOE policies and procedures and increases the risk of insolvency.

**Recommendations:** The following steps must be taken to improve the management of restricted fund accounts:

1. The principal and recordkeeping staff should contact Accounting and Financial Reporting Office (AFRO) to correct the posting error in the Freeman Foundation account.
2. Spending from the restricted accounts with deficits must cease until the deficits are resolved.
3. The principal should continue to seek opportunities to clear the negative balances.

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**2024.05: Administration of Fund Transfers**

The following exceptions pertaining to the Fund Transfers reviewed were identified:

- A. ***Unsupported Fund Transfers*** - There were **9** instances where Fund Transfer Journal Entry Proof Sheets were not available to substantiate the authorization of fund transfers.
- B. ***Inaccurate Principal Sponsored Activities (PSA) Transfer*** – The school received a picture commission of **\$928.03**. Of this amount **15% or \$ 139.20** was allowable to be transferred to the PSA Fund Account, instead, **20% or \$186.45** was transferred. This resulted in an excessive transfer of **\$47.25**.

The APM provides the following guidelines for the management of Fund transfers:

- A. Section 6.12 *Record Retention* all SAF records must be retained for a period of 7 years and or until audited, including the current fiscal year.
- B. Section 3.2.2 *Bookkeepers/Financial Secretaries* - The Bookkeeper or financial secretary is responsible for accurately recording and reporting the school's financial transactions.

The following explanations were provided for the mismanagement of fund transfers:

- A. ***Unsupported Fund Transfers*** – Fund Transfer Journal Entry Proof Sheets were not printed by the recordkeeping staff and provided to the principal for authorization of each transfer.
- B. ***Inaccurate Principal Sponsored Activities Transfer*** – The recordkeeping staff inadvertently used the wrong allowable percentage while calculating the amount of the fundraiser commission to be transferred to the PSA fund account.

Mismanagement of funds transfers constitutes non-compliance with BOE policies and procedures. Specifically:

- A. Unavailable documentation of fund transfers hinders effective review of financial transactions. It also removes evidence that the journal entries posted to the accounting system were authorized by the principal as required.
- B. Incorrect calculation of the transfer to the PSA account resulted in overstatement of the PSA account balance. It has also resulted in less funds being available for administering students' activities.

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**Recommendations:** The following steps are suggested to improve the management of fund transfers:

1. The principal must review the financial transactions periodically to ensure the completeness and accuracy of fund transfer documentation. Approved Fund Transfer Journal Entry Proof Sheets must be attached to the fund transfers to substantiate the transactions. The recordkeeping staff must be held accountable for compliance.
2. The recordkeeping staff must initiate the reversal of the excess fundraiser commission immediately. The principal must review the monthly financial reports to verify that the reversal was performed.

**2024.06: Administration of Fundraising Reports**

The school conducted 5 school-wide fundraisers during FY 2023 and FY 2024. Annual reports summarizing the school's fundraising activities were not prepared as required.

The APM Section 7.2.2 *Fundraiser Procedures* – requires the principal to prepare an annual report summarizing all fundraising activities conducted during the 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 activities.

Reportedly, the principal was not aware of this reporting requirement. The principal believed that the Fundraiser Initiation Form and the Fundraiser Completion Report were sufficient.

Lack of Fundraiser reports constitutes non-compliance with BOE policies and procedures.

Failure to prepare annual fundraiser reports weakens the internal controls for ensuring accountability for fundraisers held by the school and negates the support that would otherwise be available to parents and members of the school community.

**Recommendation:** The principal must prepare or designate preparation of annual reports of the school's fundraising activities. The report should include the profit raised with each fundraiser and be made available to interested individuals.

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**STATUS OF PRIOR AUDIT FINDINGS**

The previous audit report for Accokeek Academy was issued for the period ended March 31, 2021. The current principal was in the current position during that audit. The current recordkeeping staff was not. The previous audit report included 5 audit findings and 4 were repeated in the current audit report as stated below.

- **Mismanagement of Funds Received** - Partially Observed. See Finding 2024.01 regarding *Monetary Transmittal Forms Envelope Submission*.
- **Mismanagement of Disbursements** - Partially Observed. See Finding 2024.02 regarding *Administration of Cancelled Checks*.
- **Restricted Fund Account Deficits** - Still Observed. See Finding 2024.04 regarding *Restricted Fund Account Deficits*.
- **Transfers Not Properly Approved** – Still Observed. See Finding 2024.05 regarding *Administration of Fund Transfers*.
- **Vending Machine Contract missing** - This condition was not noted in the current audit.

**ACKNOWLEDGEMENT**

We would like to thank the principal and staff of Accokeek Academy for their cooperation and assistance extended during the audit.



**Accokeek Academy**  
**Student Activities Funds - April 1 2021 - January 31 2024**  
**Appendix - Findings Timeline**

<b>AUDIT FINDINGS</b>	<b>Judy Adams, Principal July 2011 - date</b>	<b>Raenette Taylor, Former Recordkeeping staff August 2010 - May 2023</b>	<b>Teryce Farmer, Recordkeeping staff April 2023 - Present</b>
<b>2024.01: Mismanagement of Funds Received</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>2024.02: Mismanagement of Cancelled Checks</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>2024.03: Delinquent Bank Reconciliations</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>2024.04: Restricted Fund Account Deficits</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>2024.05: Administration of Funds Transfers</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>2024.06: Administration of Fundraising Reports</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>Total</b>	<b>6</b>	<b>6</b>	<b>6</b>

**Prince George's County Public Schools**  
**Internal Audit Department**  
**School/Office: Accokeek Academy – School Activity Funds**  
**Response Due Date: August 16, 2024**

	Findings	Recommendations	Action Plan	Corrective Action Date	Implemented	Status Partially Implemented	Not Implemented
<b>2024.01: Mismanagement of Funds Received</b>	<b>A. End of Year Monetary Transmittal Form (MTF) Envelopes</b> – MTF Envelopes reviewed for FY 2022 and FY 2023 were not sealed as required.	1. The principal should emphasize the requirement for MTF envelope submission to staff members during in-service training. Staff members must be held accountable for compliance.	MTF Training will be highly emphasized during Pre-Service Week	8/19/24	8/19/24	Presentation is prepared	
	<b>B. Delinquent Deposits</b> - There were 5 instances where funds were not deposited in a timely manner. The delinquency ranged from 5 to 14 days.	2. The principal should designate staff members, other than the recordkeeping staff, to cover the main office when there are vacancies in secretarial positions to ensure that deposits are made during regular business hours.	The additional office person has been hired and we act in that capacity when the need arises.	7/5/24	7/5/24	9/12/24	
	<b>C. Inadequate Supporting Documentation</b> – Bank deposit slips were not available to substantiate deposits in 13 instances. There were also 2 instances where MTFs were not available to document the origination of funds received.	3. The principal should continue monthly review of the school's financial	Principal will	6/15/24	Monthly		

**CFO/Principal/Director's Signature** \_\_\_\_\_  
**Date** \_\_\_\_\_

		records to ensure that all collections are properly supported.	consistently and on a timely basis conduct the monthly review of the school's financial				
<b><u>024.02:</u></b> <b><u>Administration of Cancelled Checks</u></b>	<p>The APM Section 4.5.3.1 <i>Procedures 2. Inclusion of Supporting Documents</i> – require all expenditures to be properly supported by itemized documentation including copies of cancelled checks. Section 6.12 <i>Record Retention</i> requires all SAF records to be retained for a period of 7 years and or until audited including the current fiscal year.</p> <p>The recordkeeping staff explained that the cancelled checks are usually attached to the bank statements. The instances where cancelled checks were not located can be attributed to misfiling of disbursement records.</p>	<p>The principal should ensure all bank reconciliations are reviewed in a timely manner. Provisions must be made to ensure timely bank account reconciliation reviews when the principal is expected to be on leave.</p> <p>Cancelled checks are filed separately from the bank statement.</p>	<p>Timely reconciliation will occur upon delivery of bank statement.</p> <p>6/1/24</p>	6/07/24	Monthly		

CFO/Principal/Director's Signature \_\_\_\_\_  
Date \_\_\_\_\_

	<p>Mismanagement of disbursements constitutes non-compliance with BOE policies and procedures and increases financial risk to the school and staff. Failure to maintain financial records negates the audit trail required for determining the school's compliance with policies and procedures. Unavailable cancelled checks prevent the review of signatures to validate the appropriateness of expenditures.</p>						
<p><b><u>2024.03: Delinquent Bank Reconciliations</u></b></p>	<p>The APM Section 4.2.2 <i>Bank Account Procedures</i> requires the bank account must be reconciled within 7 days of receipt of the bank statement. The principal is also required to conduct the review of bank reconciliations by the 15th day of each month.</p> <p>The recordkeeping staff explained that the principal was on leave the months the bank reconciliations were not reviewed timely. The</p>		<p>Implement ed</p> <p>Resolved</p>		Monthly		

CFO/Principal/Director's Signature \_\_\_\_\_  
Date \_\_\_\_\_

	<p>bank reconciliations were reviewed upon the principal's return to work.</p> <p>Delinquent reconciliations impact the timeliness of financial information used in the fiscal decision-making process. The principal's ability to promptly verify the school's solvency status and identify erroneous transactions may also be impacted.</p>		Resolved				
<p><b><u>2024.04:</u></b> <b><u>Overspending in</u></b> <b><u>Restricted Fund</u></b> <b><u>Accounts</u></b></p>	<p>The APM Section 5.2.1 <i>Financial Reporting Requirement Procedures</i> – requires the principal to review the financial reports to verify the bank statement is reconciled correctly, the financial reports are in agreement with the reconciliation, and the school is solvent. As the fiduciary agent for the SAF, the principal should ensure the school is always solvent.</p> <p>According to the recordkeeping staff, the most significant deficit,</p>	<p>1. The principal and recordkeeping staff should contact the Accounting and Financial Reporting Office (AFRO) to correct the posting error in the Freeman Foundation account.</p> <p>2. Spending from the restricted accounts with deficits must cease until the deficits are resolved.</p> <p>3. The principal should continue to seek opportunities to clear the negative balances.</p>	<p>Implement ed</p> <p>Implement ed</p>	<p>6/15/24</p> <p>6/15/24</p> <p>6/15/24</p>			

CFO/Principal/Director's Signature \_\_\_\_\_  
Date \_\_\_\_\_

	<p><i>Field Trips</i>, resulted because the cost for bus rental increased more than was budgeted. The increase was not passed on to the students. Freeman Foundation predated the current principal and occurred due to an error in posting. Boys Baseball Equipment and Uniforms deficits increased due to the need for baseball equipment and uniform while the sports allotment decreased.</p> <p>Mismanagement of restricted fund accounts constitutes non-compliance with BOE policies and procedures and increases the risk of insolvency.</p>	<p>The principal and financial secretary will meet with all AP's to ensure they have an understanding that when planning all field trips, staff must include bus payment for everyone riding the bus.</p> <p>The principal will insure with the AD that items will not be purchased without funds being allotted for said account.</p> <p>The principal met with financial secretary to double and triple check the use of restricted accounts.</p>	<p>Training will be giving during the pre-service week.</p> <p>AD will have a meeting with the Principal upon his return during the pre-service week.</p>	<p>8/19/24</p> <p>8/19/24</p> <p>8/19/24</p> <p>7/1/24</p>			
<p><b><u>2024.05:</u></b> <b><u>Administration of Fund Transfers</u></b></p>	<p>A. <b><i>Unsupported Fund Transfers</i></b> - There were 9 instances where Fund Transfer Journal Entry Proof Sheets were not</p>	<p>1. The principal must review the financial transactions periodically to ensure the completeness and accuracy of fund transfer</p>	<p>Implement ed</p>	<p>7/1/24</p>			

CFO/Principal/Director's Signature \_\_\_\_\_  
Date \_\_\_\_\_

	<p>available to substantiate the authorization of fund transfers.</p> <p><b>B. <i>Inaccurate Principal Sponsored Activities (PSA) Transfer</i></b> – The school received a picture commission of <b>\$928.03</b>. Of this amount <b>15% or \$ 139.20</b> was allowable to be transferred to the PSA Fund Account, instead, <b>20% or \$186.45</b> was transferred. This resulted in an excessive transfer of <b>\$47.25</b>.</p>	<p>documentation. Approved Fund Transfer Journal Entry Proof Sheets must be attached to the fund transfers to substantiate the transactions. The recordkeeping staff must be held accountable for compliance.</p> <p>2. The recordkeeping staff must initiate the reversal of the excess fundraiser commission immediately. The principal must review the monthly financial reports to verify that the reversal was performed.</p>	Implement ed	7/1/24			
<b><u>2024.06:</u></b> <b><u>Administration of Fundraising Reports</u></b>	The APM Section 7.2.2 <i>Fundraiser Procedures</i> – requires the principal to prepare an annual report summarizing all fundraising activities conducted during the year. The data in this annual report should be available for review by parents, other interested members of the community,	The principal must prepare or designate preparation of annual reports of the school's fundraising activities. The report should include the profit raised with each fundraiser and be made available to interested individuals.	Will be completed upon completion of this school year. All fundraising forms will be collected	7/1/24			

CFO/Principal/Director's Signature \_\_\_\_\_  
Date \_\_\_\_\_

	and include the net amount retained as profit from each fundraising activities.		and stored to develop an accurate account				
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CFO/Principal/Director's Signature

Date 8/26/2024

*Jessy N. Alvar*