

Internal Audit Report

Riverdale Elementary School

School Activity Funds

For the Period Ended May 31, 2024

**Riverdale Elementary School
School Activity Funds
Internal Audit Report
For Period Ended May 31, 2024**

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Internal Auditor's Report

We have examined the School Activity Funds (SAF) of Riverdale Elementary School for the period November 1, 2017, to May 31, 2024. Riverdale 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:

- *Financial Records Not on File*
- *Financial Reporting Requirements*
- *Administration of Voided Checks*
- *Fundraiser Reports Not Completed*

The findings 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, there is significant non-compliance with BOE policies and procedures and the APM, for Riverdale Elementary School SAF, for the period ended May 31, 2024.



Janice Walters-Semple, CPA, Acting Director
Internal Audit

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SUMMARY

The Internal Audit Department completed an audit of the school activity funds (SAF) for Riverdale Elementary School for the period November 1, 2017, to May 31, 2024. The audit was conducted as part of the annual audit plan.

The audit report includes 4 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. In addition, detailed findings 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 available bank statements, financial reports, canceled checks, all voided checks, and Monetary Transmittal Form (MTF) envelopes submitted for the period November 1, 2017, to May 31, 2024. Also, available receipts, disbursements, and supporting documentation were reviewed for the said period. ***Certain financial records requested for review were not provided. See Finding 2025.01, Financial Records Not on File.***

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:

2025.01 Financial Records Not on File

The following **37** financial records were not provided to substantiate SAF transactions during the audit period:

- **7 - Deposit documentation - FY 2022 (3) FY 2023 (1), FY 2024 (3)**
- **8 -Voided checks**
- **19 - Canceled checks**
- **3 - Fund Transfer Journal Entry Proof Sheet**

The APM Section 6.12, *Record Retention*, requires the retention of financial records for 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, canceled checks, and contracts.

The school did not have an effective records management system. The former recordkeeping staff's tenure with the school ended in August 2023, therefore, no explanation was obtained for the missing deposit documentation, voided checks, fund transfer documentation, and canceled checks.

The absence of a reliable records management system affects the retrieval and accessibility of requested documentation to substantiate the school's financial transactions. The audit fieldwork was impacted by the school's inability to make the requested financial records available for review. Evidence for determining that all SAF policies and procedures were followed is removed when financial records are unavailable for review.

Recommendations: The current principal and recordkeeping staff must establish a standardized and consistent records management system, that ensures all financial documents are retained by fiscal years. The principal should complete a periodic review of financial records to determine proper organization and retention. The recordkeeping staff must be held accountable for compliance.

2025.02 Financial Reporting Requirements

There were at least **4** instances where the monthly bank reconciliations and monthly financial reports were not timely prepared by the former recordkeeping staff and the Student Activity Fund Support Specialist. The delinquencies ranged from **15 to 133 days**.

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The APM section 5.1.2 *Monthly Reconciliation and Financial Reporting* states that the bookkeeper is required to complete the reconciliation within 7 days after receiving the statement from the bank. All financial reports should be completed by the 15th of each month and submitted to the principal for review and approval.

The former recordkeeping staff's tenure with the school ended in August 2023; as such, an explanation for 2 of the delinquent monthly financial reports could be determined. The current SAF Support Specialist, who completed the monthly financial reports while the recordkeeping staff position was vacant, was not provided with the monthly bank statements in a timely manner. This resulted in the other 2 delinquent monthly financial reports.

The principal's fiscal responsibility is compromised when monthly reporting is not prepared and/or not reviewed in a timely manner. Timing differences or other errors may not be detected and corrected promptly when the reconciliation process is not performed as intended.

Recommendations: The principal should implement internal controls to ensure that the monthly financial reporting process is performed in accordance with the scheduled requirements included in the APM (bank reconciliation within 7 days of receiving the statement from the bank and the completion of financial reports by the 15th of each month). The principal should coordinate the preparation of financial reports with the Accounting and Financial Reporting Office timely in the event that the recordkeeping staff position becomes vacant.

2025.03 Administration of Voided Checks

There were 3 instances where voided checks were not properly defaced by removal of the signature and account line.

The APM, Section 4.5.3.2 & 4.5.3.4 (e), *Summary of Check Disbursement Procedures and Check Writing* respectively requires accounting for a physical check when an error is made at the time of processing or when a check is damaged. Void checks are required to be defaced by the removal of the signature and account lines. Moreover, all checks are required to be included in SFO and as part of the financial records for supporting expenditures of the school.

The former recordkeeping staff's tenure with the school ended in August 2023; therefore, no explanation was available for the improperly voided checks in 2 instances. The current recordkeeping staff indicated that the other voided check was a misprint and was not signed by herself and the principal and assumed that defacement was not required.

Inappropriate administration of voided checks exposes the school to check fraud through potential unauthorized check negotiations. *This condition was noted during the previous audit for the period that ended in October 2017.*

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Recommendations: The current recordkeeping staff should ensure that all void checks are properly voided by the removal of the signature. The principal should perform a periodic review of voided checks to ensure compliance with BOE policies and procedures relative to defacement.

2025.04 Fundraiser Reports Not Completed

The school conducted approximately 9 Student Government Association sponsored fundraisers and 14 school-wide fundraisers during the audit period November 1, 2017, through May 31, 2024. Fundraiser Requests and Authorization Forms and Fundraiser Completion Reports were not documented for the sponsored fundraisers. In addition, the annual reports summarizing fundraising activities for the audit period were not completed, to support compliance with the fundraising activities conducted.

Administrative Procedure 5135.1, *Fundraising* requires schools to complete the Fundraiser Request and Authorization Forms and Fundraiser Completion Reports for sponsored fundraisers. Annual reports summarizing fundraising activities for all fundraisers are also required. These documents must be maintained on file for public and auditor review upon request.

The principal and recordkeeping staff were not aware that the activities conducted were considered fundraisers. Consequently, staff members and the principal did not complete the required fundraising reports and/or documentation.

Failure to complete fundraiser reports constitutes non-compliance with Board of Education (BOE) policies and procedures. Additionally, it reduces the transparency of fundraising activities and the associated profits for interested parents and community members. It was not readily determinable whether the school's fundraisers yielded an overall profit. As a result, pertinent financial information for the school's administrators to make informed fiscal decisions was unavailable.

Recommendations: The principal and recordkeeping staff should familiarize themselves with the school's fundraiser accounts and activities that are classified as fundraisers. The principal must ensure that all required fundraiser reporting documents, including the Fundraiser Request and Authorization Forms and Fundraiser and Completion Reports, are completed for all sponsored fundraisers conducted during the school year. In addition, the principal or their designee should compile end-of-year reports summarizing the school's fundraising activities. These required reports must be maintained on file for public and auditor review

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STATUS OF PRIOR AUDIT FINDINGS

The previous audit report for Riverdale Elementary School was issued for the period ended October 31, 2017. During the previous audit, the current principal was on staff; however, the current recordkeeping staff was not assigned to the school during that audit. There were **4** findings noted as a result of that audit of which **2** findings still exist, and all are summarized below:

- **Mismanagement of Funds Received** – Condition was not repeated during this audit.
- **Vending Machine Contract** – Condition was not repeated during this audit.
- **Administration of Voided Checks** – Condition still exists. **See Finding 2025.03** regarding *Administration of Voided Checks*.
- **Fundraising Forms** – Condition still exists. **See Finding 2025.04** regarding *Fundraiser Reports Not Completed*.

ACKNOWLEDGEMENT

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

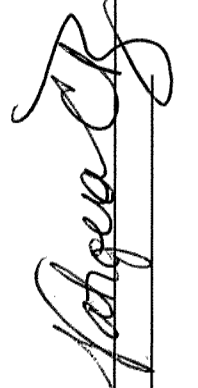


**Riverdale Elementary School
Student Activities Funds
Audit Report Appendix - Findings Timeline
May 31, 2024**

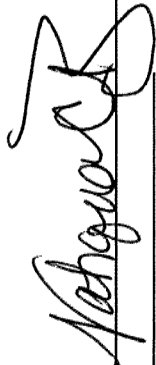
AUDIT FINDINGS	Natiqua Riley, Principal (07/31/17 - current)	Flores Soriano, Former Recordkeeping Staff (02/28/22 - 08/16/23)	Andrea Perez- Cruz, Recordkeeping Staff (01/29/24 - Current)
2025.01 Financial Records Not on File	X	X	
2025.02 Financial Reporting Requirements	X	X	
2025.03 Administration of Voided Checks	X	X	X
2025.04 Fundraiser Reports Not Completed	X	X	X
Total	4	4	2

Prince George's County Public Schools
Internal Audit Department
School/Office: Riverdale Elementary School – School Activity Funds
Response Due Date: January 2, 2025

	Findings	Recommendations	Action Plan	Corrective Action Date	Implemented	Status Partially Implemented	Not Implemented
<u>2025.01 Financial Records Not on File</u>	<p>The following 37 financial records were not provided to substantiate SAF transactions during the audit period:</p> <ul style="list-style-type: none"> • 7 - Deposit documentation - FY 2022 (3) FY 2023 (1), FY 2024 (3) • 8 - Voided checks • 19 - Canceled checks • 3 - Fund Transfer Journal Entry Proof Sheet 	<p>The current principal and recordkeeping staff must establish a standardized and consistent records management system, that ensures all financial documents are retained by fiscal years. The principal should complete a periodic review of financial records to determine proper organization and retention. The recordkeeping staff must be held accountable for compliance.</p>	<p>Binders will be placed in the supply storage room to provide a consistent location. This will provide access to current and future bookkeepers.</p>	12/02/24		yes; in process of ordering binders by year and in the appropriate location	

CFO/Principal/Director's Signature 
Date 12/2/2024

<p><u>2025.02 Financial Reporting Requirements</u></p>	<p>There were at least 4 instances where the monthly bank reconciliations and monthly financial reports were not timely prepared by the former recordkeeping staff and the Student Activity Fund Support Specialist. The delinquencies ranged from 15 to 133 days.</p>	<p>The principal should implement internal controls to ensure that the monthly financial reporting process is performed in accordance with the scheduled requirements included in the APM (bank reconciliation within 7 days of receiving the statement from the bank and the completion of financial reports by the 15th of each month). The principal should coordinate the preparation of financial reports with the Accounting and Financial Reporting Office timely in the event that the recordkeeping staff position becomes vacant</p>	<p>A schedule has been placed in the bookkeeper's office as a reminder of important dates. These 4 instances where the monthly bank reconciliation has been delayed was due to a vacant bookkeeper position. Delay in submission was due to Katrina Greene office (providing coverage during vacancy)</p>	<p>12/02/24</p>	<p>yes</p>	
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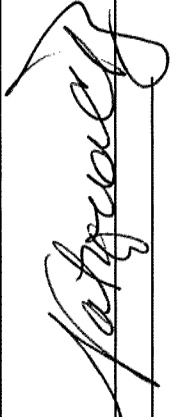
CFO/Principal/Director's Signature 
Date 12/02/2024

2025.03 <u>Administration of</u> <u>Voided Checks</u>	There were 3 instances where voided checks were not properly defaced by removal of the signature and account line. Void checks are required to be defaced by the removal of the signature and account lines.	The current recordkeeping staff should ensure that all void checks are properly voided by the removal of the signature. The principal should perform a periodic review of voided checks to ensure compliance with BOE policies and procedures relative to defacement.	Ensure proper procedure with the Principal and Bookkeeper	12/02/24	yes			
2025.04 Fundraiser <u>Reports Not</u> <u>Completed</u>	The school conducted approximately 9 Student Government Association sponsored fundraisers and 14 school-wide fundraisers during the audit period November 1, 2017, through May 31, 2024. Fundraiser Requests and Authorization Forms and Fundraiser Completion Reports were not documented for the sponsored fundraisers. In addition, the annual reports summarizing fundraising activities for the audit	The principal and recordkeeping staff should familiarize themselves with the school's fundraiser accounts and activities that are classified as fundraisers. The principal must ensure that all required fundraiser reporting documents, including the Fundraiser Request and Authorization Forms and Fundraiser and Completion Reports, are	Proper definition of fundraiser to be reviewed with the Principal and the Bookkeeper. Fundraiser request form has been set in place for any money	12/02/24	yes			

CFO/Principal/Director's Signature

Date

12/2/2024



	period were not completed, to support compliance with the fundraising activities conducted.	completed for all sponsored fundraisers conducted during the school year. In addition, the principal or their designee should compile end-of-year reports summarizing the school's fundraising activities. These required reports must be maintained on file for public and auditor review.	raising event with the school.				
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CFO/Principal/Director's Signature

Date

[Signature]
12/2/24