

Internal Audit Report

**Suitland High School
School Activity Funds**

For the Period Ended June 30, 2024

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For the period ended June 30, 2024

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Internal Auditor's Report

We have examined the School Activity Funds (SAF) of Suitland High School for the period January 1, 2021 through June 30, 2024. Suitland High School'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 findings:

- *Delinquent Deposits*
- *Mismanagement of Disbursements*
- *Administration of Fund Transfers*
- *Fundraisers Reports*
- *Unallocated Residual Class Funds*

Individually or in aggregate, these findings resulted in a material deviation from Board of Education's (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 SAF referred to above, was administered in compliance with BOE policies and procedures and the APM, in all material respects, for the period ended June 30, 2024.



Janice Walters Semple, CPA
Acting Director, Internal Audit

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SUMMARY

Internal Audit completed an audit of the school activity funds (SAF) for **Suitland High School** for the period January 1, 2021, through June 30, 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 **5** findings which 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 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 selected bank statements, financial reports, cancelled checks and all available Monetary Transmittal Form (MTF) envelopes submitted by staff for the period January 1, 2021, through June 30, 2024. 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.

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FINDINGS AND RECOMMENDATIONS

The audit resulted in the following findings and recommendations:

2025.01: Delinquent Deposits

There were **5** instances where deposits were not made in a timely manner. The delinquency ranged from 5 to 10 days in 3 instances. Funds in excess of \$250.00 (MTF 444742 -\$5,332.00 and MTF430023 – \$10,736.00) were held overnight in the other 2 instances.

The APM Section 4.5.2.2 *Guidelines for Bank Deposits* requires bookkeepers to make deposits of all funds received at least every other day. However, no more than \$250.00 should be kept in the building overnight.

The recordkeeping staff explained that staff members do not always submit funds collected in a timely manner. Reportedly, the MTF totaling \$5,332.00 was placed in the safe after school hours on the day of collection and was processed the next day. Collections recorded on MTF 430023 occurred late on a Friday and were deposited on the following Monday.

Delinquent deposit of funds received impacts timeliness of processing of financial transactions and increases the risk of loss to the school.

Recommendations: The following steps should be taken to ensure timeliness of deposits:

1. The principal should establish additional staff training to ensure funds are remitted for deposit to the recordkeeping staff in a timely manner.
2. The recordkeeping staff must ensure that a cut-off time for remittance of funds is communicated to staff to facilitate prompt deposit of funds. Staff members must be held accountable for compliance.

2025.02: Mismanagement of Disbursements

The following exceptions regarding the management of disbursements were identified:

- A. ***Missing Cancelled Checks*** – There were **12** instances where checks cancelled during the audit period were not available for review.
- B. ***Delinquent Payments*** – There were **4** instances where vendor payments were not processed in a timely manner. The delinquency ranged from 2 to 319 days.

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- C. ***Post-dated Approval*** – There were **5** instances where purchases were made prior to obtaining principal approval of School Fund Expenditure Forms.
- D. ***Reimbursement for Purchases from Unapproved Vendors*** – There were **3** instances where reimbursements were made for purchases from vendors that were not approved by the Board of Education.
- E. ***Defacement of Voided Checks*** – There were **2** instances where the signature portion of voided checks was not removed.

The APM provides the following guidelines for administering disbursements:

- A. 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.
- B. Section 4.5.3.2 *Inclusion of Supporting Documentation* -The APM requires the payment of invoices by the invoice due date or within 30 days of receipt.
- C. Section 4.5.3.1 *Pre-Approval by the Principal* - 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.
- D. Section 4.5.3.3 *Use of Board Approved Vendors* - All checks must be written to an Approved/Active vendor in School Funds Online.
- E. Section 4.5.3.2, *Cash Disbursements: Policies and Procedures*, states that if an error is made on a check at the time of preparation or if a check is damaged and unable to be used, the physical check must still be accounted for. The word "VOID" is written across the face of the check. The signature portion of the check must be cut off and destroyed.

The following explanations were provided for the mismanagement of disbursements:

- A. ***Missing Cancelled Checks*** – The recordkeeping staff explained that the missing cancelled checks occurred during the transition period from Sun Trust to Truist Bank when the bank did not provide cancelled checks along with bank statements.
- B. ***Delinquent Payments*** – The recordkeeping staff explained the invoice paid 319 days late was misplaced and paid when found. The other late payments happened because there was some issue with the vendors/ invoice.

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- C. *Post-dated Approval* – The principal did not hold staff members accountable for obtaining preapproval when purchases were made.
- D. *Reimbursement for Purchases from Unapproved Vendors* – The recordkeeping staff was aware of the unapproved vendors and brought it to the principal's attention. The principal made the decision to approve the reimbursement.
- E. *Defacement of Voided Checks* - The recordkeeping staff acknowledged that failure to remove the signature portion of the voided checks was an oversight.

Mismanagement of disbursements constitutes non-compliance with BOE policies and procedures and increases financial risk to the school and staff. Specifically:

- A. Missing documentation hinders the timely detection of errors in financial records and negates the audit trail necessary to determine the school's compliance with policies and procedures.
- B. Delinquent payments to vendors impact the school/vendor relationship and can result in charges to the school for late fees.
- C. When expenditures are not approved as required, the school is exposed to the risk of inappropriate expenditures and the possibility of fraudulent purchases.
- D. Paying for purchases from unapproved vendors is a direct violation of the APM requirement and exposes the school to inappropriate purchases.
- E. Improper defacement of voided checks increases the risk of check fraud.

Recommendations: The following steps should be taken to improve the management of disbursements:

1. The recordkeeping staff should ensure cancelled checks are retained for management review and audit purposes.
2. The principal should ensure staff responsible for events submit all invoices promptly to the recordkeeping staff to ensure timely processing of vendor payments. Staff members must be required to review invoices in a timely manner and resolve any disputes to facilitate timely payments.

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3. The principal should hold the staff members accountable for obtaining approval prior to obligating the school.
4. The principal should also ensure that staff members follow the policies and procedures for identifying and selecting vendors when transacting business on behalf of the school, as outlined in the APM.
5. The principal should periodically review the school's disbursement transactions to ensure that internal controls regarding the appropriate defacement of void checks are followed.

2025.03: Administration of Fund Transfers

There were **10** instances where documentation to substantiate the authorization of fund transfers was not available for review.

The APM Section 6.12, *Record Retention* requires that all SAF records be retained for a period of 7 years and or until audited, including the current fiscal year.

The recordkeeping staff explained the missing Fund Transfer Journal Entry Proof Sheets (FTJEPS) occurred because of the misfiling of financial records.

Missing FTJEPS documentation hinders effective review of financial transactions. It also removes evidence that the journal entries posted to the accounting system were approved by the principal. Missing documentation weakens the internal controls surrounding the financial reporting process and may result in unidentified or untimely correction of errors.

Recommendations: The principal and recordkeeping staff must ensure that an adequate records management system is implemented which ensures the maintenance of all financial records in an organized manner. A periodic review of the school's financial transactions should be performed to ensure proper documentation and retention of the school's financial transactions.

2025.04: Fundraising Reports

The school held **7** school-wide fundraisers during the audit period; however, annual fundraising reports were not prepared as required.

The APM Section 7.2.2, *Fundraisers* requires the principal or a designee to prepare an annual report summarizing all fundraising activities concluded during the school year. The data in the annual report should be available for review by parents and or other interested members of the community, and include the net amount retained as profit from each fundraising activity.

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The recordkeeping staff explained that the format of the annual fundraising report was unclear and resulted in the annual fundraising reports not being prepared.

Improper reporting of fundraising activities constitutes non-compliance with BOE policies and procedures. Specifically, failure to prepare the annual fundraiser report removes accountability and transparency to the parents and potential donors regarding the school's fundraising activities.

Recommendation: The principal must ensure the reporting requirement relative to fundraisers is followed. Guidance should be sought from the Accounting and Financial Reporting Office and the annual fundraising report should be completed by the principal or a designee as required.

2025.05 Unallocated Residual Class Funds

The following Classes had unallocated funds totaling **\$10,379.73** as of June 30, 2024:

- Class of 2021 - \$4,747.34
- Class of 2022 - \$2,389.59
- Class of 2023 - \$3,099.80
- Class of 2024 - \$143

This finding was also observed during the audit ended December 31, 2020.

The APM Section 7.3, *Class and Club Accounts* and Administrative Procedure 3450, *Class and Club Fund Terminations* states that no class account can extend beyond the academic life of a senior class. As a senior class nears the end of the school year, it must plan, with the approval of the principal, for the final disposition of any residual class fund.

The recordkeeping staff explained the class officials failed to provide a plan on how the residual funds should be allocated prior to the end of the class life.

Recommendations: The principal should ensure that the assigned sponsors and student officials of the respective Classes prepare annual budgets and plans for how the residual funds are to be allocated. The recordkeeping staff should ensure a copy of both the budget and the plan is provided to the Accounting and Financial Reporting Office and filed for easy retrieval and review.

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STATUS OF PRIOR AUDIT FINDINGS

The previous audit report for Suitland High School was issued for the period ended December 31, 2020. The recordkeeping staff was in the current position during that audit. However, the current principal, whose tenure began in August 2024 was not on staff during the audit period. The previous audit included 6 audit findings and 5 were repeated in the current audit. The following findings were noted as a result of that audit and the status is indicated below:

- **Records Management** - Partially noted during this audit. **See Finding 2025.02** regarding *Missing Cancelled Checks* and **Finding 2025.03** *Missing Fund Transfers*.
- **Mismanagement of Funds Received.** Partially noted during this audit. **See Finding 2025.01** regarding *Delinquent Deposits*.
- **Mismanagement of Disbursements.** Still observed during this audit. **See Finding 2025.01** regarding *Mismanagement of Disbursements*.
- **Administration of Void checks.** Partially noted during this audit. **See Finding 2025.02** regarding *Mismanagement of Disbursements: Defacement of Voided Checks*.
- **PSA deficit** – *Not observed during this audit.*
- **Class of 2020 Residual Funds not allocated** – Still observed during this audit. **See 2025.05**

ACKNOWLEDGEMENT

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

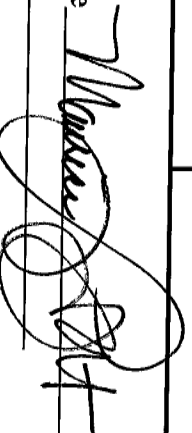


Suitland High School
Student Activities Funds
Appendix - Findings Timeline
June 30, 2024

AUDIT FINDINGS	Ronald Hollis, Former Principal July 2020- July 2024	Angela Bailey, Current Recordkeeping staff (April 2019 - date)
2025.01: Delinquent Deposits	X	X
2025.02: Mismanagement of Disbursements	X	X
2025.03 Administration of Fund Transfers	X	X
2025.04: Fundraising Reports	X	X
2025.05: Unallocated Residual Class Funds	X	X
Total	5	5

Prince George's County Public Schools
Internal Audit Department
School/Office: Suitland High School – School Activity Funds
Response Due Date: January 6, 2024

	Findings	Recommendations	Action Plan	Corrective Action Date	Implemented	Status Partially Implemented	Not Implemented
<u>2025.01: Delinquent Deposits</u>	There were 5 instances where deposits were not made in a timely manner. The delinquency ranged from 5 to 10 days in 3 instances. Funds in excess of \$250.00 (MTF 444742 - \$5,332.00 and MTF430023 - \$10,736.00) were held overnight in the other 2 instances.	The following steps should be taken to ensure timeliness of deposits: The principal should establish additional staff training to ensure funds are remitted for deposit to the recordkeeping staff in a timely manner. The recordkeeping staff must ensure that a cut-off time for remittance of funds is communicated to staff to facilitate prompt deposit of funds. Staff members must be held accountable for compliance.	A1. Schedule and conduct staff training by March 10, 2025 on proper deposit procedures and timelines. A2. Set and communicate to all staff members via email and at the March 10, 2025 faculty meeting a	March 15, 2025	Partially Implemented		

CFO/Principal/Director's Signature 
Date 2/24/25

				firm cut-off time for remittance of funds. A3. Bookkeeper will implement a tracking system to monitor compliance with the deposit timelines.				
2025.02: <u>Mismanagement of Disbursements</u>	The following exceptions regarding the management of disbursements were identified: Missing Cancelled Checks – There were 12 instances where checks cancelled during the audit period were not available for review. Delinquent Payments – There were 4 instances where vendor payments were not processed in a timely manner. The	The following steps should be taken to improve the management of disbursements: The recordkeeping staff should ensure cancelled checks are retained for management review and audit purposes. The principal should ensure the staff responsible for events submit all invoices promptly to the	A1. By March 20, 2025 Bookkeeper and Principal will develop a process to ensure all cancelled checks are stored for review. A2. Bookkeeper will create reminders	March 20, 2025	Partially Implemented			

CFO/Principal/Director's Signature

Date

2/24/25 

delinquency ranged from 2 to 319 days.	recordkeeping staff to ensure timely processing of vendor payments. Staff members must be required to review invoices in a timely manner and resolve any disputes to facilitate timely payments.	and tracking for prompt invoice submission by staff.				
Post-dated Approval – There were 5 instances where purchases were made prior to obtaining principal approval of School Fund Expenditure Forms.	<p>The principal should hold the staff members accountable for obtaining approval prior to obligating the school.</p> <p>The principal should also ensure that staff members follow the policies and procedures for identifying and selecting vendors when transacting business on behalf of the school, as outlined in the APM.</p> <p>The principal should periodically review the school's disbursement transactions to ensure that internal controls regarding the appropriate defacement of void checks are followed.</p>	<p>A3. The Principal and Bookkeeper will advise staff members of expectations for obtaining principal approval before purchases. This will be reinforced to staff quarterly at Faculty meetings.</p> <p>A4. The Bookkeeper and Principal will establish</p>				
Reimbursement for Purchases from Unapproved Vendors – There were 3 instances where reimbursements were made for purchases from vendors that were not approved by the Board of Education.						
Defacement of Voided Checks – There were 2 instances where the signature portion of voided checks was not removed.						

CFO/Principal/Director's Signature

Date

2/24/25 

<p>2025.03: <u>Administration of</u> <u>Fund Transfers</u></p>	<p>There were 10 instances where documentation to substantiate the authorization of fund transfers was not available for review.</p>	<p>The principal and recordkeeping staff must ensure that an adequate records management system is implemented which ensures the maintenance of all financial records in an organized manner. A periodic review of the school's financial transactions should be performed to ensure proper documentation and retention of the school's financial transactions.</p>	<p>a recurring meeting that will allow for regular reviews to ensure compliance with vendor approval and void check procedure s.</p>	<p>A1. Bookkeeper will develop an organized records management system to track all fund transfers.</p>	<p>March 30, 2025</p>			
				<p>A2. Principal, Assistant Principal and Bookkeeper will hold</p>				

CFO/Principal/Director's Signature

Date

M. J. Smith
2/24/25

			a monthly review of financial transactions for documentation retention					
2025.04: Fundraising Reports	The school held 7 school-wide fundraisers during the audit period; however, annual fundraising reports were not prepared as required.	The principal must ensure the reporting requirement relative to fundraisers is followed. Guidance should be sought from the Accounting and Financial Reporting Office and the annual fundraising report should be completed by the principal or a designee as required	A1. Bookkeeper will prepare the annual fundraising report for Principal review. 2. After meeting with the Principal for approval and signatures the Bookkeeper will complete and submit the report as required by the	May 15, 2025				

CFO/Principal/Director's Signature Maurice Whit
Date 2/24/25

			BOE.				
<u>2025.05 Unallocated Residual Class Funds</u>	<p>The following Classes had unallocated funds totaling \$10,379.73 as of June 30, 2024:</p> <ul style="list-style-type: none"> • Class of 2021 - \$4,747.34 • Class of 2022 - \$2,389.59 • Class of 2023 - \$3,099.80 • Class of 2024 - \$143 <p><i>This finding was also observed during the audit ended December 31, 2020.</i></p>	<p>The principal should ensure that the assigned sponsors and student officials of the respective Classes prepare annual budgets and plans for how the residual funds are to be allocated. The recordkeeping staff should ensure a copy of both the budget and the plan is provided to the Accounting and Financial Reporting Office and filed for easy retrieval and review.</p>	<p>The principal will develop procedures to ensure that budgets are developed by each and that each budget will show how class funds will be allocated. Once prepared, the bookkeeper will ensure a copy of both the budget and the plan is provided to the Accounting and</p>	May 7, 2025	Partially Implemented		

CFO/Principal/Director's Signature Maryanne Smith
Date 2/24/25

			Financial Reporting Office and filed for easy retrieval and review.					

CFO/Principal/Director's Signature

Date

2/24/25

Maurice J. [Signature]