

# Internal Audit Report

Waldon Woods Elementary

School Activity Funds

**For the Period Ended April 30, 2024**

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Internal Audit Report  
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**Internal Auditor's Report**

We have examined the School Activity Funds (SAF) of Waldon Woods Elementary School for the period of September 1, 2017, to April 30, 2024. Waldon Woods 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*
- *Delinquent Monthly Financial Reporting*
- *Mismanagement of Funds Received*
- *Record Retention*
- *Administration of Vending Contract*
- *Improvement Needed in Management Oversight*

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, the SAF referred to above, were not administered in compliance with BOE policies and procedures and the APM, in all material respects, for the period ended April 30, 2024.



Janice Walters-Semple, CPA  
Acting Director, Internal Audit

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**SUMMARY**

An audit of the school activity funds (SAF) for Waldon Woods Elementary School was completed for the period September 1, 2017, to April 30, 2024. The audit was conducted as part of the 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. The findings and the personnel responsible are included in the appendix at the end of this 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 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 September 1, 2017, to April 30, 2024. Also, available receipts, disbursements, and supporting documentation were reviewed for the said period. The audit was limited to documentation provided during the engagement. *(See 2024.05 Record Retention).*

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 Restricted Fund Account Deficits**


There were **5** instances where restricted fund accounts reported deficits that totaled **(\$32,446.80)** as of April 30, 2024. These accounts' beginning balances, receipts, disbursements, and ending balances for the audit period are summarized below. ***This condition was noted during the previous audit for the period that ended on August 31, 2017.***

<b>Account</b>	<b>Balance as of April 30, 2024</b>
425.50 Fraudulent Checks-Bethea	(\$9,259.83)
425.55 Non-Sufficient Fund Checks-Bethea	(\$1,618.37)
450.20 PSA-Food	(\$16,678.16)
450.30 PSA-Staff Appreciation	(\$2,358.71)
450.40 PSA-Clothing	(\$2,531.73)
<b>Total</b>	<b>(\$32,446.80)</b>

APM Section 4.3 *Fund Accounts* states that expenditures for all restricted accounts are limited to the amount of funds collected for those activities. Therefore, if restricted accounts exceed the available cash, the account is insolvent. As the fiduciary agent for the SAF, the principal should ensure that restricted accounts are always solvent.

APM Section 9.6 *Principal-Sponsored Activities (PSA) for Staff* states that the PSA accounts are for discretionary expenditures incurred by the principal on behalf of school staff. These activities must be of a professional nature that enhances staff members' job performance. PSA expenditures are restricted to 100% of faculty vending commission and 15% of school-wide fundraiser profits. If the PSA accounts have a deficit, funds are not available for this purpose and faculty spending must be ceased until the deficit is resolved.

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A total deficit of  (\$6,075.76) was reported in the Principal Sponsored Activity (PSA) accounts in a previous audit for the period ended August 31, 2017, and was originally reported in a previous audit for the period ended August 31, 2013. This PSA deficit has increased to \$21,568.60. Accounts 425.50 *Fraudulent Checks-Bethea* and 425.55 *Non-Sufficient Fund Checks-Bethea* were created to account for the deficits that resulted from the previous recordkeeping staff's defrauding the school, and the balances in the accounts have not changed since the conclusion of the previous audit period, which ended August 31, 2017.

Reportedly, the principal approved disbursements from PSA fund accounts while funds were not available to "maintain normal school operations".

Overspending in restricted fund accounts results in insufficient funds being available to administer students' activities. Moreover, overspending in restricted funds accounts can result in the school becoming insolvent.

**Recommendations:** The recordkeeping staff should contact the Accounting and Financial Reporting Office for assistance in identifying available funds and guidance on resolving the account deficits that remain from the fraud committed by the previous recordkeeping staff. The principal should contact their Instructional Director for guidance on the principal's fiduciary responsibility regarding the SAF and for assistance in planning to resolve the PSA-account deficits. Focused planning and budgeting should occur to ensure that the school's resources are used efficiently and that further deficits do not occur. All PSA-related expenditures should cease until the deficits are resolved.

**2025.02 Delinquent Monthly Financial Reporting**

There were at least **8** instances where the monthly bank reconciliations and financial reporting were not prepared by the recordkeeping staff and reviewed by the principal in a timely manner. The delinquencies ranged from **22 to 61 days** and included **1** instance where the principal did not review and sign a monthly financial report. ***This condition was noted during the previous audit for the period that ended on August 31, 2017.***

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 15<sup>th</sup> of each month and submitted to the principal for review and approval.

Recordkeeping staff reported that a busy school office and other competing responsibilities interfered with the timely completion of the school's monthly financial reports.

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The principal's fiscal responsibility is compromised when monthly reporting is not reviewed timely. Timing differences or errors may not be detected and corrected promptly when the reconciliation process is not performed as intended. The principal's ability to promptly verify the school's solvency status and general financial decision-making process is impacted when accurate information is not available in a timely manner.

**Recommendations:** The principal should ensure that recordkeeping staff is allotted a designated time for completing and submitting the school's monthly financial reports. The principal and recordkeeping staff 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 and supervisory review of financial reports by the 15<sup>th</sup> of each month). The principal and recordkeeping staff should meet monthly to review and approve the financial reports to ensure compliance.

**2025.03 Mismanagement of Funds Received**

There were at least **5** instances of non-compliance regarding the administration of funds received:

- ***Delinquent Deposits:*** There were **2** instances where funds were not deposited in a timely manner. These deposits were made **13 and 80 days** delinquent. There was also **1** instance where a deposit of \$3,364.85 was made 1 day later. ***This condition was noted during the previous audit for the period ended August 31, 2017.***
- ***End-of-Year Monetary Transmittal Form Transmittal Submission Process Not Followed:*** The year-end MTF submission process was not operating as required. There were at least **2** instances where staff members' MTF envelopes were not signed and sealed as required. ***This condition was noted during the previous audit for the period ended August 31, 2017***

The APM Section 4.5.2.2 (2) *Guidelines for Bank Deposits* requires the deposit of all funds received at least every other day, and that funds in excess of \$250.00 be deposited on the day of collection.

The APM Section 4.5.2.2 (1) *Collecting Funds: Completing the Monetary Transmittal Form (MTF)*, requires faculty and program managers to place their MTF remittance copies in envelopes with their signature affixed over the seal.

Funds were submitted to the school's drop safe for another bank deposit on the day before the school closed for the 2023-2024 winter holiday break. Recordkeeping staff deposited these funds immediately upon their return to the school in January. One deposit that contained over \$250.00

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in cash was submitted to recordkeeping staff after banking hours and was deposited at the bank the following day. A further cause could not be determined for the remaining delinquent deposit.

Some year-end MTF envelopes were not appropriately signed or sealed due to staff oversight.

Internal controls are compromised and there is a risk of loss of funds when funds are not deposited as required. The audit trail is compromised when underlying documents such as MTF remittances are not properly maintained.

**Recommendations:** The principal must require timely remittance and deposit of funds. The principal should perform periodic reviews of deposit records to ensure compliance. The principal should establish procedures to ensure that MTF remittances are submitted in accordance with the year-end MTF envelope submission guidelines outlined in the APM.

**2025.04 Record Retention**

There were **33** instances where financial records were not provided to substantiate SAF transactions during the audit period:

- **Canceled Check Images - 16**
- **Disbursement Documentation** (School Funds Expenditure Forms (SFEF) and supporting documentation) - **8**
- **Defaced Voided Checks – 7**
- **End-of-Year MTF Staff Remittance Copies - 2**

The APM Section 6.12, *Record Retention*, requires the retention of financial records for 7 years and 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 APM Exhibit B, *Staff Responsibility for SAF Bookkeeper/Financial Secretary* indicates that the bookkeeper or financial secretary is required to produce and maintain all financial documents/reports in an organized manner.

The school stored some of their records in a security closet that was cleaned by custodial staff. Reportedly, after this cleaning occurred some of the school's records were inadvertently disposed of.

The absence of a reliable records management system affects the retrieval and accessibility of requested documentation to substantiate the school's financial transactions. Evidence for



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determining that all SAF policies and procedures were followed is removed when financial records are unavailable for review.

**Recommendations:** The principal must establish a standardized management system, which ensures that all financial documents are retained by fiscal years. The principal should complete a periodic review of financial records to support proper organization, retention, and retrieval of financial records.

**2025.05 Administration of Vending Contract**

An approved contract was not available for review for the staff vending machine. ***This condition was noted during the previous audit for the period that ended August 31, 2017.***

Administrative Procedure 5135.2, *Principal's Contracting Authority*, requires the principal, as an agent of the BOE, to approve and sign all agreements and contracts for all school activities. Also, the APM, Section 9.8, *Vending Machine Sales*, states, "*all schools with vending machines must have a signed contract stipulating commissions due to the school and frequency that these commissions are remitted.*"

The school has reportedly been unsuccessful in retrieving a copy of the vending contract from the vendor. The machine was in place at the school prior to the effective dates of the current principal and recordkeeping staff. The recordkeeping staff was not successful in attempting to obtain contact information from the vending machine's maintenance workers to request a copy of the contract from the vendor.

Failure to have a signed agreement with the vending company may increase the risk of inadequate maintenance of the vending machine and insufficient commission revenue from the vending service. Failure to have a formal contract in place also constitutes non-compliance with BOE policies and procedures.

**Recommendations:** The principal must ensure that a current signed vending contract stipulating commissions due to the school and the frequency of these commissions is obtained and maintained on file at the school. The principal should contact Purchasing and Supply Services for assistance in identifying an alternate vendor in the absence of a signed contract.

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**2025.06 Improvement Needed in Management Oversight**

The principal did not exercise proper oversight in the administration of the SAF during the audit period. The previous audit included 9 findings, 5 of which are repeated in this audit report.

According to the APM Section 3.2.1 *Principals*, the principal acts as the fiduciary agent for the school's SAF. As such, responsibility for accounting, safeguarding, and managing the SAF in accordance with PGCPs policies and procedures rests solely with the principal.

The principal did not adequately implement the recommendations from the school's previous audit for the period ended August 31, 2017, and did not provide effective oversight to adequately identify and address weaknesses in the school's control environment.

Several BOE policies and procedures as established in the APM were not followed, resulting in the school's internal controls being compromised. Students are not receiving the maximum possible benefit of the resources available to them.

**Recommendations:** The principal should carefully review the policies and procedures as defined in the APM and develop internal controls to ensure compliance. There should be consistent involvement in daily operations relating to the administration of the school's resources. Improvement of the internal control environment should be emphasized by focusing on these 5 basic principles:

- Clearly Defined Lines of Authority and Responsibility
- Segregation of Duties
- Maintenance of Adequate Documents and Records
- Limited Access to Assets
- Independent Checks on Performance.

**STATUS OF PRIOR AUDIT FINDINGS**

The previous audit report for Waldon Woods Elementary School was issued for the period ended August 31, 2017. The school's current principal and recordkeeping staff were in their current positions during that period. There were 9 findings noted in the previous audit of which 5 findings still exist as summarized below:

- **Insolvent Principal Sponsored Activities Fund Account** – Condition still exists. See **Finding 2025.01** regarding *Restricted Fund Account Deficits*.
- **Use of Board Approved Vendors** – Controls appear to be working.

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- **Mismanagement of Disbursements** – Controls appear to be working.
- **Mismanagement of Funds Received** – Condition still exists. **See Finding 2025.03** regarding *Mismanagement of Funds Received*.
- **Administration of Checks** – Controls appear to be working.
- **Fundraiser Forms** – Controls appear to be working.
- **Administration of Vending Contract** – Condition still exists. **See Finding 2025.05** regarding *Administration of Vending Contract*.
- **End of Year Monetary Transmittal Forms Submission Procedures Not Followed** – Condition still exists. **See Finding 2025.03** regarding *Mismanagement of Funds Received*.
- **Financial Reporting** – Condition still exists. **See Finding 2025.02** regarding *Delinquent Monthly Financial Reporting*.

**ACKNOWLEDGEMENT**

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



Waldon Woods Elementary School  
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Findings Timeline  
April 30, 2024

AUDIT FINDINGS	Nicole Crumpler-Abubaker, Ed.D. Principal Entire Audit Period	Theresa Wimbish Secretary II, Recordkeeping Staff Entire Audit Period
<u>2025.01 Restricted Fund Account Deficits</u>	X	X
<u>2025.02 Delinquent Monthly Financial Reporting</u>	X	X
<u>2025.03 Mismanagement of Funds Received</u>	X	X
<u>2025.04 Record Retention</u>	X	X
<u>2025.05 Administration of Vending Contract</u>	X	X
<u>2025.06 Improvement Needed in Management Oversight</u>	X	X
Total	6	6

**Prince George's County Public Schools**  
**Internal Audit Department**  
**School/Office: Waldon Woods Elementary School – School Activity Funds**  
**Response Due Date: November 18, 2024**

	Findings	Recommendations	Action Plan	Corrective Action Date	Implemented	Status Partially Implemented	Not Implemented
<b><u>2025.01 Restricted Fund Account Deficits</u></b>	<p>There were <b>5</b> instances where restricted fund accounts reported deficits that totaled <b>(\$32,446.80)</b> as of April 30, 2024. These accounts' beginning balances, receipts, disbursements, and ending balances for the audit period are summarized below. <b><i>This condition was noted during the previous audit for the period that ended on August 31, 2017.</i></b></p>	<p>The recordkeeping staff should contact the Accounting and Financial Reporting Office for assistance in identifying available funds and guidance on resolving the account deficits that remain from the fraud committed by the previous recordkeeping staff. The principal should contact their Instructional Director for guidance on the principal's fiduciary responsibility regarding the SAF and for assistance in planning to resolve the PSA-account deficits. Focused planning and budgeting should occur to ensure that the school's resources are used efficiently and that further</p>	<p>Recordingkeeping staff will contact Accounting and Financial Office for assistance in identifying available funds and guidance on resolving the account deficits that remain from the fraud committed by the previous recordkeeping staff. PSA-account spending has ceased.</p>	<p>Nov. 2024 – Jun. 2025</p>		X	

CFO/Principal/Director's Signature *Nicole C. Hubbard*  
 Date *11/18/2024*

			deficits do not occur. All PSA-related expenditures should cease until the deficits are resolved.				
<b><u>2025.02 Delinquent Monthly Financial Reporting</u></b>	<p>There were at least <b>8</b> instances where the monthly bank reconciliations and financial reporting were not prepared by the recordkeeping staff and reviewed by the principal in a timely manner. The delinquencies ranged from <b>22 to 61 days</b> and included <b>1</b> instance where the principal did not review and sign a monthly financial report. <i><b>This condition was noted during the previous audit for the period that ended on August 31, 2017.</b></i></p>	<p>The principal should ensure that recordkeeping staff is allotted a designated time for completing and submitting the school's monthly financial reports. The principal and recordkeeping staff 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 and supervisory review of financial reports by the 15<sup>th</sup> of each month). The principal and recordkeeping staff should meet monthly to review and approve the financial reports to ensure</p>	<p>Principal will ensure recordkeeping staff will have uninterrupted time 7 to five days after receipt of bank statement to thoroughly complete monthly bank reconciliation report. Principal will schedule monthly meetings to review completed financial report, approve and sign.</p>	<p>Nov. 2024 – Jun. 2025</p>			X

CFO/Principal/Director's Signature
Date

*Tracie C. Hubbard*
11/18/2024

		compliance.				
<p><b>2025.03</b></p> <p><b><u>Mismanagement of Funds Received</u></b></p>	<p>There were at least <b>5</b> instances of non-compliance regarding the administration of funds received:</p> <p><b><i>Delinquent Deposits:</i></b>            There were <b>2</b> instances where funds were not deposited in a timely manner. These deposits were made <b>13 and 80 days</b> delinquent. There was also <b>1</b> instance where a deposit of \$3,364.85 was made 1 day later. <b><i>This condition was noted during the previous audit for the period ended August 31, 2017.</i></b></p> <p><b><i>End-of-Year Monetary Transmittal Form Transmittal Submission Process Not Followed:</i></b> The year-end MTF submission process was not operating as required. There were at least <b>2</b> instances where staff members' MTF envelopes were not signed and sealed as required. <b><i>This condition was noted during the</i></b></p>	<p>The principal must require timely remittance and deposit of funds. The principal should perform periodic reviews of deposit records to ensure compliance. The principal should establish procedures to ensure that MTF remittances are submitted in accordance with the year-end MTF envelope submission guidelines outlined in the APM.</p>	<p>Principal will announce at next staff meeting to turn in MTF and funds by 12:00pm in order for the recordkeeping staff to perform same day deposit. Principal will also discuss the EOY procedures for turning in MTFs.</p>	<p>Nov. 2024 – Jun. 2025</p>		X

CFO/Principal/Director's Signature *Shirley C. Hubbard*

Date *11/18/2024*

	<i>previous audit for the period ended August 31, 2017</i>					
<b><u>2025.04 Record Retention</u></b>	There were 33 instances where financial records were not provided to substantiate SAF transactions during the audit period.	The principal must establish a standardized management system, which ensures that all financial documents are retained by fiscal years. The principal should complete a periodic review of financial records to support proper organization, retention, and retrieval of financial records.	Principal will assign a designated area for financial records to be stored. Bookkeeper will file quarterly reports in designated storage area.	Nov. 2024 – Jun. 2025		X
<b><u>2025.05 Administration of Vending Contract</u></b>	An approved contract was not available for review for the staff vending machine. <i>This condition was noted during the previous audit for the period that ended August 31, 2017.</i>	The principal must ensure that a current signed vending contract stipulating commissions due to the school and the frequency of these commissions is obtained and maintained on file at the school. The principal should contact Purchasing and Supply Services for assistance in identifying an alternate vendor in the absence of a signed contract.	Bookkeeper will contact Purchasing and Supply Services to assist with obtaining a current signed contract for vending machine or assist with procedures for terminating contract and acquiring a new vendor contract.	Nov. 2024 – Jun. 2025		X

CFO/Principal/Director's Signature

*Theresa Chubbaker*

Date

*11/18/24*



<u>2025.06</u> <u>Improvement</u> <u>Needed in</u> <u>Management</u> <u>Oversight</u>	<p>The principal did not exercise proper oversight in the administration of the SAF during the audit period. The previous audit included 9 findings, 5 of which are repeated in this audit report.</p>	<p>The principal should carefully review the policies and procedures as defined in the APM and develop internal controls to ensure compliance. There should be consistent involvement in daily operations relating to the administration of the school's resources. Improvement of the internal control environment should be emphasized by focusing on these 5 basic principles:</p> <ol style="list-style-type: none"> <li>1. Clearly Defined Lines of Authority and Responsibility</li> <li>2. Segregation of Duties</li> <li>3. Maintenance of Adequate Documents and Records</li> </ol>	<p>Principal will ensure compliance of internal control by focusing on these 5 basic principles:</p> <ol style="list-style-type: none"> <li>1. Clearly Defined Lines of Authority and Responsibility</li> <li>2. Segregation of Duties</li> <li>3. Maintenance of Adequate Documents and Records</li> <li>4. Limited Access to Assets</li> <li>5. Independent Checks on Performance</li> </ol>	Nov. 2024 – Jun. 2025			X

CFO/Principal/Director's Signature

Date

11/18/2024



			4. Limited Access to Assets					
			5. Independent Checks on Performance.					

CFO/Principal/Director's Signature

Date

*David Shubert*

*11/18/2024*