

Junior Achievement of Greater Washington

GRANT AUDIT
August 2020

OFFICE OF AUDITS AND INVESTIGATIONS
Prince George's County
Upper Marlboro, Maryland



THE PRINCE GEORGE'S COUNTY GOVERNMENT
Office of Audits and Investigations

August 2020

The County Council and County Executive
of Prince George's County, Maryland

Council Resolution 51-1991, adopted June 25, 1991, requires the Office of Audits and Investigations to perform random financial audits of grants and transfer payments appropriated in the Non-Departmental section of the County's Approved Annual Current Expense Budget.

We have examined the books and records of

Junior Achievement of Greater Washington,

for the period July 1, 2017, through June 30, 2019. Our examination included such tests of the accounting records and such other auditing procedures, as we considered necessary under the circumstances.

We noted no matters involving the Prince George's County grant to Junior Achievement of Greater Washington, that led us to believe that the County grant funds were used for other than their intended purpose.

This report, in our opinion, fulfills the requirements of Council Resolution 51-1991 to perform random financial audits of grants and transfer payments made pursuant to the Non-Departmental section of the Prince George's County, Maryland, Fiscal Year 2018-2019 Approved Operating Budget.

A handwritten signature in blue ink, appearing to read "D.H. Van Dyke".

David H. Van Dyke, CPA
County Auditor

A handwritten signature in blue ink, appearing to read "Larry Whitehurst Jr.".

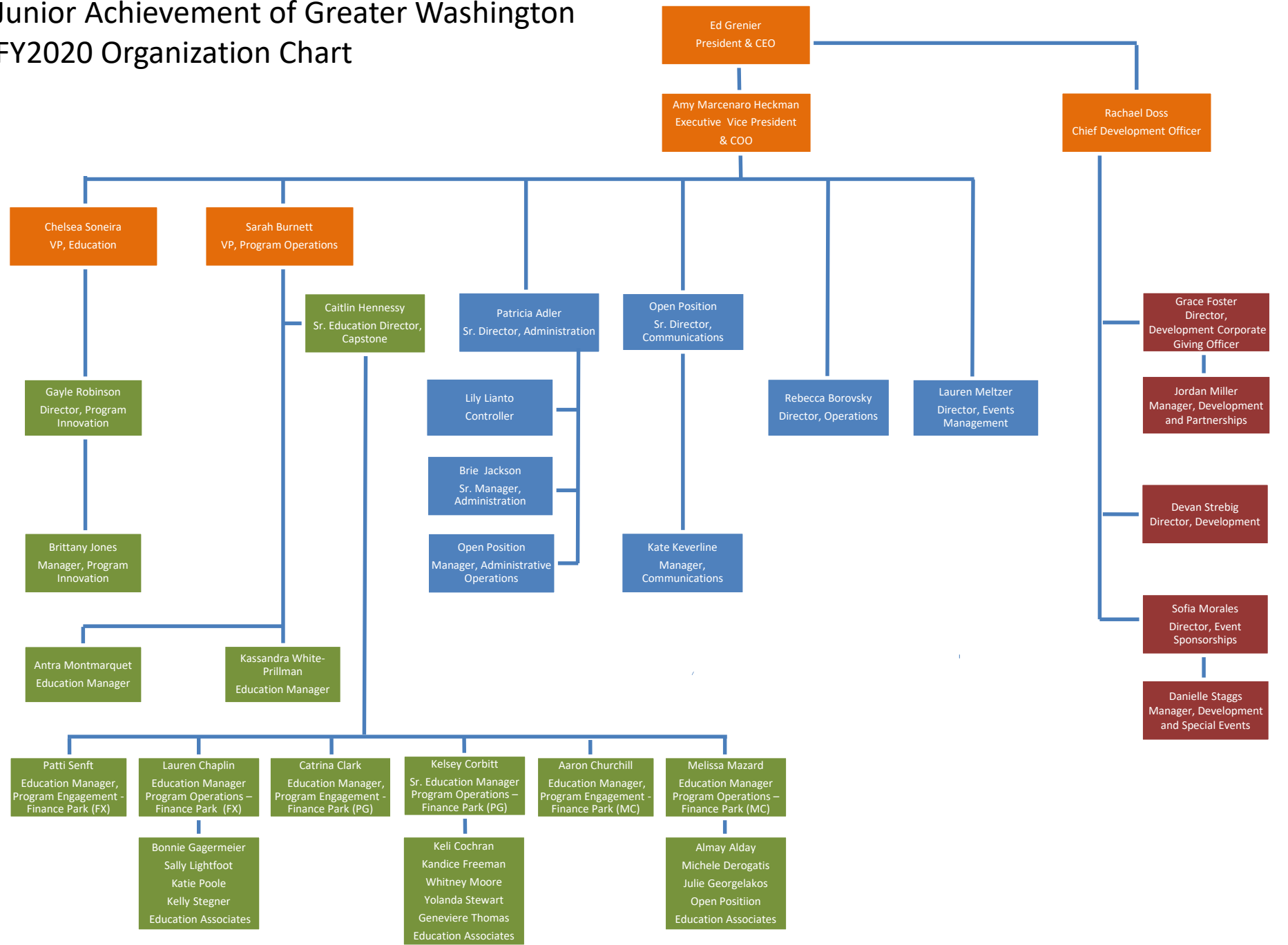
Larry Whitehurst Jr., CPA, MBA, CIA
Auditor Manager

Junior Achievement of Greater Washington

Junior Achievement of Greater Washington (JAGW) was founded in 1965 and incorporated in the Commonwealth of Virginia. JAGW is an independent 501(c)(3) that operates under the umbrella of the national organization Junior Achievement USA (JA USA). JA USA provides program materials and miscellaneous support services to JAGW, and in exchange JA USA requires all of its affiliates (area offices) to remit licensing fees that are based upon a tiered percentage of their gross revenues. JAGW headquarters are located at 919 18th St., NW, in Washington D.C. Junior Achievement of Greater Washington is a self-supported organization, that receives most of its income from donations and grants. Junior Achievement of Greater Washington provides students with experiential learning that teaches financial literacy to encourage financial freedom and entrepreneurship that fosters work readiness.

Junior Achievement of Greater Washington is governed by a Board of Directors consisting of 50 members, inclusive of a 12-member executive committee. The Board manages the business of the organization and has the authority to establish and execute any policies to ensure the effective governance and management of the organization. A current overview of JAGW's organizational chart for FY 2020 is shown on the following page.

Junior Achievement of Greater Washington FY2020 Organization Chart



Junior Achievement of Greater Washington provides over twenty-four (24) hands on programs that focus on self-knowledge, decision making, education, career options, and financial concepts to elementary, middle and high school students. The goal of JAGW programs is to ensure that graduates have a solid understanding of personal finance, obtain exposure to jobs and careers, practice life skills needed to thrive, gain enhanced economic knowledge, increase positive attitudes towards work and their personal contributions to society, and develop the internal drive to achieve their highest level of success.

One of JAGW programs involves operating its Finance Parks. The Finance Park program operates as an innovative 21st century learning environment structured as a “mini-city” housing a variety of storefronts and kiosks, correlating to the personal budget lines each student must manage. JAGW has established its Finance Park program within the Greater Washington region at the following locations:

- **JA Finance Park Fairfax County**
Address: 4099 Pickett Road Fairfax, VA 22032
- **JA Finance Park Montgomery County**
Address: 12501 Dalewood Dr., 3rd Floor, Silver Spring Md 20906
- **JA Finance Park Prince George’s County**
Address: 960 Nalley Road Landover, Md 20785

Each Finance Park is held under separately established limited liability corporations, which are wholly owned subsidiaries of JAGW. A staff of 30 employees are utilized across each location to instruct students on various financial related tasks. Prior to visiting a JA Finance Park, students are provided a unique 14-lesson classroom curriculum, split into four main categories: Income; Debit and Credit; Saving, Investing and Risk Management; Budget. This curriculum is taught by their teachers and serves as a foundation in personal finance education. During a JA Finance Park visit, students take on a salary, family and financial obligations like that of the typical adult, learning important lessons about owning their financial success.

The Finance Park in Prince George's County was established through a partnership between JAGW and Prince George’s County Public Schools (PGCPS) along with support from the local business community. Finance Park in Prince George’s County (FPPG) was a newly built 13,500 square foot facility that opened in September 2015 on the grounds of Cora Rice Elementary/G. James Gholson Middle School in Landover, Maryland. The facility and related equipment costs of approximately \$3.6 million was funded by a combination of donations and private financing. Admission to the FPPG is offered free of charge to all PGCPS 8th grade students, students enrolled in Quantitative Modeling, and select private/charter middle and high schools in the County. The FPPG serves over 9,000 students annually. A staff of seven employees serve the Finance Park Prince George’s County location and they consist of the following individuals:

- One Senior Director for Capstone programs (time split between two parks);
- Two full-time staff members (Finance Park Education Director, Finance Park Manager);

- Four part-time Finance Park Associates who help to support students, teachers, and volunteers during their visit.

The Prince George’s County Council appropriates funds to support nonprofit organizations throughout the County in the form of grants. The Non-Departmental budget included funds to fulfill grant requests received from County nonprofit organizations. Non-Departmental grant funds are to be used to support citizen/community-based programs and services that help address the human, social, education, recreation and other service needs of the County’s citizens and communities.

The Community Partnership Grant is a grant initiative offered by the Office of the County Executive to qualified nonprofit organizations based upon a set of criteria, including the value added to the identified community, overall program costs, organizational stability and adequacy of other funding sources. The Community Partnership Grant is awarded through a formal application process.

The Local Development Council offers the Local Impact grants, which are funds that are a portion of gaming revenue dedicated by law for use primarily in the communities in immediate proximity to National Harbor. These grants are awarded through a formal application process.

The Prince George’s County Government awarded Junior Achievement of Greater Washington four (4) grants totaling \$185,000 in fiscal years 2018 and 2019. These awards were issued from November of 2017 through June of 2019. A summary of the grants awarded is as follows:

<u>Disbursement Date</u>	<u>Grant Type</u>	<u>Grant Award Amount</u>
11/15/2017	Non-Departmental	\$ 75,000
6/30/2018	Community Partnership	10,000
6/30/2018	Local Development	20,000
6/30/2019	Non-Departmental	80,000
Total Amount Awarded		<u>\$ 185,000</u>

This grant funding was awarded to JAGW to support curriculum and program cost associated with providing the FPPG free of charge to Prince George’s County students.

OBJECTIVE, SCOPE AND METHODOLOGY

The objectives of our audit were to: (a) assess the adequacy of the system of internal and management controls over grant funds received and expended; (b) assess whether grant related transactions occurred in a manner consistent with organization’s grant request application and other generally accepted business practices; and (c) identify factors inhibiting satisfactory performance in these areas, and make recommendations to protect the County’s interest concerning the grant funds.

The scope included all transactions related to the receipt and disbursement of the total grant funds received from July 2017 through June 2019 (a total of \$185,000).

The criteria used to evaluate the audit evidence gathered included:

- The grant applications submitted by Junior Achievement of Greater Washington;
- The organization's accounting policy and procedure manual;
- The Government Accountability Office (GAO) exposure draft (December 2000) GAO-01-186G, Maintaining Effective Control Over Employee Time and Attendance Reporting, authorizing and approving T&A (time and attendance) transactions;
- The United States General Accountability Office Standards for Internal Control publication (GAO-14-704G);
- Maryland Nonprofit's Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector; and
- Internal Revenue Code (IRC)/Internal Revenue Service (IRS) guidelines.

The audit included correspondence with key personnel of Junior Achievement of Greater Washington and detailed tests including:

- An examination of the organization's monthly bank statements;
- A review of the organization's Federal Form 990 return for 2018;
- A review of available grant receipts and expenditures documentation;
- A review of labor attributed to the JA Finance Park within Prince George's County and;
- A review of available minutes for meetings held by the Board of Directors.

We examined the books and records maintained by Junior Achievement of Greater Washington and included tests of the accounting records and other auditing procedures, as we determined necessary. Consideration was given to the fact that the records of the organization were reviewed and included in the scope of the financial audit conducted by Jones and McIntrye PLLC for the periods ending June 30, 2018 and June 30, 2019, and no discrepancies or irregularities were disclosed. Our examination included a review of expenditures and supporting documentation to ensure that payment amounts were properly approved and corresponded to related invoices. Our examination also included a review of labor cost and supporting documentation to ensure cost allocated to the JA Finance Park Prince George's County were properly approved and accurately represented. **We noted no instances that led us to believe that County grant funds were used for other than their intended purpose.**

However, we did note that a review of 8 timesheets revealed that although they were complete with respect to the hours worked, 5 of the 8 (63%), and 7 of the 8 (88%) timesheets lacked an employee signature, and supervisor signature, respectively. There was only one timesheet that contained both an employee and supervisor signature. The organization's policies and procedures manual that was in effect during the audit period did not explicitly address whether timesheets had to be signed by employees and supervisors. However, all timesheets viewed during our testing had designated areas where both the employee and supervisor had to sign, denoting it was a requirement. When this issue was brought to light with JAGW representatives they confirmed that both the employee and supervisor signatures were required. They also

revealed that this issue was previously noted by their external auditors, and as a result, they proactively updated their policies and procedures manual on August 26, 2019 to explicitly require that all timesheets have both the employee and supervisor signatures. The failure of the employee and his/her supervisor to sign these timesheets could question the validity of the timesheet hours and the associated allocated labor costs. As a result, we recommend that:

JAGW continue to stress the importance of following their recently updated policies and procedures with respect to timesheets to all of its employees and their supervisors. Furthermore, controls should be put in place, whether manually or through automation, to ensure that all timesheets have both the employee and supervisor signatures.

The attached Statements of Revenues and Expenditures shows the activities relating to the JAGW Finance Park in Prince George's County, for the periods ending June 30, 2018, and June 30, 2019.

**JUNIOR ACHIEVEMENT OF GREATER WASHINGTON
FINANCE PARK IN PRINCE GEORGE'S COUNTY
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE PERIOD OF JULY 1, 2017 THROUGH JUNE 30, 2019
(ACCRUAL BASIS)**

	<u>2018</u>	<u>2019</u>
REVENUES:		
General*	\$936,583	\$930,000
Restricted	251,424	242,144
Total Revenues	\$1,188,007	\$1,172,144
 EXPENDITURES:		
Salaries	\$404,315	\$353,101
Payroll/Unempl Taxes	28,711	25,477
Health/Life Insurance	34,684	30,867
Pension	44,242	38,297
Staff Development	13	257
Recruitment	180	152
Recognition	189	732
Office Maintaince/Repair	8,487	5,875
Information Tech	9,380	8,322
Telecommunications	4,863	3,980
Professional Services	160	1,990
Office Supplies	6,786	5,518
Subscriptions/Dues	963	590
Postage & Delivery	-	56
Printing	922	2,519
Repairs and Refurb	16,195	17,176
Travel	2,265	3,036
Meeting Costs	4,183	6,384
Misc Expense	276	459
Interest Expense	35,673	31,341
Service Charges	308	-
Bad Debts	37,500	-
Depreciation/Amortization	185,737	190,941
Curriculum Materials	14,787	20,534
License Fees	15,709	10,021
Total Expenditures	\$856,528	\$757,625
Excess Revenue Over/(Under) Expenditures	\$331,479	\$414,519

* Includes Grants received from the County