

Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

April 12, 2023

MEMORANDUM

To: Ms. Dara Brooks, Principal  
Bel Pre Elementary School

From: Mary J. Bergstresser, Supervisor, Internal Audit Unit



Subject: Report on Audit of Independent Activity Funds for the Period  
January 1, 2020, through January 31, 2023

Independent Activity Funds (IAFs) of Montgomery County Public Schools (MCPS) are established to promote the general welfare, education, and morale of students, as well as to finance the recognized extracurricular activities of the student body. School principals are the fiduciary agents for the IAFs charged with determining the manner in which funds are raised and expended for activities such as field trips, admission events, and fundraisers. They are responsible for ensuring that the IAFs are administered in accordance with Board of Education policies and MCPS regulations and procedures.

The IAF audits are conducted regularly to evaluate compliance with policies, regulations, and procedures, and to review processes for continuous improvement. Generally accepted audit procedures guide the work of the auditors who examine samples of the IAF records and financial accounts selected from documentation of various activities to verify their accuracy, as well as to assess the effectiveness of financial control procedures. An IAF audit does not review every transaction or school activity but seeks to provide reasonable assurance that any significant errors or omissions in the financial records are detected.

At our March 10, 2023, meeting with you; Dr. Sookhee K. Plotkin, assistant principal; Ms. Brandi M. Bravo, school administrative secretary (secretary); and Mrs. Sandra L. Windlan, visiting bookkeeper, we reviewed the prior audit report dated July 10, 2020, and the status of the present conditions. It should be noted that Ms. Bravo's assignment as secretary was effective on December 14, 2022. This audit report presents the findings and recommendations resulting from our examination of the IAF records and financial accounts for your school for the period designated above.

**Findings and Recommendations**

Sponsors of school activities that involve the collection or disbursement of IAF must be provided an account history report for each month in which transactions have been recorded in their account or the account has a balance. We found this essential internal control procedure was not always

being used. We recommend sponsors be given a monthly statement of their accounts and be required to verify that all transactions affecting the account have been correctly recorded. After any discrepancies are resolved, the statements must be signed and dated by the sponsor to attest to their accuracy. A procedure should be established to ensure that all statements are reviewed and returned (refer to the *MCPS Financial Manual*, chapter 20, page 10).

MCPS Form 280-54, *Independent Activity Funds Request for a Purchase*, is used to obtain principal approval to proceed with an intended purchase (refer to the *MCPS Financial Manual*, chapter 20, page 4). The purpose of each disbursement, the IAF account name/number, and the balance available prior to the expenditure is recorded on this form in order to properly charge appropriate accounts and to ensure that expenditures comply with IAF requirements. Invoices for goods or services must be signed by the purchaser to indicate satisfactory receipt. The secretary will then mark the documentation as “paid” prior to disbursing the funds. Disbursements made by Automated Clearing House (ACH) drawn on the school’s IAF bank account, regardless of the documentation that approved the procurement of goods and services, are required to be approved by the principal using MCPS Form 280-54, with a summary spreadsheet detailing the IAF account(s) to be charged, prior to expenditure of funds (refer to the *MCPS Financial Manual*, chapter 20, page 6). In your action plan you indicated that all purchases would be pre-approved, documents would be stamped “paid”, and invoices marked as received. In our sample of disbursements, we found instances in which purchases were not pre-approved, MCPS i-Payment invoices had not been reviewed and authorized for payment by the principal, MCPS Form 280-54 not always completed in full, MCPS documentation supporting purchases not stamped or marked “paid”, and invoices and online purchase confirmations were not always signed by the receiver to indicate goods or services were received, and that payment could be processed. We recommend that MCPS Form 280-54 be prepared by staff in full with an estimate of expected expenditure and signed by the principal at the time verbal approval is sought. We also recommend that all MCPS iPayments be reviewed and approved by principal using MCPS Form 280-54, that support documents be marked “paid”, the purchase be verified as complete by the recipient, and that the invoice/packing slip be marked “received” and signed/dated by the recipient when goods are received at the school. Requiring invoices to be marked “received” ensures that goods or services have been satisfactorily received prior to payment.

In order to properly control receipts, cash and checks collected by sponsors for IAF activities must be remitted promptly and intact to the secretary along with a remittance slip, which is completed in entirety. Cash must be counted in the presence of the remitter, and a receipt that is supported by the remittance slip must be issued promptly. Any misprinted receipts must be entered into the accounting system, and all parts of any voided receipt forms must be defaced and retained. In your action plan you indicated that the secretary would count funds with sponsors and sign remittance slips. In addition, you indicated staff would remit funds to secretary on a daily basis. We found instances in which there was a delay in issuance of receipts, remittance slips were not always signed and dated by sponsors, the originals of some voided receipts were missing, and voided receipts were not all recorded in the financial records. We also noted that some sponsors were holding funds collected rather than remitting them to the secretary on a daily basis. To improve

controls, we recommend adoption of the procedures outlined in the MCPS Financial Manual, chapter 7, page 4.

**Notice of Findings and Recommendations**

- Monthly account history reports provided to sponsors must be affirmed for transaction correctness and returned to the financial agent.
- Purchase requests must be approved by the principal prior to procurement and request must be completed with all required information (**repeat**).
- Purchaser must confirm receipt of goods or services prior to disbursement and invoices and receipts must be annotated as paid (**repeat**).
- Cash and checks (funds) collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the secretary and promptly verified and receipted (**repeat**).

Other matters were discussed and satisfactorily resolved. We appreciate the cooperation and assistance of your staff. In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, using the attached action plan, please provide a written response to the Internal Audit Unit within 30 calendar days of this report. In your response, please share a detailed plan for addressing these issues, including appropriate staff training and support.

Prior to returning your completed audit action plan, please contact Mr. Gregory C. Mullenholz, director of school support and well-being, Office of Student Support and Well-Being, for written approval of your plan. Based on the audit recommendations, Mr. Mullenholz will indicate whether he will conduct an electronic review of your action plan or schedule a time to meet in person with you and your secretary to support you with developing a well-defined plan to address the findings.

MJB:PJM:rg

Attachment

Copy to:

Members of the Board of Education  
 Dr. McKnight  
 Mr. Hull  
 Dr. Murphy  
 Ms. Reuben  
 Mr. Stockton  
 Mrs. Williams  
 Dr. Floyd-Cooper

Mr. Reilly  
 Mrs. Chen  
 Ms. Eader  
 Mr. Klausling  
 Mr. Mullenholz  
 Mrs. Ripoli  
 Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> 2020-2023	<b>Fiscal Year:</b> 2020-2023
<b>School:</b> Bel Pre ES - 780 <input type="checkbox"/>	<b>Principal:</b> Dara Brooks
<b>OSSWB Associate Superintendent:</b> Donna Redmond Jones	<b>OSSWB Director:</b> Gregory C. Mullenholz
<p><b>Strategic Improvement Focus:</b>                  As noted in the financial audit for the period <u>1/20-1/23</u>, strategic improvements are required in the following business processes :</p>	


Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
MCPS Form 280-54 be prepared by staff in full with an estimate of expected expenditure and signed by the principal at the time verbal approval is sought.	Asministrative Secretary, Principal and staff requesting purchase	None	Form 280-54 with copies of invoices	Administrative secretary and principal: monthly	Completed form 280-54 with documentation of purchase, and receipt of purchase (stamped as"paid")
iPayments be reviewed and approved by principal using MCPS Form 280-54, that support documents be marked paid, the purchase be verified as complete by the recipient, and that the invoice/packing slip be marked received and signed/dated by the recipient when goods are received at the school.	Asministrative Secretary, Principal and staff requesting purchase	None	Form 280-54 with copies of invoices	Administrative secretary and principal: monthly	Completed form 280-54 with documentation of purchase, and receipt of purchase (stamped as"paid")
Monthly account history reports provided to sponsors must be affirmed for transaction correctness and returned to the financial agent.	Asministrative Secretary, Principal and staff.	None	Account history sponser reports	Administrative secretary and principal: monthly	Completed sponser reports sighed by both principal and sponser.
Purchase requests must be approved by the principal prior to procurement and request must be completed with all required information.	Asministrative Secretary, Principal and staff requesting purchase	None	Form 280-54 with copies of invoices	Administrative secretary and principal: monthly	Completed form 280-54 with documentation of purchase, and receipt of purchase (stamped as"paid")

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Purchaser must confirm receipt of goods or services prior to disbursement and invoices and receipts must be annotated as paid.	Asministrative Secretary, Principal and staff requesting purchase	None	Form 280-54 with copies of invoices	Administrative secretary and principal: monthly	Completed form 280-54 with documentation of purchase, and receipt of purchase (stamped as "paid")
Cash and checks (funds) collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the secretary and promptly verified and receipted.	Asministrative Secretary, Principal and staff requesting purchase	None	MCPS Form 280-34	Administrative secretary and principal: monthly	Completed MCPS Form 280-34

**OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)**

**Approved**       **Please revise and resubmit plan by \_\_\_\_\_**

Comments: \_\_\_\_\_

Director:       Date: 6/9/23