


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

April 12, 2023

MEMORANDUM

To: Mrs. Stacey F. Rogovoy, Principal
College Gardens Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
February 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 27, 2023, meeting with you; Mrs. Armineh N. Sardarbegians, school administrative secretary (secretary); and Ms. Monika C. Roberts, visiting bookkeeper, we reviewed the prior audit report dated June 22, 2020, and the status of the present conditions. 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

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 must be fully explained on this form in order to properly record expenditures in 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 payments would not be made if purchases were not pre-approved, all invoices would be marked as received, and documentation would be stamped “paid”. 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 documentation supporting purchases were 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 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, 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.

Cash and checks collected by sponsors and others for IAF activities must be remitted promptly to the secretary. These receipts must be deposited promptly, and all receipts must be deposited on the last working day of each month and before each weekend or holiday (refer to the *MCPS Financial Manual*, chapter 7, pages 4-5). In your action plan, you indicated that your secretary would go to the bank daily. We found staff collecting funds were at times holding rather than remitting them timely to the secretary. We also noted the secretary was not always making timely deposits and was holding money in excess of permitted amounts. Infrequent deposits increase the possibility of a loss of funds, diminish the school’s ability to fund activities, and are contrary to the *MCPS Financial Manual*. To minimize the risk of loss and provide assurance that available funds will be fully utilized to meet school needs, all funds collected must be remitted to the secretary daily and entered into the accounting software. In addition, all remittances on hand must be deposited promptly, and always before each weekend, end of the month, or holiday.

Notice of Findings and Recommendations

- Requests for purchases were not preapproved (**repeat**).
- Supporting documents were not marked received or stamped paid (**repeat**).
- Funds must be remitted daily and deposited in the bank timely by the secretary (**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 Dr. Tamitha E. Campbell, 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, Dr. Campbell will indicate whether she will conduct an electronic review of your action plan or schedule a time to meet in person with you and your school administrative secretary to support you with developing a well-defined plan to address the findings.

MJB:ABB:rg

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. Hull

Dr. Murphy

Ms. Reuben

Mr. Stockton

Mrs. Williams

Dr. Moran

Mr. Reilly

Mrs. Chen

Dr. Campbell

Ms. Eader

Mr. Klausling

Mrs. Ripoli

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: May 12, 2023	Fiscal Year: 2022-2023
School: College Gardens E.S.	Principal: Stacey Rogovoy
OSSWB Associate Superintendent: Dr. Peter Moran	OSSWB Director: Dr. Tamitha Campbell
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period 02/1/20 - 1/13/2023, 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
Purchase requests will be approved by the principal prior to procurement. Staff training	All staff/ Rogovoy	Training on request Form 280-54 at pre-service	Principal will not pay out unless it has been approved first.	Rogovoy/ Sardarbegians Monthly	
Invoices will be marked as paid to indicate a disbursement was made.	Sardarbegians	Stamp with date	Reminder in calendar	Sardarbegians Quarterly	
Funds will be taken to the bank daily.	Sardarbegians Or Savage	Put in calendar to leave at 2:30/3:00 to make deposits daily.	Reminder in calendar Daily bank statements	Sardarbegians , Rogovoy monthly	

Field trip records will be checked and reconciled before each trip is taken	Teachers/Principal /AP / admin secretary	Teacher training during pre service	Collected the day prior to each trip. Training will be given to team leaders during pre service.	Rogovoy and Sardarbegians will review 2 days after the trip.	
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OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)	
<input checked="" type="checkbox"/> Approved <input type="checkbox"/> Please revise and resubmit plan by _____	
Comments: _____ _____ _____	
Director: <u>Tamitha E. Campbell</u>	Date: <u>5-12-23</u>