

Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

December 6, 2023

MEMORANDUM

To: Mr. Darshan K. Jain, Principal  
Darnestown Elementary School

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



Subject: Report on Audit of Independent Activity Funds for the Period  
May 1, 2021, through September 30, 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 November 20, 2023, meeting with you, and Mrs. Rebecca S. Woods, school administrative secretary (secretary), we reviewed the prior audit report dated June 10, 2021, and the status of the present conditions. It should be noted that your appointment as principal was effective July 1, 2023, and Mrs. Woods' assignment as secretary was effective July 1, 2023. 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 our sample of disbursements, we found instances in which purchases were not pre-approved, MCPS iPayment invoices had not been reviewed and authorized for payment by the principal, MCPS documentation supporting purchases not always stamped or marked “paid,” and invoices and online purchase confirmations were not 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.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips and Student Organization Trips*. Trip approval forms signed by the principal, and when required by the director of school support and well-being, must be retained on file. Sponsors of field trips must have a complete class or club roster of student names to annotate the amount each student paid, date paid, eligible students who did not participate in the trip, and students who received waivers, scholarships, or reduced fees. This data together with a list of all chaperones and volunteers must be provided to the secretary at the completion of each trip, and compared to remittances recorded in the trip account history report (refer to *MCPS Financial Manual*, chapter 20, page 10). In the action plan completed by the former principal, it was indicated that sponsors would complete MCPS Form 280-41, *Field Trip Accounting*, or equivalent, records would be maintained, and a reconciliation would be completed. We found that not all trips had approvals on file, sponsors were not always providing completed data at the conclusion of each trip, field trip fees were not always consistent with what was originally calculated, and data is not being compared to the final account history report. We recommend that trip sponsors be required to use MCPS Form 280-41, or equivalent, and all fees charged be consistent with what was calculated. We further recommend that trip sponsors be required to provide complete data at the conclusion of each trip, and this data be reconciled by the secretary with remittances recorded in activity accounts.

**Notice of Findings and Recommendations**

- Purchase requests must be approved by the principal prior to procurement.
- Purchaser must confirm receipt of goods or services prior to disbursement and invoices/receipts must be annotated as paid to indicate disbursement was made.
  
- Field trip request forms must be approved by the principal and retained on file (**repeat**).
- Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate and the secretary must reconcile funds collected with account history report (**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 Ms. Nicole A. Sosik, director of school support and well-being, Office of School Support and Well-Being, for written approval of your plan. Based on the audit recommendations, Ms. Sosik 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 secretary to support you with developing a well-defined plan to address the findings.

MJB:HT:rg

Attachment

Copy to:

Members of the Board of Education  
Dr. McKnight  
Dr. Collins  
Mr. Hull  
Dr. Kimball  
Mr. Stockton  
Mrs. Williams  
Ms. Dempsey  
Mr. Reilly  
Mrs. Chen  
Ms. Eader  
Mr. Klausling  
Mrs. Ripoli  
Ms. Sosik

Mr. Darshan K. Jain

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December 6, 2023

Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> December 6, 2023	<b>Fiscal Year:</b> FY 2024
<b>School or Office Name:</b> Darnestown Elementary School	<b>Principal:</b> Darshan K. Jain
<b>OSSWB Associate Superintendent:</b> Lance Dempsey (Acting)	<b>OSSWB Director:</b> Nicole Sosik

**Strategic Improvement Focus:**  
 As noted in the financial audit for the period 5/1/21 - 9/30/23, strategic improvements are required in the following business processes :

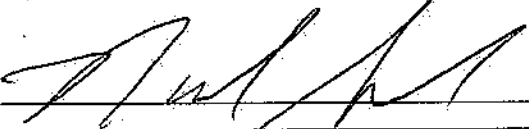
Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
The Principal and Admin Secretary will develop, communicate, and implement a process for staff members for reimbursements. The process will include directions for completing MCPS Form 280-54, a timeline, and documentation.	Admin Secretary Principal	1) Binders 2) Form 280-54 3) Flowchart	Admin secretary will ensure form 280-54 is pre-approved by Principal prior to procurement.	Admin Secretary Principal	Principal will deny any purchases without pre-approval to remain in compliance. Admin Secretary will keep document each purchase.
The Admin Secretary will develop a process to stamp "Paid" to properly document purchases as "Paid" and "Received."	Admin Secretary and Receiver		Admin secretary will stamp the invoice/receipt for all expenditures and receiver will mark all delivery orders as received.	Admin secretary	All receipts/invoices will be stamped paid and marked as received.
Admin Secretary will develop, communicate, and implement a flowchart for field trips. It will include documentation, finances, and post-field trip action items.	Admin Secretary	Flowchart	A checklist will be implemented at the of of field trips to ensure compliance.	Principal will review field trip files as needed.	Field trip files will include completed field trip accounting.
Field sponsors will turn in MCPS Form 280-41, Field Trip Accounting, or its equivalents to record payments at the conclusion of each trip.	Admin Secretary Field Trip Sponsors	Flowchart Form 280-41	A checklist will be implemented at the of of field trips to ensure compliance.	Admin Secretary Before and After Field Trips	The checklist will ensure that Form 280-41 is completed

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Admin Secretary will archive field trip records to ensure records will be maintained in accordance with IAF record retention policy - 5 years plus the current year.	Admin Secretary	Folders, labels, boxes		Admin Secretary	
Admin secretary will complete a reconciliation of field trip activity after comprehensive final field trip accounting is received from the sponsor.	Admin Secretary	MCPS Form 280-41s or its equivalents from sponsors.	Field trip reconciliation template on MCPS Business Center	Admin Secretary Bookkeeper	Principal will review and sign field trip reconciliation

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

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

Comments:

Director:  Date: 1/29/24