


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

April 2, 2025

MEMORANDUM

To: Dr. Lakeisha D. Lashley, Principal
Fairland Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
February 1, 2022, through January 31, 2025

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 14, 2025, meeting with you; Ms. Tiana M. Bagley, school administrative secretary (secretary); and Mrs. Debra Lynn Taylor-Miller, school visiting bookkeeper, we reviewed the prior audit report dated March 31, 2022, and the status of the present conditions. It should be noted that Ms. Bagley's assignment as secretary was effective December 6, 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 that sponsor's account or the account has a balance. We found that this essential internal control procedure was not always being used and there was not a clear process to identify which sponsor had returned their reports. We recommend that sponsors be given a monthly account history report of their accounts and be required to verify that all transactions affecting the account have been correctly

recorded. After any discrepancies are resolved, the reports must be signed and dated by the sponsor to attest to their accuracy. These reports will then be returned to the secretary who will file them for review by the Internal Audit Unit. A procedure must be established to ensure that all reports are reviewed and returned each month (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 must be fully explained on this form 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. In our sample of disbursements, we noted instances in which controls over purchases were weakened including 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. We recommend that when goods are received at the school, the purchase be verified as complete by the recipient and that the invoice/packing slip be marked “received” and signed/dated by the recipient.

Use of the MCPS purchasing card must be in accordance with the requirements of the *MCPS Purchasing Card User’s Guide*. By the fifth business day of the following month, cardholders must use the online reconciliation program to identify, describe, and review transactions. Monthly statements, or the statement of account landscape report, must be printed and provided to the principal, with all purchase receipts and invoices attached. The principal must review each cardholder’s transactions and approve them by the 10th of the following month, using the online reconciliation program. In your action plan, you stated that the principal and secretary would review and comply with the MCPS purchasing Card User's *Guide*. We found that the secretary had not prepared her monthly statements, provided descriptions of items purchased, indicated IAF account numbers when required, nor attached the purchase receipts. In addition, the principal was unable to approve these transactions in the online system since they had never been reviewed. We recommend that all cardholders review their transactions online and provide the approver with a copy of the monthly statement of landscape report with corresponding receipts for approval in the online reconciliation program.

To properly control receipts, cash and checks collected by sponsors for IAF activities must be remitted promptly and intact to the secretary along with MCPS Form 280-34, *MCPS Independent Activity Fund (IAF) Remittance Slip*. Cash must be counted in the presence of the remitter, and a receipt that is supported by the remittance slip must be issued promptly. 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 our review of receipts, we found that some sponsors were holding funds collected rather than remitting them to the secretary on a daily basis. We also noted that at times the secretary took funds to the bank prior to recording in accounting software. In addition, it was noted at times funds were held over allowable limits or over a weekend, end of month or holiday. 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 daily, recorded in the accounting software program, and deposited timely.

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 field 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 the *MCPS Financial Manual*, chapter 20, page 10). We found that sponsors were not providing completed data at the conclusion of each trip, and that the data was not being reconciled to the final account history report. We recommend that all sponsors be required to use MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and that this data be reconciled by the secretary with remittances recorded in activity accounts. All schools are required to offer parents the opportunity to pay for field trips or other fees being charged on School Cash Online (SCO). All payments collected in school must be recorded in SCO. This will greatly improve the ability to reconcile all field trips and track which students have paid, were waived, or did not attend. In addition, SCO will reduce the workload of cash handling requirements for sponsors and the secretary.

Notice of Findings and Recommendations

- Monthly account history reports must be provided to sponsors for affirmation of transaction correctness and returned to the secretary.
- Purchase invoices and receipts must be annotated as paid to indicate disbursement was made, and purchaser must confirm receipt of goods or services prior to disbursement.
- Purchase card activity must comply with the *MCPS Purchasing Card User's Guide (repeat)*.
- Cash and checks (funds) collected by sponsors must be promptly remitted to the secretary, and deposited timely.
- All fees being charged must be recorded in SCO and advertised to parents to pay online.
- 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 reports.

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 Mrs. Jewel A. Sanders, director of school support and improvement, Office of School Support and Improvement, for written approval of your plan. Based on the audit recommendations, Mrs. Sanders 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:AMB:rg

Attachment

Copy to:

Members of the Board of Education

Dr. Taylor

Mrs. Alfonso-Windsor

Ms. McGuire

Mr. Meuser

Dr. Moran

Dr. Redmond Jones

Mrs. Gomez

Mr. Klausing

Mrs. Ripoli

Mrs. Sanders

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: April 2, 2025

Fiscal Year: 2024-2025

School or Office Name: Fairland Elementary School

Principal: Dr. Lakeisha Lashley

OSSI

Associate Superintendent: Dr. Donna Redmond Jones

OSSI

Director: Mrs. Jewel Sanders

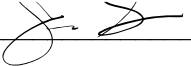
Strategic Improvement Focus:

As noted in the financial audit for the period 2/22-1/25, strategic improvements are required in the following business processes :
(1) Review of monthly bank statements, reconciliation, cleared checks, and ledger reports (2) Comply with the MCPS Purchasing Card User's Guide

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
A folder will be accessible that has monthly sponsor reports. Sponsors will review and sign monthly reports and return them signed to the administrative secretary.	Admin Sponsors	Filed records	Filed Sponsor Reports Folder	Monthly	Signed sponsor reports
Stamp receipts as paid and provide a date when purchases are received on the receipts.	Admin	School Funds Online platform	Filed financial records/Receipt Binder	As Needed	Filed records/Binders
Review and comply with the MCPS Purchasing Card User's Guide	Admin	School Funds Online Training	J.P. Morgan transaction log (online)	Monthly	Chart of Accounts
Review, run and file the J.P. Morgan inquiry reports and statements.	Admin Principal	School Funds Online Training Modules	Filed financial records J. P. Morgan Binder	Monthly	Charts of Accounts

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Attend training for School Cash Online (SCO)	Admin	SCO Training	PDO list for Admin	2/13/25	76% of the school is registered
Set-up an account for Fairland on SCO	Admin	SCO Training	Online payments for field trips	2/13/25	Field trip monies being collected online via SCO
Create a power point for pre-service week of expectations around sponsors, field trip, and protocol on collecting and turning in funds to admin prior to field trip approval by principal. Admin will attend team meeting explaining and review field trip guideline and requirements for collecting funds and documents at the end of each school day.	Admin	Presentation	Filing	Each semester	Preservice week schedule
Administrative Secretary will make sure to collect Field Trip Accounting form (280-1) from each teacher/sponsor on the end date of the field trip so that all necessary forms will reconcile at the end of each trip.	Admin	SCO Training	Filing	End of each trip/ Monthly	Filed Records

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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: _____  Date: <u>05/21/2025</u>	