


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

April 29, 2024

MEMORANDUM

To: Mrs. Kimberly B. Bosnic, Principal
William B. Gibbs, Jr. Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
February 1, 2021, through January 31, 2024

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 April 2, 2024, meeting with you; Ms. Patricia F. Grande, assistant principal; Mrs. Katherine Martinez, school administrative secretary (secretary); and Mrs. Pamela Dunn, visiting bookkeeper, we reviewed the prior audit report dated March 1, 2021, and the status of the present conditions. It should be noted that Mrs. Martinez's assignment as secretary was effective September 21, 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 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. In your action plan, you indicated that you would make sure all purchase requests were handed in ahead of time and that all invoices would be stamped as received. In our sample of disbursements, we noted instances where MCPS Form 280-54 was not always completed prior to purchases being made and invoices and online purchase confirmations were not always signed/marked 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 to show pre-approval of expenditure. We also recommend that when goods are received at the school that the purchase be verified as complete by the recipient and that the invoice/packing slip be marked “received” and sign/dated by the recipient. Requiring invoices to be marked “received” ensures that goods or services have been satisfactorily received prior to payment.

Aggregate school expenditures of IAF activities for the procurement of refreshments in connection with meetings and the purchase of staff appreciation items may not exceed \$60 per individual staff member, per fiscal year, without the prior written authorization from the Office of Finance (OOF) (refer to the *MCPS Financial Manual*, chapter 20, page 5). These expenditures must be appropriately recorded in accordance with the IAF chart of accounts. In your action plan, you indicated that you would review your accounts to make sure purchases were recorded correctly and monitor your budgeted amount. We found expenditures for these items were at times incorrectly classified and recorded in the SERT account. Such commingling increases the time required to determine whether or not guidelines have been followed and decreases the value of your financial reports in monitoring for proper compliance. We found that you exceeded the total amount allowed in Fiscal Year (FY) 2022 and 2023, without approval of the OOF. We recommend that you adhere to the MCPS requirements, as well as correctly classify and record these transactions for more accurate accountability.

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 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. We found that cardholder's online reviews of purchase card transactions did not always include the IAF account number, staff or students, or detailed description of what was purchased. We also found that several transactions had not been reviewed by the cardholders. We also noted that gift cards had been purchased using the JP Morgan card and some transactions had been split, which is prohibited according to the above users guide. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Notice of Findings and Recommendations

- Purchase requests must be approved by the principal prior to procurement (**repeat**).
- Purchaser must confirm receipt of goods or services prior to disbursement (**repeat**).

- Total combined expenditures for staff appreciation and meeting refreshments may not exceed \$60 per individual staff member per fiscal year without prior approval of the OOF and must be recorded in proper accounts (**repeat**).
- Purchase card activity must comply with the MCPS *Purchasing Card User's Guide*.

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. Christophe Turk, 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, Mr. Turk 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:ABB:rg

Attachment

Copy to:

Members of the Board of Education

Dr. Felder

Mr. Hull

Dr. Johnson

Ms. Dempsey

Dr. Moran

Mrs. Williams

Mr. Adams

Mr. Reilly

Mrs. Chen

Ms. Eader

Mr. Klausling

Mrs. Ripoli

Mr. Turk

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 4-29-24	Fiscal Year: FY24
School or Office Name: William B. Gibbs, Jr. Elementary School	Principal: Kimberly Bosnic
OSSWB Associate Superintendent: David Adams	OSSWB Director: Christophe Turk
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>2 21-1 31 24</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
Purchase Requests approved by the principal prior to procurement. Purchase Requests will be handed in ahead of time and all invoices will be stamped as received.	Principal Admin Secr	Form 280-54 Invoices	Filed 280-54 forms Invoices	Monthly by the Administration and the Admin Secr	Filed 280-54 forms with evidence of pre-approval and receipt of invoice items. with invoices marked as received.
Confirm receipt of goods or services prior to disbursement.	Principal Admin Secr	Invoices	Invoices	Monthly by Purchaser Administration Admin Secr	Purchaser verification of items received matches order Invoice packing slips marked received
Contain expenditures for staff appreciation and meeting refreshments to \$60 per individual staff member and record in proper accounts.	Principal Admin Secr	Receipts and requests for reimbursement	Invoices Receipts Reimbursement requests IAF chart of accounts	Monthly by Administration Admin Secr	Filed receipt requests, receipts, requests for reimbursement, and PTA check reimbursement stubs.
Comply with the JP Morgan purchase card activity guidelines. Review describe transactions by Day 5; Review monthly statements with corresponding invoices/receipts. Approve transactions by the 10th of the following month. Cardholders review own transactions. No gift cards should be	Principal Admin Secr	JP Morgan access to monthly reports and transactions, receipts	JP Morgan Reports and receipts	Monthly by Administration and Admin Secr	JP Morgan Reports, receipts

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OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

Approved **Please revise and resubmit plan by _____**

Comments:

Director: 

Date: 06/05/24