


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

July 16, 2024

MEMORANDUM

To: Ms. Kilsys C. Batista, Principal
Rock View Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
March 1, 2022, through April 30, 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 June 14, 2024, meeting with Ms. Olivia K. Bailey, acting principal, and Ms. Nancy L Morin, school administrative secretary (secretary), we reviewed the prior audit report dated April 27, 2022, and the status of the present conditions. It should be noted that your appointment as principal was effective July 1, 2024. 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. Upon issuance of a check, the secretary will mark the documentation as “paid” to preclude duplicate payment. Disbursements made by the 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. In the school’s action plan, the prior principal indicated that all disbursements, including iPayments, would be pre-approved on MCPS Form 280-54, and that invoices would be marked as received and all receipts/invoices would be stamped Paid. In our sample of disbursements, we found instances in which MCPS Form 280-54, was not consistently prepared and presented to the principal for a signature indicating authorization to proceed with the purchase, the principal did not always date MCPS Form 280-54, documentation supporting purchases were not always stamped or marked “paid”, and documentation was not annotated by the recipient to indicate purchased goods or services were satisfactorily received. By requiring prior approval and complete documentation, the principal retains control over the expenditure of IAFs. We recommend that MCPS Form 280-54 be prepared, with an estimate by staff and signed by you, at the time verbal approval is sought. MCPS Form 280-54 needs to be completed for all iPayment disbursements as well. Complete documentation must be attached to fully explain the reason for the purchase. All invoices must be marked to indicate items were received and documentation stamped “paid”.

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 statement of account landscape 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 or approved by the principal. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Sponsors of field trips must have a complete class or club roster of student names to annotate the amount each student paid, the 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 the *MCPS Financial Manual*, chapter 20, page 10). School Cash Online (SCO) item attachment report may replace the field trip accounting sheet as long as all eligible students have data entered such as paid, waived, scholarship or did not attend. This report must be reviewed and initialed by the sponsor. In the school’s action plan the prior principal indicated sponsors would provide comprehensive data at the conclusion of each trip, and that the trip would be reconciled. We found that sponsors are 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 trip sponsors be required to use MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and this data be reconciled by the secretary

using the filed trip reconciliation form located on the Business Center with remittances recorded in accounts.

Notice of Findings and Recommendations

- Purchase requests must be approved by the principal prior to procurement (**repeat**).
- MCPS iPayments must be documented on MCPS Form 280-54 when payment is made (**repeat**).
- Purchaser must confirm receipt of goods or services prior to disbursement and mark as Paid (**repeat**).
- Purchase card activity must comply with the MCPS *Purchasing Card User’s Guide*.
- 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 the 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 Dr. Joe L. Rubens Jr., director of school support and improvement, Office of School Support and Improvement, for written approval of your plan. Based on the audit recommendations, Dr. Rubens Jr. 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 school administrative secretary to support you with developing a well-defined plan to address the findings.

MJB:GK:rg

Attachment

Copy to:

- | | |
|-----------------------------------|----------------|
| Members of the Board of Education | Mr. McGee |
| Dr. Taylor | Mr. Reilly |
| Mrs. Alfonso Windsor | Mrs. Chen |
| Ms. Dempsey | Mr. Klausling |
| Dr. Johnson | Mrs. Ripoli |
| Dr. Moran | Dr. Rubens Jr. |
| Mrs. Williams | Ms. Webb |

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: July 16, 2024	Fiscal Year: FY 2022 --2024
School or Office Name: Rock View Elementary School	Principal: Kilsys C. Batista
OSSWB Associate Superintendent: Sean McGee	OSSWB Director: Dr. Joe Rubens
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>3/1/22 - 4/30/24</u>, strategic improvements are required in the following business processes :</p> <p>Documenting principal approval of purchases, including iPayments, receipt and paid status of purchases, compliance with purchasing card guidelines, and field trip procedure</p>	

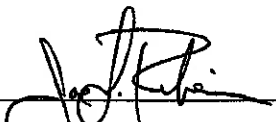
Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
--Purchases will be documented with completed 280-54 form and/or written communications between staff and principal, before reimbursement requests are processed --Form 280-54 will be completed with reference to iPayment invoice and SFO account BEFORE ACH	Staff-- including all sponsors Financial Agent Financial Agent	Form 280-54 Sponsor report Invoices Trial balance	Financial agent will obtain signature of principal & maintain forms/checks, invoices, and ACH payments at monthly meetin	monthly review meeting with principal for checks/ACH payments and form	
--When reimbursement requests are submitted, form 280-54 will be complete, and attached receipts will be marked RECEIVED by purchaser and PAID by financial agent upon issuance of check	Staff-- including all sponsors Financial Agent	Form 280-54, original receipt with copy	Financial agent will check for RECEIVED on receipt before payment and share documents at monthly meeting	Principal will verify RECEIVED and PAID notations before signing forms and checks	
--Financial agent will continue to review new purchases as they come up in JP Morgan, on available business day of month will print landscape report and attach receipts --Principal will use landscape report and receipts to approve transactions in JP Morgan	Financial Agent Principal	copies of all receipts and monthly landscape report	Financial agent will submit receipts and landscape report the 5th day of the month	Principal will return landscape report once reviewed, approved and signed	
Field trips will be preplanned with staff organizing their trips at beginning of year, sponsors will be instructed on proper completion of forms and money handling, all funds collected will be entered into SCO by financial agent, and staff will submit waiver form to Principal for approval	Assist Principal Financial Agent Classroom teachers Principal	Field trip calculators and forms from business center	Item attachment report will be used for each homeroom class to reconcile with field trip	AP will review field trip set up in SCO, sponsors details for correct references	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Field trip processes to include: Sponsor will review and submit the item attachment report at the completion of the field trip and indicate which students have attended, date paid, and/or waivers or reduced fees granted, along with chaperones and volunteers who attended	Sponsors/ homeroom teachers	SCO Item Attachment Report	Financial agent will compare the attachment report with the trip account history report	AP to monitor sponsors and collection of funds and requests for waivers (submitted to principal)	
Financial agent will prepare the field trip reconciliation form using details from SCO and data from the item attachment report	Financial agent	Reconciliation form, SCO item details, and attachment report	Financial agent will submit the completed reconciliation form to principal	Principal at completion of field trip	

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

Approved Please revise and resubmit plan by _____

Comments: _____

Director:  Date: 9/4/24