


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

May 9, 2025

MEMORANDUM

To: Mrs. Rosa I. Mensah, Principal
Rolling Terrace Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
September 1, 2022, through March 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 May 1, 2025, meeting with you, and Mrs. Celia J. Lee, school administrative secretary (secretary), we reviewed the prior audit report dated December 13, 2022, and the status of the present conditions. It should be noted that your appointment as principal 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. In the school’s action plan, they indicated that they would clarify procedures

for disbursements and the secretary would stamp documentation as paid. In our sample of disbursements, we found instances in which controls over purchases were weakened, including documentation supporting purchases were not stamped or marked “paid”, and invoices were not always signed by the receiver to indicate goods or services were received, and that payment could be processed. We recommend that all support documents be marked “paid”, and 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.

Use of the MCPS purchasing card must be in accordance with the requirements of the MCPS *Purchasing Card Users 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. We found that some cardholders had not promptly prepared their monthly statements, provided description of items purchased, indicated IAF account number when required, attached their purchase receipts, or reviewed their transactions in the online reconciliation program. We also found that the principal had not approved all transactions online. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips and Other Student Organization Trips*. Trip approval forms, signed by the principal, must contain all expense information, any subsidy information, and the field trip cost to be charged per student. The secretary must establish a separate account in the IAF for each trip and set up in School Cash Online (SCO) in order for parents to pay by credit card. 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). 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 sponsors. We found that not all field trip documentation was on file, trips were not set up in SCO to allow parents to pay online, and not all sponsors were providing complete data at the conclusion of each trip. We also found that data was not being reconciled to the final account history report. In addition, SCO was not properly maintained to report all payments received at the school. We recommend that all trips be made available for payment on SCO, required documentation be kept on file for audit, and that field trip sponsors use MCPS Form 280-41, *Field Trip Accounting*, or its equivalent to provide complete data at the conclusion of each trip. This data must be reconciled by the secretary with remittances recorded in activity accounts.

Notice of Findings and Recommendations

- Purchaser must confirm receipt of goods or services prior to disbursement and receipts must be annotated as “paid” to indicate disbursement was made (**repeat**).
- Purchase card transactions must be properly documented, reviewed by cardholder, and approved by the principal using the online system.
- 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.
- All items available for purchase must be recorded in SCO for parents to be able to purchase online.

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 improvement, Office of School Support and Improvement, 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:BK:rg

Attachment

Copy to:

Members of the Board of Education

Dr. Taylor

Mrs. Alfonso-Windsor

Ms. McGuire

Dr. Moran

Ms. Seabrook

Dr. Redmond Jones

Mr. Reilly

Mrs. Chen

Mrs. Gomez

Mrs. Ripoli

Ms. Sosik

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN	
Report Date:	Fiscal Year:
School or Office Name:	Principal:
OSSI Associate Superintendent:	OSSI Director:
<p><u>Strategic Improvement Focus:</u></p> <p>As noted in the financial audit for the period _____, 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

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)	
<input type="checkbox"/> Approved <input type="checkbox"/> Please revise and resubmit plan by _____	
Comments: _____ _____	
Director: <u>Nicole A. Sosik</u>	Date: _____