

Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

May 30, 2025

MEMORANDUM

To: Ms. Rebecca A. Irwin Kennedy, Principal
Rosemary Hills 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 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 20, 2025, meeting with you; and Ms. Kishna D. Ricks, school administrative secretary (secretary), we reviewed the prior audit report dated April 29, 2022, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2022, and Ms. Ricks' assignment as secretary was effective August 9, 2022. As a new principal the prior audit results were reviewed with you on November 3, 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

The monthly bank statement shall be delivered directly to the principal for review of the statement, the cleared checks, and other documents. If the statement is not mailed to the school then the principal should have electronic access to the bank statement and cleared checks through the

bank's online banking system in order to identify the payee on any questionable check, if check images have not been provided by the bank (refer to *MCPS Financial Manual*, chapter 20, page 9). Documents supporting the IAF reports are part of the financial records and must be maintained in the school office. Supporting documents include bank statements and copies cleared checks. In the school's action plan, they indicated that all copies of cleared checks would be included with the monthly bank statement. We noted that during the audit period, cleared checks were not included with the monthly bank statements. Check images must be printed each month and presented to the principal for review along with the bank statement.

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, prior approval was not obtained for purchases made by staff and then reimbursed to the school by the Parent Teacher Association (PTA). We also noted that the documentation supporting the purchases were not retained by the school. All purchases must be pre-approved by the principal and all documentation supporting the purchases must be attached to MCPS Form 280-54 for review. It is recommended that purchases are processed through the Hub whenever possible, to make sure they meet all MCPS requirements. Once purchases have been approved, the PTA can reimburse the school for the expenditures made by staff.

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. We found that cardholders had not always prepared their monthly statements, attached their purchase receipts, nor presented to principal for review. We also found that the principal had not approved all transactions online. We recommend that all cardholders provide the principal with a copy of the monthly statement of landscape report with corresponding receipts. In addition, we recommend that transactions be reviewed and approved timely in the online 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 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 then 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 the school's action plan, they indicated that sponsors would remit funds daily and that the secretary would deposit timely. 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 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 to the secretary 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 also noted that when fees were waived there was no MCPS Form 260-1, *Fee Waiver*, on file showing principal approval. 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. In addition, MCPS Form 260-1 must be prepared and approved by principal for all waived fees. 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 first and then be receipted in School Funds Online (SFO). 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 secretary.

Notice of Findings and Recommendations

- Monthly bank statement review must include copies of cleared checks (**repeat**).
- Purchase requests must be approved by the principal prior to procurement and reimbursement from the PTA.
- 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 eligible to participate, including volunteers and chaperones, and the secretary must reconcile funds collected with account history report (**repeat**).
- All fees being charged must be recorded in SCO and advertised to parents to pay online.
- Cash and checks (funds) collected by sponsors must be promptly remitted to the secretary and deposited in the bank timely and always by the end of the month and before each weekend or holiday (**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. Michael Zarchin for written approval of your plan. Based on the audit recommendations, Dr. Zarchin 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:AMB:rg

Attachment

Copy to:

Members of the Board of Education

Dr. Taylor

Mrs. Alfonso-Windsor

Ms. McGuire

Dr. Moran

Ms. Seabrook

Dr. Campbell

Mr. Reilly

Mrs. Chen

Mrs. Gomez

Mr. Klausling

Dr. Zarchin

Mrs. Ripoli

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: May 30, 2025	Fiscal Year: 2025
School or Office Name: Rosemary Hills Elementary School	Principal: Rebecca Irwin Kennedy
OSSI Associate Superintendent: Tamitha Campbell	OSSI Director: Mike Zarchin
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>3/1/22-3/31/25</u>, strategic improvements are required in the following business processes : purchasing card and monthly bank statement reviews, purchase requests for use of PTA stipends, field trip records, processing of funds, deposits</p>	

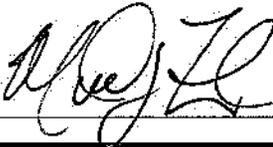
Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Sandy Spring Bank: -print monthly bank statements, including copies of cleared checks, supporting documents/receipts to present to principal for signature	Kishna Ricks	monthly bank statements, receipts, supporting docs	by 5th of each month	RI Kennedy, by 10th of month	
JP Morgan: -print monthly statement/account landscape, supporting docs, and present to principal for signature	Kishna Ricks	monthly account statement, supporting docs	by 5th of month	RI Kennedy, by 10th of month	
JP Morgan: -review and forward monthly transactions to principal online for approval -review transactions and approve	Kishna Ricks RI Kennedy	JP Morgan online account	by 5th of each month	RI Kennedy, by 10th of month	
PTA reimbursements: - implement new protocol; teachers submit form 280-54 to principal to request purchase, school or staff purchases, PTA reimburses	Kishna Ricks RI Kennedy	form 280-54	spreadsheet with columns for submission of form, items requested, approval by principal, amount to be reimbursed by PTA	RI Kennedy, monthly	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Field Trips: -advertise School Cash Online to parents -any cash collected and deposited daily -class roster annotated with which students have paid and form 260-1 completed for any waived fees	Kishna Ricks field trip sponsors/teacher	train on setting up SCO, clear field trip protocol for teachers		RI Kennedy, monthly	

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

Approved
 Please revise and resubmit plan by _____

Comments:

Director: 
 Date: 2-11-26