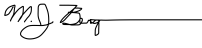


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

December 31, 2020

MEMORANDUM

To: Mrs. Rachel C. DuBois, Principal  
Bayard Rustin Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
July 1, 2018, through October 31, 2020

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 December 15, 2020, meeting with you; Mrs. Kathryn C. West, principal intern; and Mrs. Peggy E. Thompson, school administrative secretary (secretary), we reviewed our prior audit report dated August 6, 2018, and the status of present conditions. 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 the principal's approval to proceed with an intended purchase. After acquisition, the purchaser must submit the invoice or documented evidence of purchase, annotated to indicate the satisfactory receipt of the goods or services, to the secretary. Upon disbursement, the documentation is to be stamped or marked "paid" to preclude duplicate payment (refer to the *MCPS Financial Manual*,

chapter 20, page 6). In our sample of disbursements, we noted instances in which purchases were made prior to receiving the approval of the principal, invoices were not annotated by purchasers to indicate that purchased goods or services were satisfactorily received, and documentation supporting purchases were not consistently stamped or marked "paid." By requiring prior approval, the principal retains control over the expenditure of IAF. 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.

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 noted that some cardholders had not promptly reviewed their transactions in the online reconciliation program, and the principal had not reviewed and approved all transactions online as required. Our recommendation is that action be taken immediately to correct these conditions and bring purchasing card usage into conformity with the *MCPS Purchasing Card User's Guide*. We also suggest that you obtain additional training with the Internal Audit Unit (IAU) team to eliminate outstanding transactions and institute procedures for staff to comply with MCPS purchase card requirements.

To properly control funds, all cash and checks collected by sponsors for IAF activities must be remitted promptly to the secretary. These funds must then be verified in the presence of the remitter and a receipt that is supported by MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, must be issued promptly (refer to the *MCPS Financial Manual*, chapter 7, page 4). We found instances in which funds were held by sponsors rather than being remitted on a daily basis to the secretary and they were not always promptly deposited into the school's bank account. To minimize the risk of loss and provide availability of funds to meet school needs, all funds collected must be remitted daily to the secretary for prompt deposit.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips, and Student Organization Trips*. 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 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. We found that not all sponsors are providing completed data at the conclusion of each trip and that data is not being compared to the final account history report. All sponsors are required to submit MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and follow the procedures outlined above. This data must be reconciled by the secretary with remittances recorded in activity accounts (refer to the *MCPS Financial Manual*, chapter 20, page 10).

- Purchase requests must be approved by the principal prior to procurement.
- Purchaser must confirm receipt of goods or services prior to disbursement.
- Purchase invoices must be annotated as “paid” to indicate disbursement was made.
- Purchase card activity must comply with the MCPS *Purchasing Card User’s Guide*.
- Remitted funds must be promptly verified, receipted, and deposited in the bank by the secretary.
- Field trip records that are prepared by sponsors must provide comprehensive data to account for all students eligible to participate and to reconcile funds collected.

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 form, 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. Peter O. Moran, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools. Based on the audit recommendations, Dr. Moran 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:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Ms. Stratman

Dr. Wilson

Mrs. Williams

Mrs. Dyson

Mrs. Camp

Mrs. Chen

Mr. Marella

Dr. Moran

Mr. Reilly

Mr. Tallur

Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> December 31, 2020	<b>Fiscal Year:</b> December 31, 2020 FY2021
<b>School:</b> -- Choose One -- Bayard Rustin ES - 346 <input type="button" value="v"/>	<b>Principal:</b> Mrs. Rachel DuBois
<b>OTLS Associate Superintendent:</b> Dr Cheryl Dyson	<b>OTLS Director:</b> Dr. Peter Moran
<b>Strategic Improvement Focus:</b> As noted in the financial audit for the period <u>7/1//18-10/31/20</u> , strategic improvements are required in the following business processes :	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Form 280-54 will be prepared and signed by both requesting staff and the principal. Principal will ensure detailed documentation/rationale of the purchase is attached to the request prior to signing. Invoices for the purchases will be signed and dated by the receiver. The receiver will annotate the receipt of goods/services. Secretary will mark the documentation as PAID.	Rachel DuBois Kathryn West Peggy Thompson	MCPS Form 280-54  MCPS Financial Manual	Completed 280-54 forms and bank statements.	Monthly review of all MCPS forms 280-54	Monthly financial review log.
P-Card will be reconciled by cardholder by the 5th business day of month. Statements, receipts and invoices will be printed and provided to the principal. Principal will review and approve all cardholder transactions by the 10th business day	Rachel DuBois Kathryn West Peggy Thompson	JP Morgan training materials MCPS Financial Manual	Monthly checklist  Online JP morgan reports	Monthly Review	JP Morgan Reports  Completed financial checklists
All money collected by sponsors must be given to the secretary the day the sponsors collect any type of funds. Funds must be verified by remitter and a receipt that is supported by MCPS Form 280-34 must be issued.	Rachel DuBois Kathryn West Peggy Thompson	MCPS Form 280-34 Sponsor reports Bank deposit statements	Bank deposit statements  Sponsor reports	Monthly meeting with the principal and administrative secretary to review all financial documents.	Receipts of submitted funds and bank deposit statements
Sponsors of field trips must have data to reconcile funds. This should include a complete roster of student names, amount each student paid, date paid, eligible students who did not participate in the trip, and students who received waivers, scholarships, or reduced fees. Also included should be a list of chaperones and volunteers.	Rachel DuBois Kathryn West Peggy Thompson	MCPS Regulation IPD-RA MCPS Financial Manual	Field Trip Sponsor Checklist  Field Trip Completion Report	Monthly meeting with the principal and administrative secretary to review all field trip information	Completion reports.

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

OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL	
<input checked="" type="checkbox"/> <b>Approved</b>	<input type="checkbox"/> <b>Please revise and resubmit plan by</b> _____
Comments: _____	
Director: <u>  <i>Peter O. Moran</i>  </u> <small>OVZ</small>	Date: <u>  01/14/21  </u>