


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

October 14, 2024

MEMORANDUM

To: Mrs. Zoraida E. Brown, Principal
Sargent Shriver Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
April 01, 2022, through May 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 September 23, 2024, meeting with you; Ms. Carina Y. Barrios, school administrative secretary (secretary); and Ms. Monika C. Roberts, school visiting bookkeeper, we reviewed the prior audit report dated May 27, 2022, and the status of the present conditions. It should be noted that Ms. Barrios' assignment as secretary was effective August 16, 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

Documents supporting the IAF reports are part of the financial records and must be maintained in the school office and filed logically to be readily available for audit or other purposes. IAF records shall be retained for five years after the close of the year to which they apply and until all audit requirements have been met, whichever is longer, and then destroyed (refer to the *MCPS Financial Manual*, chapter 20, page 16). Our review disclosed that financial records were misfiled and not all were available for review, such as bank statements, cleared checks, bank reconciliations, and

year-to-date reports. We recommend that IAF records be properly filed and retained to be available for audit.

Sponsors of school activities that involve the collection or disbursement of IAF must be provided an account history report for each month in which transactions have been recorded in their account or the account has a balance. We found that this essential internal control procedure was not always being used and there was not a clear process to identify which sponsor had returned their reports. We recommend that sponsors be given a monthly account history report of their accounts and be required to verify that all transactions affecting the account have been correctly recorded. After any discrepancies are resolved, the reports must be signed and dated by the sponsor to attest to their accuracy. These reports will then be returned to the secretary who will file them for review by the Internal Audit Unit. A procedure must be established to ensure that all reports are reviewed and returned each month (refer to the *MCPS Financial Manual*, chapter 20, page 10).

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 your action plan, you stated that the principal will approve all purchasing requests prior to procurement, and that the purchaser will confirm receipt of goods and services prior to disbursement. In our sample of disbursements, we found that prior approval was not consistently obtained, purchases were not always stamped or marked “paid”, and invoices and online purchase confirmations were not always signed 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. We also 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 signed/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 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. In your action plan, you stated that the principal, assistant principal, and administrative secretary will use their purchasing cards in compliance with the *MCPS Purchasing Card User’s Guide*. We found that some cardholders had not prepared their monthly statements, provided descriptions of items purchased, indicated IAF account numbers when required, nor attached their purchase receipts. We also noted that the principal had approved transactions in the

online system prior to receiving the monthly statement of account landscape report with purchase receipts and invoices attached. We recommend that all cardholders provide the approver with a copy of the monthly statement of landscape report with corresponding receipts. In addition, we recommend that transactions are never approved in the online system without first reviewing the statement of account landscape with corresponding receipts attached.

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 recommend that all sponsors be required to use MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and this data be reconciled by the secretary with remittances recorded in activity accounts. The use of School Cash Online (SCO) to record all payments will greatly improve the ability to reconcile all field trips and track which students have paid, were waived, or did not attend.

Notice of Findings and Recommendations

- IAF must be managed in accordance with effective internal control procedures that include safeguarding of financial records until required audits are completed.
- Monthly account history reports must be provided to sponsors for affirmation of transaction correctness and returned to the secretary.
- Purchase requests must be approved by the principal prior to procurement (**repeat**).
- Purchase invoices and receipts must be annotated as paid to indicate disbursement was made, and purchaser must confirm receipt of goods or services prior to disbursement (**repeat**).
- Purchase card activity must comply with the *MCPS Purchasing Card User's Guide* (**repeat**).
- 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 account history reports.

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 Rubens, 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 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:YSG:rg

Attachment

Copy to:

Members of the Board of Education

Dr. Taylor

Ms. Alfonso-Windsor

Ms. Dempsey

Ms. McGuire

Dr. Moran

Mrs. Williams

Mr. McGee

Mr. Reilly

Mrs. Chen

Mr. Klausling

Mrs. Ripoli

Dr. Rubens

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: October 14, 2024	Fiscal Year: October 17, 2024 - FY25
School or Office Name: Sargent Shriver Elementary School	Principal: Zoraida Brown
OSSI Associate Superintendent: Sean McGee	OSSI Director: Dr. Joe Rubens, Jr.

Strategic Improvement Focus:

As noted in the financial audit for the period 4/1/22 - 5/31/24, strategic improvements are required in the following business processes :
 (1) Financial Reports and Internal Controls, (2) Disbursements, (3) Purchasing Cards, & (4) Field Trips

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
* The secretary will organize IAF records correctly and keep IAF records to facilitate upcoming audits.	Carina Barrios	MCPS Financial Manual: Chapter 20, page 16	File records properly	Carina Barrios	All IAF records will be properly filed and retained for future audits.
* Sponsors will given a monthly account history report of their accounts and be required to verify that all transactions affecting the account have been correctly recorded.	Carina Barrios Sponsors	MCPS Financial Manual: Chapter 20, page 10	Account History Reports	Carina Barrios Sponsors	Sponsors will sign & date the account history reports to attest to their accuracy. The secretary will fill the account history reports for the Internal Audit Unit.
* The principal will approve all purchasing requests prior to procurement,	Zoraida Brown Carina Barrios	MCPS Financial Manual: Chapter 20, page 4	IAF Request for a Purchase (280-54)	Zoraida Brown Carina Barrios Purchasers	All disbursement procedures of the IAF will be correctly followed.
* The purchaser will confirm receipt of goods and services prior to disbursement. * The administrative secretary will mark purchase invoices as "paid" to show disbursement was made.	Carina Barrios Purchasers	MCPS Financial Manual: Chapter 20, page 4	* Support documents marked as paid. *Purchases received are verified as complete. *Invoice marked received & signed/dated.	Carina Barrios Purchasers	All disbursement procedures of the IAF will be correctly followed.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
* All cardholders will provide the approver with a copy of the monthly statement of landscape report with corresponding receipts. The principal will only approve transactions in the online system after first reviewing the statement of account landscape with the corresponding receipts attached.	Zoraida Brown Dennis Heidler Carina Barrios	MCPS Purchasing Card User's Guide	Monthly Statements, Description of Items Purchased, IAF Account Number, Purchase Receipts/Reconciliation Program	Zoraida Brown Dennis Heidler Carina Barrios	All monthly transactions align with the MCPS Purchasing Card User's Guide.
* All teachers must utilize MCPS Form 280-41, Field Trip Accounting, or a similar form. * The administrative secretary will then reconcile this data and include the remittances noted in the activity accounts.	Carina Barrios Teachers	MCPS Financial Manual: Chapter 20, page 10	Field Trip Accounting Form (280-41)	Carina Barrios Teachers	Teachers will complete all field trip forms and the administrative secretary will reconcile the data and include remittances noted in the activity accounts.

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

Approved Please revise and resubmit plan by _____

Comments:

Director: _____ Date: 1/2/25



October 16, 2024

Internal Audit Unit
Montgomery County Public Schools (MCPS)
Carver Educational Services Center (CESC)
850 Hungerford Drive, Room 31C
Rockville, MD 20850

RE: Audit of Independent Activity Funds (IAF) Written Response

Dear Ms. Mary J. Bergstresser,
I hope this letter finds you well.

Based on our Internal Audit of our Independent Activity Funds (IAF) findings from April 1, 2022, through May 31, 2024, I developed a Fiscal Management Action Plan to address the concerns recorded. The Plan lists the required strategic improvements and will be implemented based on the findings and recommendations from the Internal Audit.

In addition, the following steps will be planned and implemented to address the procedures and guidelines aligned in the MCPS Financial Manual, specifically Chapter 20: Independent Activity Funds:

- Financial Reports and Internal Controls
 - The administrative secretary will organize the IAF records properly and keep them to support upcoming audits.
 - The sponsors will receive a monthly account history report of their accounts.
 - The sponsors must verify that all transactions affecting the account have been accurately recorded.
- Disbursements
 - The principal will approve all purchasing requests before procurement.
 - The purchaser will confirm the receipt of goods and services before disbursement.
 - The administrative secretary will mark purchase invoices as "paid" to indicate that disbursement has been made.
- Purchasing Cards
 - All cardholders will provide the approver with a copy of the monthly statement of landscape report with corresponding receipts.
 - The principal will only approve transactions in the online system after first reviewing the statement of account landscape with the corresponding receipts attached.
- Field Trips
 - All teachers must use MCPS Form 280-41, Field Trip Accounting, or an equivalent form.
 - The administrative secretary will verify this information and incorporate the remittances recorded in the activity accounts.

The principal completed the School Finance Training course offered through MCPS on the Professional Development Online (PDO) website on November 18, 2022, and will enroll again in November 2025. The administrative secretary continues to complete courses to support her work.

I appreciate your support.

Respectfully,

Zoraida Brown

Zoraida Brown
Principal