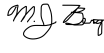


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

November 30, 2020

MEMORANDUM

To: Ms. Karen Y. Bryant, Principal
Silver Spring International Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
September 1, 2018, through August 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 November 5, 2020, virtual meeting with you and Mrs. Janis L. Smith, school financial specialist, we reviewed the prior audit report dated October 9, 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 principal approval to proceed with an intended purchase (refer to the *MCPS Financial Manual*, chapter 20, page 4). In your action plan you indicated that all purchases would be pre-approved by you or a designee. In our sample of disbursements, we found prior approval was not consistently obtained. By requiring prior approval, the principal retains control over the expenditure of IAF

funds. We recommend that MCPS Form 280-54 be prepared by staff with an estimate of expected expenditures and signed by the principal at the time verbal approval is sought. Certain sponsors would benefit from having an annual budget detailing expected income and expenses and obtaining principal approval at the beginning of the school year. These budgets should be monitored by the school's financial agent and revised if necessary.

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 cardholders' transactions and approve them by the tenth of the following month, using the online reconciliation program. In your action plan, you indicated that all cardholders would comply with MCPS purchasing card user guide. We found that some cardholders had not promptly prepared their monthly statements, provided 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.

Cash and checks collected by sponsors and others for IAF activities must be remitted promptly to the school financial specialist. These receipts must 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, pp. 4-5). In your action plan you indicated that all funds collected would be remitted to the school financial specialist timely. We found that some sponsors were holding funds collected rather than remitting them to the school financial specialist on a daily basis. To minimize the risk of loss, all funds collected should be remitted daily. We recommend that staff be required to submit cash and checks collected for IAF activities to the school financial specialist on a daily basis for prompt deposit in accordance with MCPS policy and procedures. In addition, all remittances on hand must be deposited before each weekend or holiday.

Fund raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund Raiser*. We found that there was a lack of adherence to these guidelines and that not all sponsors were preparing fundraiser request forms to obtain principal approval prior to the start of an activity. We also noted that sponsors were not submitting a completion report when the fundraiser was finalized. Following these internal control procedures provides for accountability of funds raised, as well as the opportunity to evaluate the results at the conclusion of the event. Each fund-raiser must be approved by the principal in writing and the approval retained in the school office. Financial activities for each fund raising activity should be recorded in a separate account in the 7000 series and a completion report prepared that analyzes the results (refer to the *MCPS Financial Manual*, chapter 20, page 13).

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, should be provided to the school financial specialist 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). In your action plan, you indicated that sponsors would complete MCPS Form 280-41, *Field Trip Accounting*, to document and maintain proper accounting of field trips, and trips would be reconciled upon completion. 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. We recommend trip sponsors use MCPS Form 280-41, or its equivalent, and provide complete data at the conclusion of each trip. This data must be reconciled with remittances recorded in activity accounts.

Notice of Findings and Recommendations

- Purchase requests must be approved by the principal prior to procurement (**repeat**).
- Purchase card activity must comply with the MCPS Purchasing Card User's Guide (**repeat**).
- Funds collected by sponsors must be promptly remitted to the school financial specialist (**repeat**).
- Fund-raising must conform to Guidelines for Sponsoring an IAF Fund Raiser.
- Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate, and to reconcile funds collected with costs of the trip (**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 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 Mrs. Jennifer L. Webster, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools. Based on the audit recommendations, Mrs. Webster 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 school financial specialist to support you with developing a well-defined plan to address the findings.

MJB:RCM:lsh

Attachment

Copy to:

Members of the Board of Education
Dr. Smith
Dr. McKnight
Ms. Stratman
Mrs. Williams
Dr. Wilson
Mrs. Morris

Mrs. Camp
Mrs. Chen
Mr. Marella
Mr. Tallur
Mrs. Webster
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: November 30, 2021

Fiscal Year: 2021

School: Silver Spring International MS - 647

Principal: Karen Bryant

OTLS

OTLS

Associate Superintendent: Diane D. Morris

Director: Jennifer L. Webster

Strategic Improvement Focus:

As noted in the financial audit for the period 09/01/2018 through 08/31/2020, strategic improvements are required in the following business processes:

- Purchase requests must be approved by the principal prior to procurement.
- Purchase card activity must comply with the MCPS Purchasing Card User's Guide.
- Funds collected by sponsors must be promptly remitted to the school financial specialist.
- Fundraising must conform to Guidelines for Sponsoring an IAF Fundraiser.
- Field Trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate, and to reconcile funds collected with costs of the trip.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools/ Data Points	Monitoring: Who & When	Results/Evidence
<p>Purchase requests must be approved by the principal prior to procurement. Approval will be in writing and filed with expense documentation (invoice and/or receipt). MCPS Form 280-54 will be prepared by requesting staff and signed by the SFS and the principal prior to purchase. Email requests for purchase and approvals will be followed-up with completion of form 280-54 as soon as possible. All documentation will be filed together. Certain sponsors will prepare a spending plan detailing expected income and expenses at the start of each school year. Spending plans will</p>	<p>Staff</p> <p>SFS</p> <p>Principal</p>	<p>Training</p> <p>Pro Forma Spending Plan</p> <p>MCPS Form 280-54</p> <p>Response to noncompliance will be an escalated series of consequences</p>	<p>Staff/Sponsor Training with emphasis on completion of required paperwork and approvals prior to purchase.</p> <p>Information regarding purchases and requirements is</p>	<p>SFS will conduct training in August and January, and in between as needed.</p> <p>Staff will obtain approval for purchases from Content Specialists before</p>	<p>Spending plans are created at the beginning of each semester by sponsors, as required, and monitored by SFS.</p> <p>Appropriate documentation attached to</p>

<p>be submitted to the School Financial Specialist (SFS) and approved by the Principal. Plans will be monitored by the SFS and revised if necessary.</p>		<p>ranging from a verbal warning to cancellation of the activity.</p>	<p>available on school staff shared drive, along with form 280-54.</p> <p>Training is provided by SFS to all staff during pre-service week and as needed for new staff.</p>	<p>completing Form 280-54 for Principal approval.</p> <p>SFS will verify that appropriate documentation has been completed prior to paying invoices, and will file all documents together monthly.</p>	<p>receipts and/or check stubs.</p>
<p>Purchase card activity must comply with MCPS Purchasing Card User’s Guide. Cardholders must use the JPMorgan 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.</p>	<p>P-Card Holders</p> <p>SFS</p> <p>Principal</p>	<p>Refresher training on P-Card monthly review requirements</p> <p>Response to noncompliance will be an escalated series of consequences ranging from a verbal warning to cancellation of the activity.</p>	<p>SFS will repeat online training annually and train other P-Card holders at the beginning of each semester or as needed.</p> <p>SFS and Principal will use MCPS checklists for purchasers and approvers to complete monthly requirements.</p> <p>SFS will review outstanding</p>	<p>P-Card holders will review all transactions online by the fifth business day of each month.</p> <p>Principal will approve all transactions online by the tenth business day of each month.</p> <p>SFS will collect card users’ monthly</p>	<p>Backlog of unreviewed and unapproved transactions no longer exists.</p> <p>Ongoing activity is reviewed and approved within required timeframes.</p>

			<p>transactions from prior timeframes and previous SFS.</p> <p>SFS will provide all P-Card holders with links to training and procedures.</p>	<p>reports, verify that receipts are attached and obtain Principal's signature.</p>	
<p>Funds collected by sponsors must be promptly remitted to the SFS. All funds collected should be remitted daily. Staff is required to submit cash and checks collected for IAF activities to the school financial specialist on a daily basis for prompt deposit in accordance with MCPS policy and procedures. In addition, all remittances on hand must be secured in the school safe and deposited daily when received early enough, but in all cases, at month-end or before each weekend or holiday.</p>	<p>Sponsors</p> <p>SFS</p> <p>Principal</p>	<p>Training will be provided to all sponsors prior to approval of any activity for which funds will be collected.</p> <p>Response to noncompliance will be an escalated series of consequences ranging from a verbal warning to cancellation of the activity.</p>	<p>SFS will communicate rules to staff each quarter and ongoing. SFS will immediately address any concerns with staff member and report to Principal.</p> <p>Principal and SFS will discuss status during each weekly meeting.</p>	<p>SFS (at each collection event)</p> <p>Principal (during weekly meetings with SFS)</p>	<p>Collected funds will be submitted to the SFS daily.</p> <p>Collected funds will be receipted and deposited promptly, in accordance with MCPS policies.</p>
<p>Fundraising must conform to <i>Guidelines for Sponsoring an Independent Activity Fund Fundraiser</i>. Fundraiser Request Forms must be completed by sponsors and preapproved by the principal. Funds collected must be promptly remitted to the SFS. Financial activities for each fundraising activity should</p>	<p>Sponsors</p> <p>SFS</p> <p>Principal</p>	<p>Training for all staff will be conducted during pre-service week.</p>	<p>SFS will communicate rules to staff person(s) sponsoring the fundraising activity. SFS will immediately</p>	<p>SFS (at each collection event)</p> <p>Principal (during weekly</p>	<p>All fundraisers will be preapproved.</p> <p>Collected funds will be submitted to the SFS daily</p>

<p>be recorded in a separate account and a completion report that analyzes the results must be prepared by the sponsor and submitted to the SFS.</p>		<p>Forms/Templates for reporting and analysis</p> <p>Response to noncompliance will be an escalated series of consequences ranging from a verbal warning to cancellation of the activity.</p>	<p>address any concerns with staff member and report concerns to Principal.</p> <p>Principal will discuss status with SFS on a regular basis during weekly meetings.</p>	<p>meetings with SFS)</p>	<p>and deposited promptly.</p> <p>Fundraiser completion report and analysis will be done for each activity.</p>
<p>Field Trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate, and to reconcile funds collected with the cost of the trip. Sponsors of field trips must complete a Field Trip Approval package and submit all required documentation to the SFS, who obtain Principal approval. Sponsors 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, should be provided to the SFS at the completion of each trip, and compared to remittances recorded in the trip account history report.</p>	<p>Sponsors</p> <p>SFS</p> <p>Principal</p>	<p>Training</p> <p>Forms/Templates for reporting and analysis.</p> <p>Response to noncompliance will be an escalated series of consequences ranging from a verbal warning to cancellation of the activity.</p>	<p>SFS will provide training during pre-service week.</p> <p>SFS will review process with staff person(s) sponsoring a trip prior to submission of Approval Package.</p> <p>SFS will promptly report and issues or concerns to the Principal.</p> <p>Principal will discuss status with SFS on a regular</p>	<p>SFS (for pre-approval, at each funds collection event, and at completion of trip).</p> <p>Principal (for pre-approval, during weekly meetings with SFS, and upon completion).</p>	<p>Field Trip Approval Package, containing all required information, will be submitted to SFS for completion of approval process prior to scheduling or announcing the trip.</p> <p>Sponsor will prepare and maintain all required information and submit to SFS</p>

			basis during weekly meetings.		after each field trip. SFS will reconcile sponsor's remittance records to trip account history in SFO.
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Approved 1 / 4 /21

Jennifer L. Webster

Jennifer L. Webster, Director

Office of Teaching, Learning and Schools