


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

March 5, 2024

MEMORANDUM

To: Mr. Patrick H. Bilock, Acting 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
July 1, 2022, through November 30, 2023

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 February 2, 2024, meeting with you and Ms. Sarah M. Ford, school financial specialist, we reviewed the prior audit report dated July 20, 2022, and the status of present conditions. It should be noted that your appointment as acting principal was effective July 5, 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

Sponsors of school activities which 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 accounts, or there is an account balance, and be required to verify that transactions have been correctly recorded. In the prior principal's action plan it was noted that the school financial specialist would provide reports and communicate requirements to sponsors. We noted that the school financial specialist did not provide account history reports to the sponsors prior to July 2023. The school financial specialist must prepare and deliver the monthly account history reports to the sponsors, and sponsors must

review and resolve any discrepancies in their accounts and return the signed statements to the school financial specialist who will file them for review by the Internal Audit Unit (refer to the *MCPS Financial Manual*, chapter 20, page 9).

Internal control is a process of interconnected policies, regulations, and procedures, as well as employees' attitudes and actions that work together to provide a system of checks and balances to achieve proper authorization of expenditures and safeguarding of assets. The principal is the individual who has the overall fiduciary responsibility for the IAF (refer to the *MCPS Financial Manual*, chapter 20, page 4). We noted untimely recording of Automatic Clearing House (ACH) electronic deposits. You must initiate a monitoring process to enforce IAF policies, regulations, and procedures in order to promote timely and accurate recording of financial transactions. We further recommend that all electronic payments be posted when the school is notified of the transaction in order to maintain the integrity of the IAF account balances.

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. 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, prior to advertising activity, and the approval must be retained in the school office. Financial activities for each fund-raiser must be recorded in a separate account in the 7000 series and a completion report must be 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 must 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). 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 that all sponsors be required to use MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and follow the procedures outlined above. This data must be reconciled by the school financial specialist with remittances recorded in activity accounts.

Notice of Findings and Recommendations

- Monthly account history reports must be provided to sponsors for affirmation of transaction correctness and returned to the financial agent (**repeat**).
- ACH transactions must be posted in School Funds Online (SFO) timely.
- Fund-raisers must be approved by the principal prior to advertising or conducting the activity, and completion reports must be prepared to analyze the results.
- Fund-raisers must be recorded in the 7000 series of SFO chart of accounts.

- Field trip records prepared by sponsors must provide comprehensive data to account for all eligible to participate, including volunteers and chaperones, and school financial specialist must reconcile funds collected with account history report

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 Mr. Sean P. McGee, Acting Associate Superintendent of School Support and Well-Being, for written approval of your plan. Based on the audit recommendations, Mr. McGee 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 school financial specialist to support you with developing a well-defined plan to address the findings.

MJB:YSG:rg

Copy to:

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FINANCIAL MANAGEMENT ACTION PLAN

Report Date: March 5, 2024	Fiscal Year: SY2024
School or Office Name: Silver Spring International MS	Principal: Patrick Bilock
OSSWB Associate Superintendent: Sean McGee	OSSWB Director: N/A
<p><u>Strategic Improvement Focus:</u></p> <p>As noted in the financial audit for the period <u>July 1, 2022 - November 30, 2023</u>, strategic improvements are required in the following business processes :</p> <ul style="list-style-type: none"> ● Monthly account history reports must be provided to sponsors for affirmation of transaction correctness and returned to the financial agent (repeat). ● ACH transactions must be posted in School Funds Online (SFO) timely. ● Fund-raisers must be approved by the principal prior to advertising or conducting the activity, and completion reports must be prepared to analyze the results. ● Fund-raisers must be recorded in the 7000 series of SFO chart of accounts. ● Field trip records prepared by sponsors must provide comprehensive data to account for all eligible to participate, including volunteers and chaperones, and school financial specialist must reconcile funds collected with account history report. 	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
<p>Monthly account history reports must be provided to sponsors for affirmation of transactions correctness and returned to the financial agent. Account history reports will be both printed and saved to Account History file on my document drive. Account history will be placed in sponsors mailbox in the beginning of the month for prior months history accounting. Sponsors will be emailed to let them know that they have been placed in their mailbox, and they need to be looked at and signed, and put back in my mailbox. Follow up email will be sent the following week for those that have not signed and given them back. Two weeks after they have been placed in</p>	<p>Sponsors</p> <p>SFS</p>	<p>Email</p> <p>Communication</p>	<p>Principal will discuss status with SFS on a regular basis during weekly meetings.</p>	<p>SFS every week with Sponsors.</p> <p>Principal on a bi-weekly basis at Financial Meetings</p>	<p>All Account History Reports will be signed and scanned into Account History SYXX folder on SFS document drive.</p>

<p>mailbox SFS will track down sponsor and give them a new sheet for them to look at and sign. Once all Account History Reports have been signed SFS will scan and put signed copy in Account History on SFS document drive</p>					
<p>ACH transactions must be posted in School Funds Online (SFO) timely. SFS will post ACH transactions based on when SFS received the email on the ACH transaction vs when the bank shows that the ACH transaction actually occurs</p>	<p>SFS Bank Reconciler Principal</p>	<p>End Of Month documentation and Reconciling files Training</p>	<p>When Bank Reconciler is reconciling monthly bank statements they will make sure that dates of ACH transaction occur based on email given vs when the bank says it happens.</p>	<p>Reconciler Principal</p>	<p>All ACH transactions will be posted based on email sent by MCPS.</p>
<p>Fund-raisers must be approved by the principal prior to advertising or conducting the activity, and completion reports must be prepared to analyze the results. 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 should be submitted to the SFS and approved by the Principal. Plans will be monitored by the SFS and revised if necessary. Money collected after school hours will be held by the administrator in charge until the next school day. After the fundraiser is completed the sponsor will fill out the completion report and funds will be transferred where they are supposed to go.</p>	<p>Sponsor SFS Principal</p>	<p>Training for all staff will be conducted during pre-service week</p>	<p>SFS will communicate again all rules to staff person(s) sponsoring the fundraising activity. SFS will make all forms that Sponsors need available in one folder on the shared drive by the school. SFS will also make sure that funds are being used appropriately and are needed by the activity that it is funded.</p>	<p>Sponsor(s) when filling out forms to know what is required of them. SFS at each collection event and when the activity is over Principal during weekly Financial Meetings</p>	<p>All fundraisers will be preapproved. All collected funds will be submitted daily. If funds are collected after hours the administrator in charge will hold funds until the next school day when the sponsor will pick up funds and submit them to the SFS. Copy of all receipts and purchases will be filed in the fundraiser folder.</p>
<p>Fund-raisers must be recorded in the 7000 series of SFO Chart of Accounts.</p>	<p>SFS Principal</p>	<p>End-of-Month Documentation and Reconciling Files Chart of Account</p>	<p>When going over Bank Reconciling and the Chart of Accounts during meetings. SFS and Principal will discuss current fund-raisers and note what account they are using</p>	<p>SFS will open up and use an account in the 7000 series for every fund-raiser. Principal will look and make sure that there is an account for each fundraiser in the 7000</p>	<p>All fund-raisers will be in the 7000 series.</p>


				series	
<p>Field trip records prepared by sponsors must provide comprehensive data to account for all eligible to participate, including volunteers and chaperones, and school financial specialist must reconcile funds collected with account history report. Sponsors of field trips must complete a Field Trip Approval package and submit all required documentations in a timely manner to the SFS who will then 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 the Option Ordered Report on SCO and the trip account history report of SFO.</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 make all forms that Sponsors need available in one folder on the shared drive by the school.</p>	<p>SFS will communicate again all rules to staff person(s) sponsoring the field trip activity. SFS will make all forms that Sponsors need available in one folder on the shared drive by the school SFS will make sure that all forms are filled out with an appropriate time space before the field trip happens. SFS and Principal will decide what an appropriate time space before a field trip is and will let staff know during preservice week.</p>	<p>Sponsors</p> <p>SFS</p> <p>Principal</p>	<p>Sponsors will have a checklist of the field trip process and will be able to get their requests in for approval, fill out their forms, and close out their field trips in a timely manner.</p> <p>SFS will be able to reconcile, move funds, and close out field trips with all data that is needed including Sponsor reports, Account History, Item Order Reports to fill out the Field Trip Reconciliation Form.</p>

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

Approved **Please revise and resubmit plan by** _____

Comments:

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Director:  Date: 3/12/2024