


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

October 6, 2023

MEMORANDUM

To: Ms. Linda M. Jones, Principal
Stonegate Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
September 1, 2020, through July 31, 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 September 21, 2023, meeting with you; Mrs. Anita B. Knuth, school administrative secretary (secretary), and Mrs. Barbara L. Miller, visiting bookkeeper, we reviewed the prior audit report dated October 15, 2020, 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 invoices were not annotated by purchasers to indicate that purchased goods or services were satisfactorily received. We recommend 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 sign/dated by the recipient. Requiring invoices to be marked “received” ensures that goods or services have been satisfactorily received prior to payment.

In order to properly control receipts, cash and checks collected by sponsors for IAF activities must be remitted promptly and intact to the secretary along with a 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 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 event funds cannot be verified immediately upon remittance, the remitter will seal the funds in an envelope in such a manner that tampering will be evident, and give the sealed envelope to an administrator to secure in the business office safe. Verification of these funds must be conducted in the presence of the remitter or another staff member by the next business day. In our sample of receipts, 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 assurance that available funds will be fully utilized to meet school needs, all funds collected must be remitted daily to the secretary. 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.

Notice of Findings and Recommendations

- Purchaser must confirm receipt of goods or services prior to disbursement.
- Cash and checks (funds) collected by sponsors must be promptly remitted to the secretary and deposited in the bank timely and always by end of the month and before each weekend or holiday.

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 Mrs. Jewel A. Sanders, director of school support and well-being, Office of School Support and Well-Being, for written approval of your plan. Based on the audit recommendations, Mrs. Sanders 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 administrative 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. McKnight

Mr. Hull

Dr. Murphy

Ms. Morris

Mr. Stockton

Mrs. Williams

Dr. Redmond Jones

Mr. Reilly

Mrs. Chen

Ms. Eader

Mr. Klausing

Mrs. Ripoli

Mrs. Sanders

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 11/1/23	Fiscal Year: 11/1/23
School: Stonegate ES - 316	Principal: Linda M. Jones
OSSWB Associate Superintendent: Acting Ms. Lance Dempsey	OSSWB Director: Jewel Sanders

Strategic Improvement Focus:
 As noted in the financial audit for the period FY21-FY23, strategic improvements are required in the following business processes :

1) Purchaser must confirm receipt of goods or services prior to disbursement and 2) Cash and checks (funds) collected by sponsors must be promptly remitted to the secretary and deposited in the bank timely and always by end of the month and before each weekend

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
1) Purchaser must confirm receipt of goods or services prior to disbursement.	Anita Knuth Tammy Dietmeier (Media) Mario Rivera (BSW)	Receipt stamp	Receipt stamp JP Morgan landscape report MCPS hold report files for ordering	Anita Knuth Tammy Dietmeier (Media) Mario Rivera (BSW) Staff who receive	The packing slip was signed upon receiving the goods and stamped with the date, then entered in the Business Hub
2) Cash and checks collected by sponsors must be promptly remitted to the secretary and deposited in the bank timely and always by end of the month and before each weekend	all staff, especially homeroom teachers, Anita Knuth	remittance slips, training, Quiet space, access to SFO, coverage to get to bank	deposits review of field trip and class collection dates, receive funds earlier in the day; check classrooms before 2 pm if funds not received	Anita Knuth Review of incoming funds; conduct training during staff meeting	The date the money was collected from the teacher's deposit slip is the same as the date on the bank deposit slip.

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

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

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

Comments:

Director: _____ Date: _____