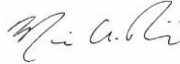


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

July 14, 2025

MEMORANDUM

To: Mr. Matthew D. Hawkins, Principal
Viers Mill Elementary School

From: Melvin A. Phillips, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Independent Activity Funds for the Period
February 1, 2022, through April 30, 2025

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 June 26, 2025, meeting with you and Mrs. Laurie A. Schmidt, school administrative secretary (secretary), we reviewed the prior audit report dated March 08, 2022, and the status of the 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

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 many financial records were misfiled and not available for reviews, such as transfers, sponsors' account history reports, voided checks, bank

deposit slips, disbursements, receipts, and field trips approvals. 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 this essential internal control procedure was not being used. We recommend that sponsors be given a monthly statement of their accounts and be required to verify that all transactions affecting the account have been correctly recorded. After any discrepancies are resolved, the statements must be signed and dated by the sponsor to attest to their accuracy. A procedure should be established to ensure that all statements are reviewed and returned (refer to the *MCPS Financial Manual*, chapter 20, page 10).

Invoices for goods or services must be signed by the purchaser to indicate satisfactory receipt. In our sample of disbursements, invoices and online purchase confirmations were not signed by the receiver to indicate goods or services were received, and that payment could be processed. Purchasers must sign invoices to indicate satisfactory receipt of goods or services prior to payments being processed. We recommend that 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” insures that goods or services have been satisfactorily received prior to payment. We also found instances where documentation supporting a purchase was not always adequate. We recommend that all staff members provide adequate documentation to support payment such as an original receipt or invoice.

Use of the MCPS purchasing card must be in accordance with the requirements of the *MCPS Purchasing Card Users 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 tenth of the following month, using the online reconciliation program. We found that the secretary had not promptly prepared her monthly statements and attached their purchase receipts. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Controls over cash receipts need improvement. The secretary was not always making timely deposits and was holding money in excess of permitted amounts. Infrequent deposits increase the possibility of a loss of funds, diminish the school’s ability to fund activities, and are contrary to the MCPS Financial Manual. To minimize the risk of loss and provide assurance that available funds will be fully utilized to meet school needs, all funds collected should be remitted to the administrative secretary daily (refer to the *MCPS Financial Manual*, Chapter 7, page 4). In addition, all remittances on hand must be deposited before each weekend or holiday.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips and Student Organization Trips*. Trip approval forms, signed by the

principal, must contain all expense information, any subsidy information, and the field trip cost to be charged per student. Sponsors of field trips must have a complete class or club roster of student names to annotate the amount each student paid, the 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 (refer to the *MCPS Financial Manual*, chapter 20, page 10). A School Cash Online (SCO) item attachment report may replace the field trip accounting sheet as long as all eligible students have data entered such as paid, waived, scholarship or did not attend. This report must be reviewed and initialed by the sponsors. We found that not all field trip documentation was on file, not all field trip request approvals were found, not all sponsors were providing completed data at the conclusion of each trip, and that data was not being reconciled to the final account history report. In addition, SCO was not properly maintained to report all payments received at the school. We recommend that all trips be made available for payment on SCO, that required documentation be kept on file for audit, and that field trip sponsors use MCPS Form 280-41, *Field Trip Accounting*, or its equivalent to provide complete data at the conclusion of each trip. This data must be reconciled by the secretary with remittances recorded in activity accounts.

Notice of Findings and Recommendations

- The IAF must be managed in accordance with sound accounting practices and effective internal controls that include safeguarding 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.
- Purchaser must confirm receipt of goods or services prior to disbursement and invoices **(repeat)**.
- Purchase documentation must be adequate to support disbursements.
- Statement of account landscape report must be printed and provided to the principal with all purchase receipts and invoices for purchasing cards
- Cash and checks (funds) remitted by sponsors must be promptly receipted and deposited in the bank by the school administrative secretary **(repeat)**.
- Field trip request for approval forms must be signed and dated by the principal and retained on file.
- Field trip records prepared by sponsors must provide comprehensive data to account for all eligible to participate, including volunteers and chaperones, and to 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 Dr. Joe L. Rubens Jr, director, Division of School Leadership and Improvement, for written approval of your plan. Based on the audit recommendations, Dr. Rubens Jr 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 administrative secretary to support you with developing a well-defined plan to address the findings.

MAP:YSG:rg

Attachment

Copy to:

Members of the Board of Education

Dr. Taylor

Mrs. Alfonso-Windsor

Ms. McGuire

Dr. Moran

Ms. Seabrook

Mr. Francois

Mr. McGee

Mrs. Chen

Mrs. Ripoli

Dr. Rubens

Mr. Santos Rodriguez

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: July 14, 2025	Fiscal Year: 2026
School or Office Name: Viers Mill Elementary School	Principal: Mr. Matthew Hawkins
OSSI Associate Superintendent: Mr. Sean McGee	OSSI Director: Dr. Joe Rubens

Strategic Improvement Focus:
 As noted in the financial audit for the period 2/1/22 - 4/30/25, strategic improvements are required in the following business processes :
 Receiving, Cash Receipts, Record Filing, Invoices and Itemized Receipts, Purchasing Cards, and Field Trips.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Receiving: Receiver must initial and mark "rec'd" on invoice/packing slip to document items purchased are satisfactorily received.	Administrative Secretary (AS)	MCPS Business Center Checklists	MCPS Form 280-54 Accompanying receipts and packing slips	Principal or Assistant Principal: ongoing AS: ongoing	All purchase requests will have correct documentation. Packing slips will be maintained.
Cash Receipts: Sponsors must remit funds collected to administrative secretary on the same day. All funds over \$250, all funds on Friday, those before holiday and end of the month are taken to bank for deposit. AS will post all cash receipts prior to bank deposit and document late remittances and leaves on Form 280-34.	AS Sponsors	MCPS Financial Manual	MCPS Form 280-34 Clarify sponsor responsibilities during preservice week and provide monthly e-mail reminders.	AS: ongoing Sponsors: ongoing	All funds collected will follow remittance procedures and adhere to noted timelines.
Record Filing: AS will file records (e.g., approved field trip requests/calculators, sponsor reports, P-card invoices/receipts, etc.) in a logical manner and retain IAF records in accordance to Chapter 20 of the MCPS Financial Manual.	AS	MCPS Financial Manual	Monthly meetings between AS and administration to review location and contents of records	Principal or Assistant Principal: ongoing AS: ongoing	All records will be organized in a secure, logical manner. Google Drive folders will be organized by grade level team.
Invoices and Itemized Receipts: Detailed invoices and itemized receipts will be collected as part of our disbursement procedures.	AS	MCPS Procurement Handbook	Review of invoices and itemized receipts during monthly meetings between AS and administration	Principal or Assistant Principal: ongoing AS: ongoing	All payments and disbursements will have correct documentation (e.g., invoice, itemized receipt).

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Purchasing Cards: Statement of Account Landscape Report (including original receipts/invoices) will be provided to the Principal for approval by the 5th business day of the month.	AS Principal	MCPS P-Card Checklists and User Guide	Ensure report/documentation is included prior to approval	AS: monthly Principal: monthly	Principal will be able to approve transactions by the 10th of the month after reviewing report/documentation.
Field Trips: Field trip sponsors will complete and submit field trip request forms, calculators, reconciliation forms, and accounting forms. AS will provide SCO reports, maintain forms/paperwork, and ensure the field trip is reconciled. Preservice training will be provided.	Field Trip Sponsor AS	Field Trip Guidelines Resources List in the MCPS Business Center	Checklist for Field Trip Sponsors that AS refers to Google Drive folders will include documentation	Field Trip Sponsor and AS: Prior to and after field trip	All field trips will include the required forms/documentation prior to and after each trip. Field trips will be reconciled with paperwork filed correctly.

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

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)	
<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments:	
Director: <u> <i>J. J. F.</i> </u>	Date: <u>8/15/25</u>