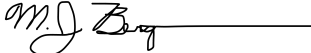


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

November 12, 2021

MEMORANDUM

To: Mrs. Brooke L. Simon, Acting Principal  
Watkins Mill Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
September 1, 2019, through September 30, 2021

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 fund-raisers. 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 4, 2021, meeting with you; Ms. Mindy D. Tringone, assistant principal; Mrs. Leshia M. Murray, school administrative secretary (secretary); and Mrs. Monika C. Roberts, visiting bookkeeper; we reviewed the prior audit report dated December 5, 2019, and the status of present conditions. It should be noted that your appointment as acting principal was effective August 11, 2021. 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

The monthly bank statement must be delivered directly to the principal for review of the statements, canceled checks, and other documents. The principal should have electronic access to the cleared checks through the bank's online banking system in order to identify the payee on any

questionable checks if check images have not been provided by the bank (refer to the *MCPS Financial Manual*, chapter 20, page 9). Documents supporting the IAF reports are part of the financial records and must be maintained in the school office. Supporting documents include bank statements and canceled checks. We noted that during the audit period, the school did not have copies of canceled checks from the bank, which prevented us from reviewing checks written during the audit period. The bank must provide images of canceled checks each month or provide access to cleared checks through the online banking system. Check images must be printed each month and presented to the principal for review along with the bank statement.

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 6). The purpose of each disbursement must be fully explained on this form in order 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 should mark the documentation as “paid.” In our sample of disbursements, we found instances in which MCPS Form 280-54, was either missing or not signed by the principal in advance of the purchase, documentation supporting purchases not stamped or marked “paid,” and documentation not annotated by the recipient to indicate purchased goods or services were satisfactorily received. By requiring prior approval and complete documentation, the principal retains control over the expenditure of IAFs. We recommend that MCPS Form 280-54 be prepared by staff with an estimate and signed by you at the time verbal approval is sought and that complete documentation should be attached to fully explain the reason for the purchase. We also recommend that all support documents be marked paid, and when goods are received at the school, the purchase be verified as complete by the recipient, and 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.

To properly control funds, all cash and checks collected by sponsors for IAF activities must be remitted promptly to the secretary. These funds must then be verified in the presence of the remitter and a receipt that is supported by MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, must be issued promptly (refer to the *MCPS Financial Manual*, chapter 7, page 4). We found instances in which funds were held by sponsors rather than being remitted daily to the secretary and they were not always promptly deposited into the school’s bank account. To minimize the risk of loss and provide availability of funds to meet school needs, all funds collected must be remitted daily to the secretary for prompt deposit.

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 secretary at the completion of each trip and compared to remittances recorded in the trip account history report. 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. All sponsors are required to submit MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and follow the procedures outlined above. This data must be

reconciled by the secretary with remittances recorded in activity accounts (refer to the *MCPS Financial Manual*, chapter 20, page 10).

#### Notice of Findings and Recommendations

- Monthly bank statement reviews must include cleared checks (**repeat**).
- Check disbursements must be documented using MCPS Form 280-54.
- Purchase requests must be approved by the principal prior to procurement (**repeat**).
- Purchaser must confirm receipt of goods or services prior to disbursement.
- Purchase invoices and receipts must be annotated as paid to indicate disbursement was made.
- Cash and checks collected by sponsors must be promptly remitted to the secretary and then promptly verified, receipted, and deposited in the bank (**repeat**).
- Field trip records that are prepared by sponsors must provide comprehensive data to account for all students eligible to participate and to reconcile funds collected (**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 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. Christophe Turk, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Mr. Turk 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.

MJB:AMB:lsh

Attachment

Copy to:

Members of the Board of Education  
Dr. McKnight  
Mr. D'Andrea  
Ms. Dawson  
Ms. Reuben  
Mrs. Williams  
Mr. Koutsos  
Mr. Reilly  
Mrs. Chen  
Mrs. Eader

Mrs. Brooke L. Simon

4

November 12, 2021

Mr. Klausing  
Mrs. Ripoli  
Mr. Turk  
Ms. Webb

**FINANCIAL MANAGEMENT ACTION PLAN**

**Report Date:**

**Fiscal Year:**

**School:**

**Principal:**

**OTLS**

**Associate Superintendent:**

**OTLS**

**Director:**

**Strategic Improvement Focus:**

As noted in the financial audit for the period \_\_\_\_\_, strategic improvements are required in the following business processes :

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

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

OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL	
<input checked="" type="checkbox"/> <b>Approved</b>	<input type="checkbox"/> <b>Please revise and resubmit plan by</b> _____
Comments: _____ _____	
Director: <u>Christophe Turk</u>	Date: <u>12/14/2021</u>