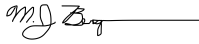


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

May 3, 2021

MEMORANDUM

To: Mrs. Karen M. Cox, Principal
Westbrook Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
September 1, 2017, through March 31, 2021

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 April 22, 2021, virtual meeting with you; Ms. Carol M. Grabner, school administrative secretary (secretary); and Mrs. Pamela Dunn, visiting bookkeeper, we reviewed the prior audit report dated November 10, 2017, 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. It should be noted that Ms. Grabner's assignment was effective September 19, 2019.

Findings and Recommendations

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 for most of the audit period. 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 the accuracy and kept on file for audit. A procedure should be established to ensure that all statements are reviewed and returned (refer to the *MCPS Financial Manual*, chapter 20, page 10).

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). 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. A check, generated from the accounting software program, may then be drawn, and it must bear two signatures, one of which is that of the principal or acting principal. The secretary will mark the documentation as “paid.” In your action plan, you indicated that the secretary would return requests for reimbursement that had not been pre-approved. You also stated that the secretary would stamp receipts and invoices as “paid”, and that invoices would be initialed and dated by the purchaser to indicate goods or services were satisfactorily received. In our sample of disbursements, we found instances in which MCPS Form 280-54 were not signed by the principal in advance of purchase, documentation supporting purchases were not stamped or marked “paid,” and documentation were not annotated by the recipient to indicate purchased goods or services were satisfactorily received. We also found that some items were shipped to the staff’s home address and not to the school. 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, with an estimate by staff and signed by you, at the time verbal approval is sought. Complete documentation must be attached to fully explain the reason for the purchase. All invoices must be marked to indicate items were received and documentation stamped “paid”. Also, all items must be shipped to the school.

Aggregate school expenditures of general funds for the procurement of refreshments in connection with meetings and staff appreciation items may not exceed \$60 per individual staff member, per fiscal year, without prior written authorization from the Office of Finance (OOF) (refer to the *MCPS Financial Manual*, chapter 20, page 5). These expenditures must be appropriately recorded in accordance with the IAF chart of accounts. We found that your school exceeded the total amount allowed for staff appreciation in Fiscal Year (FY) 2020, without the approval of the OOF. We also found instances in which expenditures for these items were recorded in various accounts. Such commingling increases the time required to determine whether or not guidelines have been followed and decreases the value of your financial reports for decision making. We recommend that you adhere to the MCPS requirements, as well as correctly classify and record these transactions for more accurate accountability.

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 cardholder’s transactions and approve them by the tenth of the following month, using the online reconciliation program. We found that some cardholders had not promptly reviewed their transactions in the online reconciliation program and not all transactions had been approved 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 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 (refer to the *MCPS*

Financial Manual, chapter 7, pp. 4-5). In your action plan, you indicated that reminders would be sent to staff and those submitting funds late would be reminded in writing with appropriate progressive discipline steps if necessary and that funds under \$250 would be locked in the safe if unable to deposit. We noted staff collecting funds for field trips were holding funds rather than remitting them timely to the secretary. Also, 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 must be remitted to the 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.

All field trips must be pre-approved by the principal. 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 (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*, or equivalent, to document and maintain proper accounting of field trips. We found that field trip request forms were not always on file, not all sponsors were providing completed data at the conclusion of each trip, field trip fees were not always being remitted in a timely manner, and that data was not being reconciled to the final account history report. All field trips must have an approved request form on file. All sponsors must be required to use MCPS Form 280-41, or equivalent, and all fees collected must be remitted daily to the secretary for prompt deposit. We recommend that trip sponsors be required to provide complete data at the conclusion of each trip, and this data be reconciled by the secretary with remittances recorded inactivity accounts.

Notice of Findings and Recommendations

- Monthly account history reports must be provided to sponsors for affirmation of transaction correctness and returned to the secretary.
- Purchase requests must be approved by the principal prior to procurement (**repeat**).
- Purchaser must confirm receipt of goods or services prior to disbursement (**repeat**).
- Purchase invoices and receipts must be annotated as paid to indicate disbursement was made (**repeat**).
- Total combined expenditures for staff appreciation and meeting refreshments may not exceed \$60 per individual staff member, per fiscal year, without prior approval of the OOF.
- Purchase card transactions must be documented, reviewed, and approved by the principal, and the statement of account landscape report must be printed and provided to the principal with all purchase receipts and invoices.
- Funds collected by sponsors must be promptly remitted to the secretary and promptly deposited (**repeat**).

- Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate and to reconcile funds collected with account history report **(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 Mr. Sean P. McGee, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, 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 secretary to support you with developing a well-defined plan to address the findings.

MJB:YSG:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Ms. Stratman

Dr. Wilson

Mrs. Williams

Mrs. Morris

Mrs. Chen

Mr. Klausling

Mr. Marella

Mr. McGee

Mr. Reilly

Mr. Tallur

Ms. Webb

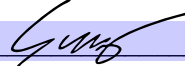
FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY 21	Fiscal Year: FY 21
School: Westbrook ES	Principal: Mrs. Karen M. Cox
OTLS Associate Superintendent: Mrs. Diane Morris	OTLS Director: Mr. Sean McGee

Strategic Improvement Focus:
 As noted in the financial audit for the period 9.1.17 to 3.31.21, 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
Reduce the monthly account history reports to only active accounts.	Administrative Secretary	Monthly accounts Support from VB	Monthly account history reports will contain only those accounts currently in use.	Principal/ During June 2021 Reconciliation and monthly thereafter.	Monthly account history reports will be signed by sponsor on a monthly basis.
Provide sponsors with monthly account history reports for comparison to activity report and signature. Follow up as needed to collect signatures monthly, ensuring all reports are collected (numerical order). Process: 2 color, em follow up	Administrative Secretary	Monthly account reports	Monthly accounts will be reviewed and signed by sponsors/ end of the month check for completion will occur prior to filling the month's reports	Administrative Secretary/monthly	All monthly accounts statements will be signed by sponsors monthly.
Staff will be reminded to obtain principal's approval and signature prior to making any purchases. Requests for reimbursement without prior approval will be returned. If verbal consent is requested an email will be sent by the requester to complete the paper trail of approvals and will be kept with the 280-54.	Administrative Secretary Principal	Form 280-54	pre approved signed 280-54 before purchase, or verification email. Checked as needed during purchase process.	Administrative Secretary and principal/on-going	All 280-54 will be pre-approved either through signature and date on 280-54 or evidenced by written request and approval prior
Invoices will be annotated by the purchaser to indicate goods/services were satisfactorily received. Invoices will be marked "Paid" to prevent duplicate payment.	Administrative Secretary	Invoices "Received" and "Paid" stamps.	all invoices will be stamped received (or annotated as such) when goods/services are received and the paid when invoices are reconciled.	Administrative Secretary/on-going, checked monthly before the month's file is filed.	Invoices stamped "Received", dated and stamped "Paid" prior to completing and filing documents.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Use Staff Appreciation Allocation chart and memo, track spending- monthly, deposit allocation ahead of time when possible, or keep in negative running balance monitor as spent,.	Administrative Secretary Principal	Staff allocation memo from county, bank statements	Monitor spending monthly	Monthly during VB visits, signed off by principal	Spending for staff appreciation will fall within the allotted guidelines set for th by MCPSS
P Card transactions will be approved monthly (by the 10th business day) or more often, as prompted by system (preferences already set up) following the purchasers review of purchase. Expenditures will include identification, description and account number.	Administrative Secretary Principal	P-Card statements and monthly landscape reports, COA	Printed and signed monthly landscape reports. Online reconciliation program.	Monitored monthly with VB and administration.	All transactions will be approved monthly and expenses will be recorded in accordance with the IAF COA
Funds received in the school will be receipted and remitted to the bank daily as allowed, with all deposited completed on the last working day of the month and before each weekend or holiday. Yearly, and as needed, staff training on fiscal responsibilities	Administrative Secretary	Safe combination, remittance slips, training presentation	Daily deposit records, monthly bank statements.	Daily by the admin secretary Monthly by administration and VB	Bank statements will provide evidence of regular deposits consistent with remittance slips.
All field trips will be pre approved, and include final reconciliation forms, encourage OSP payments and waiver form when scholarship is awarded, including roster/ chaperones and volunteers.	Administrative Secretary Principal Field trip sponso	Field Trip Accounting Remittance records	Calendar reminders for start of money collection, and key trip dates, 280-41 and completed final trip folder.	as needed, per field trip, administrative secretary and principal.	Completed field trip files that include, approval, receipts, timely remittance of collected funds, final reconciliation form

OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL	
<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: Thank you for working to address the concerns that were discussed at our May 6th meeting with Mrs. Bergstressor.	
Director: 	Date: 6/10/2021