


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 6, 2024

MEMORANDUM

To: Mrs. Loretta A. Woods, Principal
Whetstone Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
August 1, 2021, through September 30, 2024

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 October 30, 2024, meeting with you and Mrs. Rachel E. Chevez, school administrative secretary (secretary), we reviewed the prior audit report dated October 19, 2021, and the status of the present conditions. It should be noted that Mrs. Chevez's assignment was effective October 2, 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

School Financial Training (SFT) Part I, is required for principals within their first year of assignment. Refresher training is recommended every three years because policies, regulations, procedures, and technology applications are continuously updated (refer to the *MCPS Financial*

Manual, chapter 1, page 10). We noted that you have not taken the SFT Part I since 2017. We recommended that you immediately sign up to take SFT Part I.

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. In addition, when a principal has a purchasing card they must follow the new process outlined in the memo dated October 12, 2023, from the associate superintendents. In your action plan, you indicated that cardholders would review and print out the statement of account landscape by the 5th business day of the following month for the principal's approval. We found that the principal and prior secretary, had not always reviewed their transactions, provided description of items purchased, indicated IAF account number when required, attached their purchase receipts, or reviewed their transactions in the online reconciliation program. Many of the statement of account landscapes were printed almost a year later. We also found that the prior secretary's transactions were not approved by the principal in the online system. Additionally, the principal has not reviewed her transactions online and has not submitted her monthly statements and receipts for approval to her director as outline in the above-mentioned memo. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements. We also recommend that the new secretary activate her two purchase cards and the principal discontinue the use of her purchasing cards.

To properly control receipts, cash and checks collected by sponsors for IAF activities must be remitted promptly and intact to the financial agent along with MCPS Form 280-34, *MCPS 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 funds must be deposited promptly, and all receipted funds 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 your action plan, you indicated that all cash and checks collected by sponsors would be turned in daily to the secretary with a dated, signed and detailed IAF Remittance Slip. In addition, you indicated all remitted funds would be deposited promptly. In our sample of receipts, we found instances in which funds were held by sponsors rather than being remitted daily to the secretary. We also noted that the remittance form is not always signed and dated by the sponsor to show date of collection. Additionally, we noted that the remitted funds were not always promptly deposited and at times held over allowable cash holding authority by the secretary. 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 and deposited timely. Additionally, the remittance form must be signed and dated, and the receipt number must be entered on form once receipt entered in the school accounting system.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips and Other 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 maintain a complete roster of student names, noting the amount paid by each student, the date of payment, the names of students who did not participate in the trip, as well as those 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). 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 sponsor. In your action plan, you indicated that all sponsors would provide a complete list of all eligible students, including list of chaperones and volunteers. In addition, you indicated that the trips would be reconciled to account history reports. We found that some field trips approval forms were not completed and filed appropriately. We also noted that not all sponsors are providing complete data at the conclusion of each trip, and that such data is not consistently compared to the final account history report. We recommend field trip sponsors use MCPS Form 280-41, *Field Trip Accounting*, or its equivalent, and 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

- Purchase card transactions must be documented, reviewed by cardholder and approved by the principal and director **(repeat)**.
- Cash and checks (funds) collected by sponsors must be promptly remitted with a complete MCPS Form 280-34 to the secretary **(repeat)**.
- Cash and checks (funds) remitted by sponsors must be promptly receipted and deposited in the bank by the secretary in accordance with Chapter 7 of the *MCPS Financial Manual* **(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 students eligible to participate, and the secretary must reconcile funds collected with the 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 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. David W. Adams, director of school support and improvement, Office of School Support and Improvement, for written approval of your plan. Based on the audit recommendations, Mr. Adams 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:BK:rg

Attachment

Copy to:

Members of the Board of Education

Dr. Taylor

Ms. Alfonso-Windsor

Ms. McGuire

Dr. Moran

Mrs. Williams

Dr. Campbell

Mr. Reilly

Mr. Adams

Mrs. Chen

Mr. Klausling

Mrs. Ripoli

Ms. Webb


FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 12/18/24	Fiscal Year: FY25
School or Office Name: Whetstone Elementary School -558	Principal: Loretta A Woods
OSSI Associate Superintendent:	OSSI Director: David Adams
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>8/1/21-9/30/24</u>, strategic improvements are required in the following business processes : IAF & Purchasing card.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Purchase card transactions must be documented, reviewed by cardholder and approved by the principal and director (repeat).	Principal; Administrative Secretary	Training and training documents	Reminders on outlook to go in monthly and review purchases. Continued reminders from visiting Book Keeper	Principal /10th of each month	In the future the landscape report is printed and given to administrator and will be signed by the 10th of the month.
Cash and checks (funds) collected by sponsors must be promptly remitted with a complete MCPS Form 280-34 to the secretary (repeat).	Principal; Administrative Secretary	Staff Training	Template of remittnace form and reminder e-mails to staff. 280-34 will be given back to staff if incomplete for revision.	Visiting Time Keeper & Administrative Secretary	Fully completed 280-34
Cash and checks (funds) remitted by sponsors must be promptly receipted and deposited in the bank by the secretary in accordance with Chapter 7 of the MCPS Financial Manual (repeat).	Administrative Secretary	Safe fincial space to count money and process deposits.	Admin secretary will make every effort to count money and make it to the bank.	Administrative Secretary	Deposits will be made in a timely manner.
Field trip request for approval forms must be signed and dated by the principal and retained on file.	Administrative Secretary	Staff training	Will have In house Field trip request form avaible for all staff.	Administrative Secretary	We have created a spreadsheet to have avaiable to staff. This issue has been rectified.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate, and the secretary must reconcile funds collected with the account history report (repeat).	Teachers & Administrative Secretary	Field trip Accounting form 280-41. Field trip reconciliation form.	Remind teachers to turn in 280-41 a week after the trip to be able to complete reconciliation.	Administrative Secretary within 7 days after field trip.	All Field trips will be reconciled 30 days after trip.

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></u>	Date: <u>1/22/2025</u>