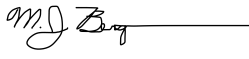


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

November 12, 2021

MEMORANDUM

To: Dr. Robert W. Dodd, Principal
Walt Whitman High School

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

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2020, through August 31, 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 8, 2021, meeting with you; Mr. Gregory Miller, assistant principal; Ms. Maria N. Hawkins, school business administrator; and Mrs. Joy L. Garnett, school financial specialist, we reviewed the prior audit report dated May 6, 2020, and the status of present conditions. It should be noted that Ms. Hawkins assignment as school business administrator was effective July 16, 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

School Financial Training Part I (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 Part I training since 2011. We recommended that you immediately sign up to take the Part I training.

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) and must be completed accurately. 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. There is also a requirement for adequate documentation to support the procurement of the goods and services, such as an original invoice or itemized receipt. Invoices for goods or services must be signed by the purchaser to indicate satisfactory receipt. The financial specialist will then mark the documentation as “paid,” prior to disbursing the funds. In your audit action plan, you indicated that you will educate and require staff to either obtain principal prior approval before purchase or utilize approved budgets as prior approval. In our sample of disbursements, we found many instances in which purchases were not pre-approved, budgets were not always monitored, and invoices and online purchase confirmations were not always signed by the receiver to indicate goods or services were received, and that payment could be processed. We recommend that MCPS Form 280-54, be prepared and completed accurately by staff with an estimate of expected expenditure and signed by the principal at the time verbal approval is sought. All approved budgets must be monitored and line items cannot be overspent without principal approval. We also recommend that the purchase be verified as complete by the recipient, and that the invoice/packing slip(s) be marked “received” and signed/dated by the recipient when goods are received at the school. Requiring invoices to be marked “received” ensures that goods or services have been satisfactorily received prior to payment.

The *MCPS Purchasing Card Program* streamlines the process for making low-dollar purchases that are necessary for MCPS operations. Use of the purchasing card does not relieve the cardholder from complying with all MCPS regulations, the procedures in the *MCPS Procurement Manual*, or the *MCPS Financial Manual*. In addition, the use of the MCPS purchasing card must be in accordance with the requirements of the *Montgomery County Public Schools 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, or the statement of account landscape report, must be printed and provided to the principal or delegated approver, with all purchase receipts and invoices attached. The principal or delegated approver must review each cardholder’s transactions and approve them by the 10th of the following month, using the online reconciliation program. In your audit action plan, you indicated that you will educate and require cardholders to review transactions and the approvers will approve transactions in a timely manner. We found that some cardholders used the card inappropriately. We also found not all cardholders promptly prepared their monthly statements, or reviewed their transactions in the online reconciliation program. Also, we found that the approvers had not approved all transactions online. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

In order to properly control receipts, cash and checks collected by sponsors and others for the IAF activities must be remitted promptly to the school financial specialist with completed MCPS Form

280-34, *MCPS Independent Activity Fund Remittance Slip*. Cash must be counted in the presence of the remitter and a receipt that is supported by the MCPS Form 280-34, must be issued promptly. Remittances received must, in turn, be promptly deposited into the school's bank account. In addition, all remittances must be deposited before each weekend or holiday. Large and infrequent deposits increase the possibility of a loss of funds as well as decrease the school's ability to fund activities. In your audit action plan, you indicated that sponsors will turn in funds daily and the financial specialist will process and deposit them into the school's bank account daily. During our review of cash receipts, we found instances in which remittances were not submitted timely and deposits were not made daily if over the allowable cash handling authority. We recommend following MCPS cash control procedures (refer to the *MCPS Financial Manual*, chapter 7, pages 3-5).

Accounting for yearbook sales requires the sponsor to maintain a record of books ordered and received, all books sold at specific prices, including any online sales, a record of advertising revenue, a detailed list of any yearbook giveaways and books returned to the vendor for credit and the number of unsold books remaining. MCPS Form 281-25, *Yearbook Analysis*, must be prepared by the sponsor for review by the school business administrator and the principal to reconcile revenue, expenditures, and remaining physical inventory to the accounting records. In your audit action plan, you indicated that you will provide support to the yearbook sponsor to submit the correct and complete final report for the yearbook. We found that the yearbook reconciliation did not match the sales report in School Funds Online (SFO), with incorrect amounts recorded on MCPS Form 281-25. We recommend additional support be given to the yearbook sponsor in order to properly account for the yearbook sales activity (refer to the *MCPS Financial Manual*, chapter 20, page 14).

Notice of Findings and Recommendations

- The principal must attend School Finance Training Part I.
- Purchase requests must be preapproved by the principal prior to procurement (**repeat**).
- Purchaser must confirm receipt of goods or services prior to disbursement (**repeat**).
- Purchasing card activity must comply with the *MCPS Purchasing Card User's Guide* and other MCPS regulations (**repeat**).
- Funds collected by sponsors must be promptly remitted with MCPS Form 280-34, to the school financial specialist (**repeat**).
- Funds remitted by sponsors must be promptly receipted and deposited in the bank by the school financial specialist (**repeat**).
- MCPS Form 281-25, must be prepared by the sponsor accurately and reconciled to the accounting record (**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 Dr. Donna Redmond Jones, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Dr. Redmond Jones 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 financial specialist to support you with developing a well-defined plan to address the findings.

MJB:HT:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. D'Andrea

Ms. Dawson

Ms. Reuben

Mrs. Williams

Dr. Dyson

Mr. Reilly

Mrs. Chen

Mrs. Eader

Mr. Klausling

Dr. Redmond Jones

Mrs. Ripoli

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 12.10.21	Fiscal Year: FY21
School: Walt Whitman HS - 427	Principal: Dr. Robert W. Dodd
OTLS Associate Superintendent: Dr. Cheryl Dyson, Area Associate Superintendent	OTLS Director: Dr. Donna Redmond Jones, Director II
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>01/2020-08/2021</u>, strategic improvements are required in the following business processes : Adhering to MCPS Financial Manual policies and procedures remain the priority and focus of Walt Whitman High School's Principal, School Business Administrator, and School Financial Specialist. Financial reports, internal controls, disbursements, purchase cards, and cash receipts.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Enroll in the required School Financial Trainings to comply with MCPS policies and procedures, and to be adequately trained on current technological application updates.	School Principal and School Financial Specialist	PDO	PDO Course Completion will populate under Transcript Details.	School Business Administrator received confirmation of Principal and SFS enrollment.	January course was canceled; rescheduling TBD. Principal and SFS were scheduled for the January course and will sign up for the next available.
MCPS Form 280-54 used for Independent Activity Funds Request for A Purchase, will be completed in accordance with the MCPS Financial Manual, Chapter 20, page 4. Accounts will be reviewed prior to approval to ensure sufficient funds are available.	Approval is required by the School Business Administrator, Financial Specialist, and Principal prior to purchasing.	MCPS Form 280-54	SBA and SFS will monitor budget line items for final review and ensure signature is included to confirm receipt of items.	Resource Teachers and Staff will be reminded by SBA via mass email correspondence of the forms and procedures necessary for	SBA and SFS have begun denying any purchases received without pre-approval to remain in compliance with the MCPS Financial Manual.

				IAF Request for A Purchase.	
<p>By the fifth of each month cardholders must identify, describe and review transactions. School Business Administrator and Principal will review transactions on the JP Morgan Landscape. Invoices and Receipts will be attached with the JP Morgan Landscape to ensure adequate supporting documents. Timeliness and accountability will be our priority moving forward.</p>	Principal, SBA, and all cardholders	JPMorgan PaymentNet, receipts, and invoices.	<ol style="list-style-type: none"> 1. Reminder emails will be sent by the SBA to all cardholders to provide their JP Morgan Landscape and their attached receipts. 2. SBA will review all cardholder transactions for approval, and the Principal will follow. 3. The SBA will review all transactions, provide a description of the transaction, and assign appropriate account strings to 05 Purchase Card Transactions. 	Monthly JPMorgan PaymentNet meetings will be held between the Principal and SBA to review all transactions.	Weekly Outlook Calendar meetings are set for the SBA and Principal to meet and discuss school financials. Landscape Reports are organized in SBA's and Cardholder's JPMorgan binders.
<p>P-Card Purchases will comply with MCPS Purchasing Card User's Guide</p> <p>Transactions limitations will be met, and the SBA's transactions will be in compliance with avoiding the following prohibited transactions including Travel, furniture purchases, equipment (including technology), entertainment, food at restaurants, cash</p>	Principal, SBA and all cardholders	JPMorgan PaymentNet, receipts, and invoices.	Principal and SBA will meet weekly to review the status of purchase card transactions.	SBA will include verbiage in JPMorgan reminder emails to all cardholders to avoid prohibited transactions, and	Email templates will be established and SBA will follow up as necessary with cardholders and Principal if there are questions or concerns regarding transactions.

access, gasoline, split transactions, and gift cards.				to not charge tax to MCPS.	
01 Textbook Purchase Card will have limited to no use in response to recent updates provided during the audit meeting, as the 03 Instructional Materials Funding may be used instead.					

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
<p>Official MCPS Staff count will be used to monitor and determine staff appreciation budget.</p> <p>Administrative team meetings will be used to discuss and approve proposed staff appreciation expenditures.</p> <p>JPMorgan PaymentNet transactions will be monitored, and may be disapproved for any transactions that have not received pre-approval.</p>	All Staff will be in compliance.	Funding will be provided personally from staff members who seek to recognize other colleagues or PTSA.	Admin and staff members will be asked to provide further information on funding sources when proposing staff appreciation to determine whether or not to approve the request, and to ensure that IAF is not used to recognize individual staff members.	Principal, Admin Team, SBA, PTSA, staff throughout the school year.	Staff will continuously monitor the approved staff appreciation budget to avoid overspending.
Club Sponsors will be required to submit all deposits by close of business daily to the SFS.	Sponsors, SBA, SFS	Deposits, Deposit Slips, and the safe.	Staff will be reminded of procedures via email to ensure deposits are brought to SFS prior to 2:00pm EST. Any deposits after 2:00pm must be secured in the safe until retrieved the next day.	Daily: Sponsors, SBA, SFS	Club sponsors continuously bring deposits to SFS daily and are securely brought to the bank after school.

<p>SBA, SFS and new yearbook vendor, Jostens, continue to work to complete the previously unfinished Yearbook Reconciliation reports.</p> <p>Yearbook Reconciliation was not completed by the previous yearbook sponsor. Ongoing communication is in progress with Walsworth to finalize the Yearbook Reconciliation reports.</p>	<p>Yearbook sponsor did not complete the work.</p> <p>Josten's, SBA, and SFS will complete.</p>	<p>Yearbook vendor's financials</p>	<p>Email exchanges are currently taking place to determine the communication that was had between Walsworth and Whitman HS when finalizing the previous yearbook order.</p>	<p>Josten's, SBA, SFS</p>	<p>Form 281-25 must be completed with Jostens, SBA and SFS once the reconciliation report is complete.</p>
<p>SFS and SBA will ensure that cash receipts are received, documented, and processed in a timely manner.</p> <p>Remitted funds will be deposited on the same day. Any late remittances will be dropped into the newly functioning safe until the next business day, and will be documented and signed by SBA.</p>	<p>SFS and SBA</p>	<p>Deposits, MCPS Form 280-34, and SFO</p>	<p>Staff members will be reminded to submit all cash deposits daily, and any not received by the SFS should be secured in the safe. SFS must submit all transactions</p>	<p>SBA and SFS will review daily deposits to ensure all necessary documentation is complete and deposits are timely.</p>	<p>SFS continues to complete daily deposits in a timely manner as they are received.</p>

OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL

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

Comments:

Director:



Date:

1/7/22