

Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

June 26, 2024

MEMORANDUM

To: Mr. Craig O. Jackson, Principal
Woodlin Elementary School

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



Subject: Report on Audit of Independent Activity Funds for the Period
April 1, 2021, through March 31, 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 May 28, 2024, meeting with you and Ms. Mercedes I Alvarado, school administrative secretary (secretary), we reviewed the prior audit report dated May 24, 2021, 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

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. We recommend that you immediately sign up to take SFT Part I and that your secretary attend this class as well.

Aggregate school expenditures of IAF activities 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 the 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. In your action plan, you indicated that all staff appreciation/meeting refreshment expenditures would be correctly recorded and would stay within the guidelines. We found expenditures for these items were incorrectly classified and 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 in monitoring for proper compliance. We found that you exceeded the total amount allowed in Fiscal Year (FY) 2022, 2023, and 2024, without the approval of the OOF. We recommend that you adhere to the MCPS requirements, as well as correctly classify and record these transactions for more accurate accountability.

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 5). A pre-numbered receipt shall be completed by the secretary, and the original shall be given to the person who remitted the funds. This establishes documentary evidence for both parties that provides a written record of the source and amount of the funds for accounting purposes (refer to the *MCPS Financial Manual*, chapter 7, page 4). 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, pages 4-5). Every receipt shall be attached to the remittance slip and any other source documentation and be filed in sequential order together with a copy of the deposit slip validated by the bank. We found at times, staff were holding funds and not remitting to the secretary when received. We also found at times the secretary was not always making timely deposits and was holding money in excess of permitted amounts. We noted that at times sponsors remitted funds without a complete MCPS Form 280-34, and the form was missing the date collected, description, account number, signature, total amount collected, secretary's signature, date received, and/or receipt number. We recommend that staff be required to prepare and remit MCPS Form 280-34 with each remittance, and that all funds collected must be remitted daily and deposited to the bank promptly.

Montgomery County Public Schools has integrated a School Cash Online (SCO) payment module for managing the IAF in schools. School related activities must be made available to parents to purchase online to promote consistency countywide. To reduce the workload of cash handling requirements for sponsors and your secretary, we recommend using SCO for all school activities.

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). We found that sponsors are not providing completed data at the conclusion of each trip, and that the data was not being reconciled to the final account history report. We recommend that all trip sponsors be required to use MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and this data be reconciled by the secretary using the filed trip reconciliation form located on the Business Center with remittances recorded in accounts. The use of School Cash Online (SCO) to record all payments will greatly improve the ability to reconcile all field trips and track which students have paid, were waived, or did not attend.

Notice of Findings and Recommendations

- Principal must attend SFT Part I and the secretary should also attend SFT Part I at the same time.
- Staff appreciation and meeting refreshment expenditures must be correctly classified and recorded, and stay within the school's allowable amount (**repeat**).
- Funds collected by sponsors must be promptly remitted to the secretary and promptly verified, receipted, and deposited in the bank in accordance with Chapter 7 of the *MCPS Financial Manual*.
- The school must make all activity related payments available online through SCO.
- 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.

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 Ms. Natasha Bolden., executive director of school support and well-being, Office of School Support and Well-Being, for written approval of your plan. Based on the audit recommendations, Ms. Bolden. 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 administrative secretary to support you with developing a well-defined plan to address the findings.

MJB:GK:rg

Attachment

Copy to:

Members of the Board of Education
Dr. Felder
Mrs. Alfonso Windsor

Ms. Dempsey
Dr. Johnson
Dr. Moran
Mrs. Williams
Mr. McGee
Mr. Reilly
Ms. Bolden
Mrs. Chen
Mr. Klausing
Mrs. Ripoli
Dr. Rubens Jr.
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: June 26, 2024	Fiscal Year: 2023/2024
School or Office Name: Woodlin Elementary	Principal: Craig Jackson
OSSWB Associate Superintendent:	OSSWB Director: Dr. Joe Rubens
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>4/01/21-3/31/24</u>, strategic improvements are required in the following business processes :</p>	

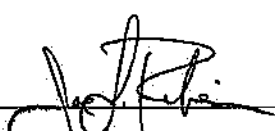
Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Principal must attend SFT Part I and the secretary should also attend SFT Part I at the same time.	Craig Jackson Mercedes Alvarado	Training	Course Completion	Craig Jackson Mercedes Alvarado	Registered for August 13, 2024 SFT training
Staff appreciation and meeting refreshment expenditures must be correctly classified and recorded, and stay within the school's allowable amount	Craig Jackson Mercedes Alvarado	Refresher with SFT on August 13th, 2024	Review the trial balance after reconciling the bank accounts with bookkeeper. Weekly meeting with principal and admin sec	Craig Jackson Mercedes Alvarado	
Funds collected by sponsors must be promptly remitted to the secretary and promptly verified, receipted, and deposited in the bank in accordance with Chapter 7 of the MCPS Financial Manual.	Mercedes Alvarado	Written reminders to sponsors that remittance of funds is daily.	Place email reminders to sponsor on my calendar Weekly meeting with principal and admin sec	Mercedes Alvarado	
The school must make all activity related payments available online through SCO.	Mercedes Alvarado	Train for SCO	Place reminders on my calendar Weekly meeting with principal and admin sec	Mercedes Alvarado Craig Jackson	Registered for online training for SCO

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.	Mercedes Alvarado	Reconcile Form	Place reminders on my calendar Completing the form in a time manner, once a field trip has complete.	Mercedes Alvarado Craig Jackson	

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

Approved Please revise and resubmit plan by _____

Comments:

Director:  Date: 8/1/24