


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

May 28, 2024

MEMORANDUM

To: Dr. Louise J. Worthington, Principal
John T. Baker Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
June 1, 2022 through February 29, 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 2, 2024, meeting with you and Mrs. Lynne P. Murray, school financial specialist, we reviewed the prior audit report dated July 11, 2022, 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

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 10th of the following month, using the online

reconciliation program. We found that some cardholders had not prepared their monthly statement, did not provide an adequate description of items purchased, and did not submit receipts, with their statement of account landscape to the approver each month. In your action plan, it was stated that all cardholders, including new staff, would be trained to adhere to MCPS *Purchasing Card Users Guide requirements*. 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 for IAF activities must be counted in the presence of the remitter, and a receipt that is supported by the remittance slip must be issued promptly. We found that some sponsors were holding funds collected rather than remitting them to the financial specialist on a daily basis and some funds were not remitted to the bank timely. To improve controls, we recommend a reminder communication be sent to sponsors to remit funds the day in which they are collected. We also recommend that the school financial specialist take funds to the bank in accordance with cash handling procedures in the *MCPS Financial Manual*, chapter 20, page 6.

Notice of Findings and Recommendations

- Purchase cardholders must adhere to requirements in MCPS *Purchasing Card Users Guide (repeat)*,
- Sponsors must remit funds on the day in which they are collected and school financial specialist must take funds to the bank timely.

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. Yolanda R. Allen, 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, Dr. Allen 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:LMB:rg

Attachment

Copy to:

Members of the Board of Education
Dr. Felder

Mr. Hull
Dr. Johnson
Ms. Dempsey
Dr. Moran
Mrs. Williams
Mr. McGee
Mr. Reilly
Dr. Allen
Ms. Bolden
Mrs. Chen
Ms. Eader
Mr. Klausling
Mrs. Ripoli
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: May 28, 2024	Fiscal Year: FY24
School or Office Name: John T. Baker MS - 705	Principal: Dr. Louise Worthington
OSSWB Associate Superintendent: Sean McGee	OSSWB Director: Dr. Yolanda Allen

Strategic Improvement Focus:

As noted in the financial audit for the period 6/1/22 - 2/29/24, strategic improvements are required in the following business processes :

1. J.P. Morgan card for use of Media Allocation will have purchases documented, reconciled, and approved by the principal by the 10th of every month.
2. Funds collected by sponsors must be promptly remitted with MCPS Form 280-34 to the SFS and verified in the presence of the remitter.

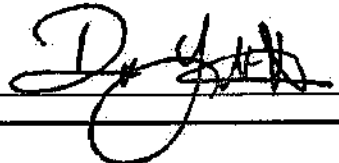
Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
1. Media Specialist will be trained on the use and requirements of the J.P. Morgan card by the financial specialist. Training will include; documentation of purchases, receiving, review of transactions, landscape report, and approval of purchases by the principal by the 10th of each month.	Principal, SFS, and Media Specialist	MCPS Purchasing Card User's Guide.	Principal, SFS, Media Specialist on an on-going basis.	Principal, SFS, Media Specialist as purchases are made and by the 5th and 10th of each month.	Media center card use will comply with MCPS Purchasing Card requirements.
2. Sponsors deposit funds on the day received accompanied with MCPS Form 280-34, Independent Activity Fund (IAF) Remittance Slip and counted in the presence of the SFS. If left in the night drop box, sponsor will return to count with the SFS.	Principal, SFS, and Sponsors of School Activities	Process for collecting and remitting funds.	Principal, SFS will train sponsors on collecting funds, remitting funds using MCPS Form 280-34, and verifying funds with SFS.	Principal, SFS and sponsors on an on-going basis.	SFS will submit daily Deposit Analysis Form, Deposit Slip and Form 280-34 for Principal review and signature.

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

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

Approved
 Please revise and resubmit plan by _____

Comments: _____

Director: 
 Date: 7/16/24