


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 13, 2023

MEMORANDUM

To: Mrs. Kathryn D. Bradley, Principal
Bannockburn Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
October 1, 2021, through September 30, 2023

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, 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 27, 2023, meeting with you, and Ms. Carol L. Lange, school administrative secretary (secretary), we reviewed the prior audit report dated December 8, 2021, and the status of present conditions. This audit report presents the findings and recommendations resulting from our examination of your school's IAF records and financial accounts for the period designated above.

Findings and Recommendations

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). 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 each grade level would have their first field trip reviewed and feedback would be given. We found that not all sponsors were providing completed data at the conclusion of each trip and that data was not being reconciled to the final account history report. In addition, SCO was not properly maintained to report all payments received at the school. We also noted different amounts were charged for online credit card payments compared to cash and check payments in school. We recommend 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. We also recommend that the cost of the field trip is advertised for the same amount, no matter how parents pay, and that all payments are recorded in SCO.

All picture commissions need to be initially recorded in account 0110.0000 Student Pictures Commission account. Having one account supports financial staff monitoring picture commissions to ensure all commissions due are received based on the contract. Schools are not allowed to spend funds from commission accounts directly. Prior to making any expenditure, funds should be transferred to account(s) that benefit only students. We found that picture commission checks were recorded in the General account and later transferred to the picture commission account. We also noted that funds were directly expended from this account. We recommend that all commissions must be posted directly to the commission account and funds can only be transferred out to accounts that benefit only students. No expenditure should be recorded in this account as outlined in the financial manual.

Notice of Findings and Recommendations

- 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 account history reports (**repeat**).
- Commission accounts are transfer-only accounts; therefore, no payments or expenditures are allowed directly from this account.

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 Mrs. Jewel A. Sanders, 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, Mrs. Sanders 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 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. McKnight

Dr. Collins

Mr. Hull

Dr. Kimball

Mr. Stockton

Mrs. Williams

Ms. Dempsey

Mr. Reilly

Mrs. Chen

Ms. Eader

Mr. Klausling

Mrs. Ripoli

Mrs. Sanders

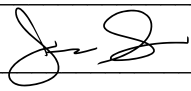
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date:	Fiscal Year:
School or Office Name:	Principal:
OSSWB Associate Superintendent:	OSSWB Director:
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period _____, 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

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OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)	
<input type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____	
Director: _____ 	Date: <u>01/04/2024</u>