


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

March 12, 2024

MEMORANDUM

To: Mr. Lawrence D. Chep, Principal
Clopper Mill Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
March 1, 2021, through December 31, 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 February 22, 2024, meeting with you and Mrs. Elba A. Lopez, school administrative secretary (secretary), we reviewed the prior audit report dated May 18, 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

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). The purpose of each disbursement must be fully explained on this form to properly record expenditures in appropriate accounts and to ensure that expenditures comply with IAF requirements. Invoices for goods or services must be signed by the purchaser to indicate

satisfactory receipt. The secretary will then mark the documentation as “paid” prior to disbursing the funds. In our sample of disbursements, we noted instances in which controls over purchases were weakened including some MCPS Form 280-54’s were either lost or misfiled. In addition, MCPS Form 280-54 was not always completed in full prior to purchases being made. We also found documentation supporting purchases were not always stamped or marked “paid”, 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 by staff with an estimate of expected expenditure and signed by the principal at the time verbal approval is sought. MCPS Form 280-54 must be completed in full by the sponsor, secretary, and principal to include account name/number to be charged, the request date, the balance available in the account, and the signatures of the sponsor, secretary, and principal. We further recommend that all supporting documents be marked “paid”, and when goods are received at the school that the purchase be verified as complete by the recipient and that the invoice/packing slip be marked “received” and signed/dated by the recipient. Requiring invoices to be marked “received” ensures that goods or services have been satisfactorily received prior to payment.

Cash and checks collected for IAF activities by sponsors and other authorized individuals must be remitted with MCPS Form 280-34, *Independent Activity Funds (IAF) Remittance Slip*, to the secretary on the day the funds are received. In your action plan, you indicated that your staff would be reminded that Form 280-34 must be fully completed prior to its submission. We found instances in which staff collecting funds for field trips were not completely filling out Form 280-34 with all of the required information. In some cases, the secretary did not sign and date the remittance forms, indicating the date remittances were received. To improve internal controls regarding cash receipts, we recommend that all staff who collect funds for school activities be reminded of remittance requirements (refer to the *MCPS Financial Manual*, chapter 7, page 4).

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. 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 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 requests must be approved by the principal prior to procurement and MCPS Form 280-54 must be completed in its entirety with source documentation attached and filed in sequential order.
- Purchaser must confirm receipt of goods and services prior to disbursement and documentation must be marked “paid”.
- MCPS Form 280-34 must be fully completed by the sponsor prior to submitting remittances to the secretary (**repeat**).
- 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.

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. Nicole A. Sosik, 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. Sosik 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:AMB:rg

Attachment

Copy to:

Members of the Board of Education
Dr. Felder
Mr. Hull
Dr. Johnson
Dr. Moran
Mrs. Williams
Dr. Redmond Jones
Mr. Reilly
Mrs. Chen
Ms. Eader
Mr. Klausling
Mrs. Ripoli
Ms. Sosik
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: March 12, 2024

Fiscal Year: FY24

School or Office Name: Clopper Mill ES

Principal: Larry Chep

OSSWB

Associate Superintendent: Donna Redmond Jones

OSSWB

Director: Nicole Sosik

Strategic Improvement Focus:

As noted in the financial audit for the period 3/1/21-12/31/23, strategic improvements are required in the following business processes :

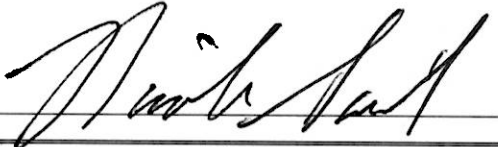
Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Purchase requests must be approved by the principal prior to procurement and MCPS Form 280-54 must be completed in its entirety with source documentation attached and filed in sequential order.	Larry Chep Elba Lopez Staff Requester	Form 280-54	Monthly check for correct completion.	Elba Lopez and Larry Chep Monthly	All purchase requests will be approved by the principal prior to procurement & MCPS Form 280-54 will be completed in its entirety w/ source documentation filed.
Purchaser must confirm receipt of goods and services prior to disbursement and documentation must be marked "paid".	Elba Lopez Purchasers	original order packing slip confirmation checklist	Notebook containing checklist receipt of all goods and services received	Elba Lopez Larry Chep Monthly	All purchases will be confirmed on checklists.
MCPS Form 280-34 must be fully completed by the sponsor prior to submitting remittances to the secretary.	Elba Lopez Teachers	Form 280-34	Monthly monitoring of completed forms.	Larry Chep Elba Lopez Monthly	All Independent Activity Fund (IAF) Remittance Slips will be fully completed by the sponsor prior to submittal.
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.	Elba Lopez Teachers	Continue to reinforce expectations - pre-service and second semester.	Review of expectations provided in our staff handbook.	Elba Lopez Larry Chep Monthly	Field trip records will be prepared appropriately, and secretary will reconcile funds collected with account history reports.

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: 4/15/24