

Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

June 22, 2020

MEMORANDUM

To: Mrs. Stacey F. Rogovoy, Principal
College Gardens Elementary School

From: Mary J. Bergstresser, Acting Supervisor, Internal Audit Unit *mjb*

Subject: Report on Audit of Independent Activity Funds for the Period
December 1, 2016, through January 31, 2020

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 March 4, 2020, meeting with you; Mr. Joshua S. Fine, principal intern; and Mrs. Constance J. Boorstein, substitute school administrative secretary, we reviewed our prior audit report dated January 11, 2017, and the status of 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

MCPS Form 280-54, *Independent Activity Funds Request for a Purchase*, is used to obtain the principal's approval to proceed with an intended purchase. After acquisition, the purchaser must submit the invoice or documented evidence of purchase, annotated to indicate the satisfactory receipt of the goods or services, to the school administrative secretary. Upon disbursement, the documentation is to be stamped or marked "paid" to preclude duplicate payment (refer to the

MCPS Financial Manual, chapter 20, page 6). In your action plan dated January 18, 2017, you indicated that your staff would obtain written approval before making any purchases, invoices would be signed and dated to confirm receipt of goods, and invoices would be annotated as paid. In our sample of disbursements, we noted instances in which purchases were made prior to receiving the approval of the principal, invoices were not annotated by purchasers to indicate that purchased goods or services were satisfactorily received, and documentation supporting purchases were not consistently stamped or marked “paid.” All IAF purchases must comply with MCPS procedures.

To properly control funds, all cash and checks collected by sponsors for IAF activities must be remitted promptly to the school administrative 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 4). In your action plan, you indicated that sponsors would remit funds on a daily basis to the school administrative secretary, funds would be counted in the presence of the remitter, and deposits would be made promptly. We found instances in which funds were held by sponsors rather than being remitted on a daily basis to the school administrative secretary, not always verified in the presence of the remitter, and not always promptly deposited into the school’s bank account. To minimize the risk of loss and provide availability of funds to meet school needs, all funds collected must be remitted daily to the school administrative secretary for prompt deposit.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips, and Student Organization Trips*. Sponsors of field trips must have a complete class or club roster of student names to annotate the amount each student paid, 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 school administrative secretary at the completion of each trip and compared to remittances recorded in the trip account history report. In your action plan, you indicated that sponsors would complete MCPS Form 280-41, *Field Trip Accounting*, or equivalent, to document and maintain proper accounting of field trips. You also indicated that these records would be compared to the account history report. We found that not all sponsors are providing completed data at the conclusion of each trip and that data is not being compared to the final account history report. All sponsors are required to submit MCPS Form 280-41, or equivalent and follow the procedures outlined above. This data must be reconciled by the school administrative secretary with remittances recorded in activity accounts (refer to *MCPS Financial Manual*, chapter 20, page 10).

Notice of Findings and Recommendations

- Purchase requests must be approved by the principal prior to procurement (**repeat**).
- Purchaser must confirm receipt of goods or services prior to disbursement (**repeat**).

- Purchase invoices must be annotated as “paid” to indicate disbursement was made **(repeat)**.
- Funds must be remitted daily, promptly verified, receipted, and deposited in the bank by the school administrative secretary **(repeat)**.
- Field trip records that are prepared by sponsors must provide comprehensive data to account for all students eligible to participate and to reconcile funds collected **(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 form, 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. Peter O. Moran, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Moran will indicate whether he 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:AMB:sh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Dr. Navarro

Dr. Wilson

Dr. Zuckerman

Mrs. Ahn

Dr. Johnson

Mrs. Dyson

Mrs. Camp

Mrs. Chen

Mr. Marella

Dr. Moran

Mr. Reilly

Mr. Tallur

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: June 22, 2020

Fiscal Year: June 22, 2020

School: College Gardens ES - 229

Principal: Stacey F Rogovoy

OSSI Associate Superintendent: Dr. Dyson

OSSI Director: Dr. Moran

Strategic Improvement Focus:

As noted in the financial audit for the period 12/1/16-1/31/20, 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 will be approved by the principal prior to procurement. Staff Training	All staff/ Rogovoy	Training on request form at pre-service	Principal will not pay out unless it has been approved first.	Rogovoy/ Sardarbegians Monthly	
Purchaser will confirm receipt of goods prior to disurement. Staff training	Sardarbegians/ Savage	Confirm receipt	Reminders in calanders and during office meetings	Sardarbegians Quarterly	
Invoices will be maked as paid to idnicate a disbursement was made.	Sardarbrgians	Stamp with date	Reminder in calander	Sardarbegins Quarterly	
Funds will be taken to the bank daily.	Sardarbegins/ Savage	Put in calander to leave at 2:30/3:00 to make deposits daily.	Reminder in calander Daily bank statements	Sardarbegins Rogovoy Monthly	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Field trip records will be checked and reconciled before each trip is taken.	Teachers/ Principal/AP/ Admin Sec	Teacher training pre-service. Done all on-line.	Collected the day prior to each trip Ttrining will be given during pre service and reminders will be attached	Rogovoy & Sardarbegians will review 2 days after the field trip.	

OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL	
<input type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____	
Director: <u>Dr. Moran</u>	Date: _____