


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 6, 2023

MEMORANDUM

To: Mrs. Iraida A. Bodre-Woods, Acting Principal
East Silver Spring Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
July 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 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 November 9, 2023, meeting with you; Mrs. Relyd C. Browning, school administrative secretary (secretary); and Ms. Debra Taylor-Miller, visiting bookkeeper, we reviewed the prior audit report dated August 26, 2021, and the status of the present conditions. It should be noted that your appointment as acting principal was effective July 19, 2023, and Mrs. Browning's assignment as school administrative secretary was effective August 24, 2023. 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 promptly prepared their monthly statements, initialed invoices to acknowledge items were received, or reviewed their transactions in the online reconciliation program. We also found that the prior principal had not approved all transactions online. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Cash and checks (funds) collected by sponsors and others for IAF activities must be remitted promptly to the secretary. 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). In the prior principal's action plan it was noted that all funds would be promptly deposited into the bank. We noted that the prior secretaries were not always making timely deposits. We also noted that the prior secretaries at times took funds to the bank before recording them in accounting software. To minimize the risk of loss and provide assurance that available funds will be fully utilized to meet school needs, all funds collected must be remitted to the secretary daily and entered into the accounting software. In addition, funds on hand must be deposited promptly, and always before each weekend, end of the month, or holiday. Infrequent deposits increase the possibility of losing funds, diminish the school's ability to fund activities, and are contrary to the MCPS Financial Manual.

Notice of Findings and Recommendations

- Purchase card activity must comply with the MCPS *Purchasing Card User's Guide*.
- Cash and checks (funds) remitted by sponsors must be promptly receipted and deposited in the bank by the secretary (**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 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 Mr. Sean P. McGee, director of student support and well-being, Office of Student Support and Well-Being, for written approval of your plan. Based on the audit recommendations, Mr. McGee 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 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

Dr. Moran

Mr. Reilly

Mrs. Chen

Ms. Eader

Mr. Klausling

Mr. McGee

Mrs. Ripoli

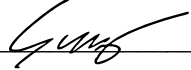
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: January 30, 2024	Fiscal Year: FY23
School or Office Name: East Silver Spring Elementary School	Principal: Iraida Bodre-Woods
OSSWB Associate Superintendent: Peter Moran	OSSWB Director: Sean McGee
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>7/1/21 - 9/30/23</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
Use online reconciliation program to identify, describe and review transactions & monthly statements for card purchases. Going to the bank at the end of every Friday to deposit funds and/or the day the amount in the building exceeds \$250	Relyd Browning Iraida Bodre-Woods		Review of statements within first 5 days of the month. Have transactions approved by the 10th day of every	Administrative secretary will provide statements for the principal for approval	
Cash and checks must be collected by teachers daily. Deposits to the bank on a regular basis. Receipts must be deposited on the last working day of the month	Relyd Browning		Consistent communications reminding teachers they should not keep any money in their classrooms. Having admin secretary go	Iraida Bodre-Woods	

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

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)	
<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: I have reviewed this plan and will support East Silver Spring Elementary School with administration of the plan.	
Director: _____ 	Date: <u>January, 30, 2024</u>