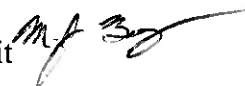


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

January 22, 2020

MEMORANDUM

To: Ms. Stephanie R. Dinga, Principal  
Goshen Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
December 1, 2016, through November 30, 2019

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, 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 January 8, 2020, meeting with you, and Mrs. Amy R. Curry, school administrative secretary, we reviewed our prior audit report dated February 3, 2017, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2019, and Mrs. Curry's assignment as school administrative secretary was effective July 1, 2019. 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

Effective internal control includes the receipt and review by the principal of the unopened monthly bank statement, bank reconciliation report, and ledger reports in a timely manner. Review of these important reports must be evidenced by the principal's signature and date (refer to the *MCPS Financial Manual*, chapter 20, page 9). Although these reports were prepared

monthly by the school's visiting bookkeeper, several reports had not been reviewed timely or signed by the former principal. You must initiate a monitoring process to enforce IAF policies, regulations, and procedures in order to promote timely and accurate reporting of data.

Sponsors of school activities which involve the collection or disbursement of IAF resources must be provided an account history report for each month in which transactions have been recorded in their accounts, or accounts have a balance, and be required to verify that transactions have been correctly recorded. In our sample of records, we noted that the former school administrative secretary did not consistently provide monthly account history reports to the sponsors. All sponsors must be given a monthly statement of their accounts, and be required to review and resolve any discrepancies in their accounts, and return the signed statements to the school administrative secretary who will file them for review by audit (refer to the *MCPS Financial Manual*, chapter 20, page 10).

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 the action plan dated February 15, 2017, the former principal indicated that her staff would complete and sign MCPS Form 280-54 at the time of approval, and she would ensure detailed documentation of the purchase was attached. She added that the school administrative secretary would stamp or annotate the invoices 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 the action plan of the former principal, she indicated that staff would remit and deposit funds on a daily basis. We found instances in which funds were held by sponsors rather than being remitted to the school administrative secretary on a daily basis, 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*. Trip approval forms must be signed by the principal, and the director of learning, achievement, and administration, when required, and retained for future reference. Sponsors of field trips should 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 the action plan of the prior principal, she indicated that staff would complete MCPS Form 280-41, *Field Trip Accounting*, to document and maintain proper accounting of field trips. 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 the *MCPS Financial Manual*, chapter 20, page 10).

#### Notice of Findings and Recommendations

- Monthly financial reports must be signed and dated by the principal to indicate review.
- Monthly account history reports must be provided to sponsors for affirmation of transaction correctness and returned to the school administrative secretary.
- Purchase requests must be approved by the principal prior to procurement (**repeat**).
- Purchaser must confirm receipt of goods or services prior to disbursement.
- Purchase invoices must be annotated as “paid” to indicate disbursement was made (**repeat**).
- Remitted funds must be 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. Adrienne L. Morrow, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Morrow 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 administrative secretary to support you with developing a well-defined plan to address the findings.

MJB:AMB:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Mr. Koutsos

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Marella

Dr. Morrow

Mr. Reilly

Mr. Tallur

Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

**Report Date:** 2021

**Fiscal Year:** 2021

**School:** Goshen ES - 546

**Principal:** Dinga

**OSSI**

**Associate Superintendent:** Koutsos

**OSSI**

**Director:** Morrow

**Strategic Improvement Focus:**

As noted in the financial audit for the period 16-19, strategic improvements are required in the following business processes :

Monthly Accounting Forms are signed monthly and Field Trip processes are followed with precision daily.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Monthly Financial Reports Signed and Dates-each month, the monthly reports will be signed and dated in a timely manner. The documents will be reviewed before the bookkeeper arrives each month.	Dinga	Monthly Accounting Sponsor Forms	Monthly Book Keeper	Monthly by Admin Secretary and Principal	
Purchase Requests will be approved by Principal prior to procurement with the purchaser's receipt. All staff were trained during pre-service to have principal approval prior to any purchases and all receipts must be attached with their final request. The admin secretary stamps paid on the receipt once the reimbursement has been fulfilled.	Dinga	Purchase Requests with dates	Daily by Admin Secretary	Daily by Principal	
Field Trip forms are properly submitted and money is handled daily. Teachers submit money on a daily basis attached to their remittance form, signed and dated. Admin secretary processes deposit and teachers are given a receipt. After all forms are completed, the final forms are submitted to admin secretary to confirm all students attending.	Curry	Bank and remittance forms	Daily based on submittance	Daily by Admin Secretary and Principal	
If student needs a field trip waiver, the teacher notifies the administrative secretary to complete the proper paperwork.	Curry	field trip waiver form	Daily based on submittance	Daily by admin secretary	

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

OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL	
<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____	
Director: <u>Adrienne L.Morrow</u>	Date: <u>6/15/20</u>