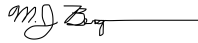


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

June 2, 2021

MEMORANDUM

To: Mrs. Carole A. Sample, Principal
Jones Lane Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
April 1, 2018, through April 30, 2021

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 May 20, 2021, virtual meeting with you, and Mrs. Marta C. Paredes, school administrative secretary (secretary), we reviewed the prior audit report dated May 11, 2018, and the status of present conditions. It should be noted that Mrs. Paredes' assignment as secretary was effective November 11, 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

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 in order 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. A check may then be drawn, and it must bear two signatures, one of which is that of the principal or acting principal. The secretary will then stamp the documentation as “paid.” In our sample of disbursements, we found instances in which controls over purchases were weakened that included documentation missing or not adequate to assure the school benefited from the purchase, MCPS Form 280-54 was not approved prior to the commitment of IAF activities, documentation not annotated by the recipient to indicate purchased goods or services were satisfactorily received, and checks that had been signed only by the principal. By requiring prior approval and complete documentation, the principal retains control over the expenditure of IAF funds. 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. We also recommend that all support documents be stamped 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.

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 documentation must be adequate to support disbursements.

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 Dr. Rotunda Floyd-Cooper, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Dr. Floyd-Cooper 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:ABP:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Mrs. Ferrell

Dr. Wilson

Mrs. Williams
Mr. Koutsos
Mrs. Chen
Dr. Floyd-Cooper
Mr. Klausing
Mr. Marella
Mr. Reilly
Mr. Tallur
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: June 2, 2021

Fiscal Year: June 2, 2021

School: Jones Lane ES - 360

Principal: Carole A. Sample

OTLS

Associate Superintendent: Mr. James Koutsos

OTLS

Director: Dr. Floyd-Cooper

Strategic Improvement Focus:

As noted in the financial audit for the period 4/1/18-4/30/21, 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 request must be approved by the principal prior to procurement.	Principal Admin. Secretary Requesting Staff Members	Form 280-54	Google Form Keeping track of all future requests This is a new addition to the previous requirements	Weekly and Monthly monitoring checks	The final goal: All request forms will be signed and dated before any purchases.
Purchaser must confirm receipt of goods or services prior to disbursement.	Administrative secretary Principal	Documents that confirm receipt of all goods and service checked monthly	Monthly check for all goods and services to confirm receipt prior to disbursement.	Monthly during bookkeeper's visits	The final goal: Purchaser will confirm all receipts and goods prior to disbursement.
Purchase documentation must be adequate to support disbursements.	Principal Administrative secretary	Regular checking of accounts and balances before approval	This will be done prior to all purchase request approval.	Principal Administrative secretary	All documentation will adequately support disbursements.

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

OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL	
<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____	
Director: <u>Rotunda Floyd-Cooper</u>	Date: <u>6/21/21</u>