


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

April 27, 2023

MEMORANDUM

To: Mr. Ron Morris, Principal
Jones Lane Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
May 1, 2021, through March 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 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 April 21, 2023, meeting with you, and Mrs. Marta C. Paredes, school administrative secretary (secretary), we reviewed the prior audit report dated June 2, 2021, and the status of the 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. It should be noted that your appointment as principal was effective August 15, 2022.

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. In our sample of disbursements, we found instances in which purchases were not pre-approved, MCPS i-Payment invoices had not been reviewed and

authorized for payment by the principal on MCPS Form 280-54, documentation not annotated by the recipient to indicate that purchased goods or services were satisfactorily received, and purchased items were at times shipped to staff members’ home addresses instead of the school address. 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 and that all MCPS iPayments be reviewed and approved by principal using MCPS Form 280-54. We also recommend that 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. We also recommend that all items ordered for the school be shipped to the school address.

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**).
- Items ordered for the school must be shipped to the school address.

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. David W. Adams, director of school support and well-being, Office of Student Support and Well-Being, for written approval of your plan. Based on the audit recommendations, Mr. Adams 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:YSG:rg

Attachment

Copy to:

- | | |
|-----------------------------------|---------------|
| Members of the Board of Education | Mr. Reilly |
| Dr. McKnight | Mr. Adams |
| Mr. Hull | Mrs. Chen |
| Dr. Murphy | Ms. Eader |
| Ms. Reuben | Mr. Klausling |
| Mr. Stockton | Mrs. Ripoli |
| Mrs. Williams | Ms. Webb |
| Dr. Redmond Jones | |

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY23	Fiscal Year: FY23
School: Jones Lane ES - 360	Principal: Ron Morris
OSSWB Associate Superintendent: Donna Redmond Jones	OSSWB Director: David Adams
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>05/01/21-03/31/2</u>, strategic improvements are required in the following business processes :</p>	

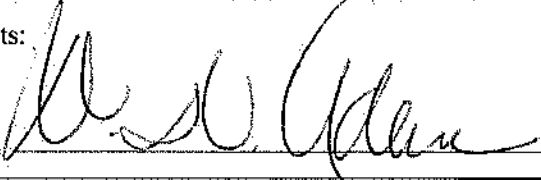
Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Purchase request must be approved by the Principal prior to procurement.	Principal Admin. Secretary Requesting Staff Member	Form 280-54	Use of JP-Card for staff purchases, which are not found on the Business Hub.	Staff reminders during school year Admin. Secretary upon receipt of request Bookkeeper visit	The final goal: All request forms will be signed and dated before purchase.
Purchaser must confirm receipt of good and services prior to disbursement.	Administrative Secretary Principal Staff member receiving the order	Document that confirm receipt of all goods and services check monthly	Monthly check of all goods and services to confirm receipt prior to disbursement.	Staff member and Admin. Secretary upon receipt of good and services Monthly during bookkeepers visit	The final goal: Purchaser will confirm all receipts and goods prior to disbursements.
Items ordered for the school must be shipped to the school address.	Administrative Secretary Principal Staff Member Placing the Order	Training of Staff Communication to Staff	Check all receipts upon receiving.	Staff member ordering Admin. Secretary Principal and monthly during bookkeeper visit	All documentation will adequately support disbursement.

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: 7/5/23