


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

January 11, 2022

MEMORANDUM

To: Ms. Laurie C. Jenkins, Supervisor
Outdoor Environmental Education Programs

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

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2019, through November 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 fund-raisers. 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 December 20, 2021, meeting with you; Mrs. Ebony N. Reddix, school administrative secretary (secretary); we reviewed the prior audit report dated February 1, 2019, 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 supervisor approval to proceed with an intended purchase (refer to the *MCPS Financial Manual*, chapter 20, p. 4). The purpose of each disbursement must be fully explained on this form and supported by documentation 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. The secretary will then mark the documentation as "paid" prior to disbursing the funds. In our sample of disbursements, we found disbursements did not always have adequate documentation to fully explain the reason for the expenditure, and invoices were not always signed by the receiver. We recommend that all disbursements have adequate documentation attached, 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.

Use of the MCPS purchasing card must be in accordance with the requirements of the MCPS *Purchasing Card User's Guide* and users should utilize the MCPS business Hub to order items on purchase orders whenever possible. 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 supervisor, with all purchase receipts and invoices attached. The supervisor must review each cardholder's transactions and approve them by the 10th of the following month, using the online reconciliation program. We found that the supervisor 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.

Authorization for schools to apply for grants is required prior to submitting a grant application through the use of Form 280-60, *Authorization for School Grant Application*. We recommend that this form be reviewed for an understanding of the information required when seeking a grant for the school. This form also is used to guide the applicant through the necessary steps, documentation, and approvals required when applying for small grants, as well as next steps once grant award documentation is received. All documentation must be kept in a grant file to ensure all requirements of the grant are met.

Notice of Findings and Recommendations

- Purchase documentation must be adequate to support disbursements (**repeat**).
- Purchaser must confirm receipt of goods or services prior to disbursement (**repeat**).
- Purchase card activity must comply with the MCPS *Purchasing Card User's Guide*; and MCPS purchase orders should be utilized first before using the JP Morgan system for purchases.
- MCPS Form 280-60 must accompany every grant application and documentation must be retained in accordance with Chapter 11 of the *MCPS Financial Manual*.

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 learning, achievement, and administration, Office of Teaching, Learning, and Schools, 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 school administrative secretary to support you with developing a well-defined plan to address the findings.

MJB:PJM:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. D'Andrea

Dr. Dawson

Ms. Reuben

Mrs. Williams

Mrs. Morris

Mr. Reilly

Mrs. Chen

Mrs. Eader

Mr. Klausling

Mr. McGee

Mrs. Ripoli

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

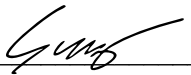
Report Date: FY 22	Fiscal Year: FY 22
School: Outdoor Environmental Education Program	Principal: Laurie C. Jenkins
OTLS Associate Superintendent: Diane Morris	OTLS Director: Sean McGee

Strategic Improvement Focus:

As noted in the financial audit for the period FY 19 - 11/21, strategic improvements are required in the following business processes :
Please note that during this period of time our admin sec (former registrar) was out for 60 days. That person left for a new position and a new secretary 1 was hired 8/21.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Formally remind all staff of the need to complete Form 280-54 Independent Activity Action Funds Request for Purchase and provide documentation for the expenditure, and provide receipts. No disbursement will be made without both of those items.	Supervisor and Admin Secretary 2	Records	Landscape print out of expenditures 280-54 completed forms	Supervisor and Admin Sec - monthly	
Ensure that admin sec confirms receipt of all goods by signing on the receipt before disbursement.	Admin Secretary	Receipt records	Bookkeeper reports	Supervisor and Admin Sec	
Review MCPS Purchasing Card User's Guide; Use MCPS purchase orders first when possible before using the JP Morgan system (Smith Center has a lot of unusual items not found in the MCPS Hub)	Admin Sec. Supervisor		Landscape print outs for JP Morgan	Supervisor	
Present Form 280-60 to educators and let them know that every grant...including those for under \$1,000 - must be accompanied by the completed form. Secretary will retain the documentation with the grant proposal on file.	Supervisor Admin Sec		Form 280-60 for each new grant	Supervisor - quarterly	

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OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL	
<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: I reviewed this plan with Ms. Jenkins and approve of the actions for rectifying the findings in the current audit.	
Director: _____ 	Date: 1/28/2022