


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

February 14, 2020

MEMORANDUM

To: Ms. Natasha Bolden, Principal  
Mill Creek Towne Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
September 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 31, 2020, meeting with you; Ms. Robyn A. Shinn-Miller, assistant principal; Ms. Lynn Taylor-Miller, visiting bookkeeper; and Mrs. Maria E. Young, school administrative secretary, we reviewed the prior audit report dated October 4, 2016, 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

Invoices for goods or services must be signed by the purchaser to indicate satisfactory receipt. Upon disbursement, the school administrative secretary will stamp or mark the supporting documentation as "paid". In your action plan dated November 1, 2016, you indicated that purchase invoices would be signed and dated to indicate the receipt of goods and services, and that

supporting documentation would be stamped “paid”. In our sample of disbursements, invoices and online purchase confirmations were not signed by the receiver to indicate goods or services were received, and supporting documentation was not stamped “paid”. Purchasers must sign invoices to indicate satisfactory receipt of goods or services prior to payments being processed. All receipts and invoices must be stamped “paid” upon issuance of the check. We 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” insures that goods or services have been satisfactorily received prior to payment. We also recommend that documentation be stamped or marked “paid” upon issuance of the check (refer to the *MCPS Financial Manual*, chapter 20, page 6).

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips and Student Organization Trips*. When required, trip approval forms, signed by the principal, and the director of school support and improvement, must be retained. Sponsors of field trips must 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, should be provided to the school administrative secretary at the completion of each trip, and compared to remittances recorded in the trip account history report (refer to the *MCPS Financial Manual*, chapter 20, page 10). In your action plan, you indicated that sponsors would complete MCPS Form 280-41, *Field Trip Accounting*, or equivalent, 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, field trip fees were not always being remitted in a timely manner, and that data is not being compared to the final account history report. All sponsors must be required to use MCPS Form 280-41, or equivalent, and all fees collected must be remitted daily to the administrative secretary for prompt deposit. We recommend that trip sponsors be required to provide complete data at the conclusion of each trip, and this data be reconciled by the administrative secretary with remittances recorded in activity accounts.

#### Notice of Findings and Recommendations

- Purchaser must confirm receipt of goods or services prior to disbursement (**repeat**).
- Purchase invoices and receipts must be annotated as “paid” to indicate disbursement was made (**repeat**).
- Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate, and administrative secretary must reconcile funds collected with account history report (**repeat**).
- Cash and checks (funds) collected by sponsors for field trips must be promptly remitted to the school administrative secretary for prompt deposit.

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. Sarah E. Sirgo, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Sirgo 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:GWB:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Mrs. Dyson

Mrs. Camp

Mrs. Chen

Mr. Marella

Mr. Reilly

Dr. Sirgo

Mr. Tallur

Ms. Webb

## Fiscal Management Action Plan

School: Mill Creek Towne Elementary SchoolPrincipal: Natasha D. BoldenApproved by Director of Learning, Achievement, and Administration: Sarah JugoDate of approval: 3/27/20

Findings and Recommendations of School's Financial Report	Description of Resolution School Support and Improvement and Person(s) Responsible	Timeline	Evidence of Completion
<p><b>Receipt of Goods and Services</b> Invoices for goods or services and online purchase confirmations must be signed by the purchaser to indicate satisfactory receipt. Purchasers must sign invoices to indicate satisfactory receipt of goods or services prior to payments being processed.</p>	<p>The school administrative secretary will stamp and date supporting documentation of receipts and invoices as "paid." As recommended by the audit, goods received at the school will be verified as complete by the recipient on the invoice/packing slip with the notation "received" and signed/dated by the recipient. Receipt process upgraded with newly purchased stamp. Upon completion of this documentation, payment may be issued.</p> <p>Person(s) Responsible: Administrative secretary</p>	As needed.	<p>Signed and dated invoices, receipts and online purchase confirmations.</p> <p>Procedure will be supported with verification during monthly account reconciliation.</p>
<p><b>Field Trips</b> Field trip sponsors will complete MCPS Form 280-41, <i>Field Trip Accounting</i>, to document and maintain proper accounting of field trips. All sponsors will provide completed data at the end of each trip with data comparison to the final account history report.</p>	<p>Sponsors will submit MCPS Form 280-41 with complete student payment information, including any waivers or scholarships for students. Sponsors will verify the trip account history report to verify the funds collected. As recommended by the audit, the administrative secretary will reconcile field trip funds with the account history report.</p> <p>Person(s) Responsible: Sponsors, administrative secretary</p>	As needed.	<p>Completed Form 280-41 and any additional documents relevant to each field trip.</p> <p>Final field trip reconciliation report.</p>
<p><b>Funds collected by Sponsors</b> All fees collected by sponsors must be remitted daily to the administrative secretary for prompt deposit.</p>	<p>Sponsors are not allowed to retain funds overnight and therefore must submit funds promptly to the administrative secretary. Sponsors are directed to submit funds daily by 2:00 p.m. to the administrative secretary to provide time to prepare a prompt deposit in the afternoon.</p> <p>Person(s) responsible: Sponsors, administrative secretary, principal</p>	As needed	<p>Completed Form 280-34, <i>Independent Activity Fund (IAF), Remittance Slip</i> with funds. School Funds Online (SFO) Deposit Summary with dated bank deposit slip.</p>

*Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, Room 11.*