


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

September 9, 2022

MEMORANDUM

To: Ms. Stacey M. Brown, Principal  
William Tyler Page Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
July 1, 2019, through June 30, 2022

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 September 1, 2022, meeting with you and Ms. Wendy M. Davis, school administrative secretary (secretary), we reviewed the prior audit report dated September 23, 2019, and the status of the present conditions. It should be noted that Ms. Davis's assignment as secretary was effective March 21, 2022. 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). Regardless of the documentation that approved the procurement of goods and services, all disbursements from a school's IAF, other than for petty cash items, must be approved by the principal using MCPS Form 280-54, prior to disbursement of funds. MCPS iPayment disbursements made by Automated Clearing House (ACH) with multiple IAF accounts

to be charged are to include a summary spreadsheet detailing the IAF account(s) to be charged with the principal's approved MCPS Form 280-54 for the total disbursement. In our sample of disbursements, we found instances in which controls over purchases were weakened including incidents where MCPS Form 280-54 was not approved prior to the commitment of IAF funds and a lack of principal approval for the disbursement of funds when paying MCPS iPayments. We recommend that MCPS Form 280-54 be prepared, signed, and dated by the principal as pre-approval of IAF expenditures and also prior to disbursement of funds when paying MCPS iPayments.

In order to properly control receipts, they must be remitted promptly to the secretary along with MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip* (refer to the *MCPS Financial Manual*, chapter 7, page 4). We found many remittances were not accompanied by a remittance slip, and those that were, many were incomplete. MCPS Form 280-34 is required to be submitted with all funds to identify the source and purpose of remitted funds and to insure fees collected have been verified under dual control. We recommend that it is communicated to staff that they are required to prepare and submit MCPS Form 280-34 with each remittance in accordance with MCPS policy and procedures.

### **Notice of Findings and Recommendations**

- All IAF disbursements, including MCPS iPayments, must be documented, reviewed, and approved by the principal using MCPS Form 280-54.
- MCPS Form 280-34 must accompany every remittance and include all required information in accordance with Chapter 7 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 Dr. Donna Redmond Jones, 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, Dr. Redmond Jones will indicate whether she will conduct an electronic review of your action plan or schedule a time to meet in person with you and Ms. Davis to support you with developing a well-defined plan to address the findings.

MJB:LB:lsh

Attachment

Copy to:

Members of the Board of Education  
Dr. McKnight

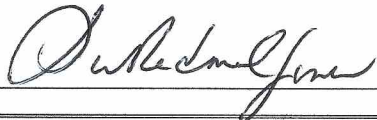
Mr. Hull  
Dr. Murphy  
Ms. Reuben  
Mr. Stockton  
Mrs. Williams  
Dr. Floyd-Cooper  
Mr. Reilly  
Mrs. Chen  
Ms. Eader  
Mr. Klausling  
Dr. Redmond Jones  
Mrs. Ripoli  
Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> 2022	<b>Fiscal Year:</b> 2022
<b>School:</b> William Tyler Page ES - 312	<b>Principal:</b> Stacey M. Brown
<b>OSSWB Associate Superintendent:</b> Dr. Rotunda Floyd-Cooper	<b>OSSWB Director:</b> Dr. Donna Redmond Jones
<p><b><u>Strategic Improvement Focus:</u></b>          As noted in the financial audit for the period <u>FY20-FY22</u>, strategic improvements are required in the following business processes :          All IAF disbursements must be documented, reviewed and approved by principal, using MCPS Form 280-54; MCPS Form 280-34 must accompany every remittance</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Remind staff a 280-4, Request for a purchase must be completed and approved by the principal before the purchase can be made. Administrative Secretary will also remind staff we cannot reimburse sales or bag tax and the receipt must be remitted within 10-days of the date of purchase. This includes payments made payable to MCPS.	Principal and Administrative Secretary	MCPS form 280-54, Request for Purchase	All IAF disbursements, including MCPS iPayments are documented, reviewed and approved by the principal.	Administrative secretary and principal, as each request for purchase is submitted.	Completed 284-54 forms for each request for purchase
Administrative secretary will attach a checklist to all check requests reminding staff the procedures for requesting to make a purchase.	MCPS form 280-54, Request for Purchase	MCPS form 280-54, Request for Purchase	Completed checklists	Administrative secretary and principal, as each request for purchase is submitted.	Completed 284-54 forms for each request for purchase
The principal and administrative secretary will communicate to staff that they are required to submit MCPS Form 280-34, Independent Activity Fund Remittance Slip, with each remittance. This form must be fully completed	MCPS form 280-54, Request for Purchase	MCPS form 280-34	Regular review of remittance documentation submitted by staff.  Copy of handouts/ staff communication	Administrative secretary and principal	Completed 280-34 forms for every remittance

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

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)	
<input checked="checked" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments:	
Director: <u></u>	Date: <u>9/22/22</u>