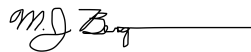


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

February 16, 2021

MEMORANDUM

To: Dr. Afie A. Mirshah-nayar, Principal
Paint Branch High School

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

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2019, through December 31, 2020

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 January 27, 2021, virtual meeting with you; Mrs. Ingrid G. Higgins, school business administrator (SBA); and Mrs. Christina M. Keating, school financial specialist (SFS), we reviewed the prior audit report dated January 22, 2020, 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. It should be noted that your appointment as principal was effective May 12, 2020.

Findings and Recommendations

The monthly bank statement reconciliation must be performed by an employee who is independent of recording the financial transactions; however, the employee performing the independent bank reconciliation cannot be a check signer. We found that your previous SBA was a second check signer and also performed the bank reconciliations from January 2020 through September 2020.

We recommend that your new SBA either completes the monthly bank reconciliation or signs checks, but she cannot perform both roles (refer to the *MCPS Financial Manual*, Chapter 20, Page 6).

Use of the MCPS purchasing card must be in accordance with the requirements of the MCPS Purchasing Card User's Guide. By the fifth business day of the following month, cardholders must use the online reconciliation program to identify, describe, and review transactions. Monthly statements must be printed and provided to the principal, with all purchase receipts and invoices attached. The principal must review each cardholder's transactions and approve them by the tenth of the following month, using the online reconciliation program. We found that some cardholders had not promptly prepared their monthly statements, provided their purchase receipts, or reviewed their transactions in the online reconciliation program. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Cash and checks collected by sponsors and others for IAF activities must be remitted promptly to the SFS. These receipts must be deposited promptly, and all receipts must be deposited on the last working day of each month and before each weekend or holiday (refer to the *MCPS Financial Manual*, chapter 7, pp. 4-5). We noted that the SFS was not always making timely deposits. Large and infrequent deposits increase the possibility of loss of funds, as well as decrease the school's ability to fund activities. To minimize the risk of loss or theft and provide availability of funds to meet school needs, all funds collected must be remitted to the SFS daily for prompt deposit.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips and Student Organization Trips*. Trip approval forms signed by the principal and the director of learning, achievement, and administration, when required, 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 must be provided to the finance office 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). We found that not all field trips had principal approval forms on file, and sponsors were not always providing complete data at the conclusion of each trip, and that data is not being compared to the final account history report. We recommend that all trips have written approval on file, sponsors be required to use MCPS Form 280-41: Field Trip Accounting, or equivalent, and a reconciliation be performed at the conclusion of the trip and retained in the file.

MCPS Regulation DMB-RA, *Control of Admission Receipts*, sets forth procedures for the control of admission receipts for school events. The accounting for these events must be controlled with serially numbered tickets, separation of duties, use of the required MCPS Form 280-50, *Tickets and Cash Report of Admissions Manager*, for tracking and reconciling sales, and perpetual inventory of tickets (refer to the *MCPS Financial Manual*, chapter 20, page 13). We noted an admission event in which tickets were sold but MCPS Form 280-50 was not properly completed to reconcile tickets issued with tickets returned and sales receipts. We recommend that procedures

for sale of tickets be reviewed with appropriate staff prior to events for compliance with the above cited MCPS requirements.

The IAF procurement of goods and services must be approved in writing by the principal prior to staff proceeding with any intended purchase. This prior approval may be granted by the principal's signature on MCPS Form 280-54, *IAF Request For A Purchase*, or a budget prepared by the sponsor of a school activity and approved by the principal. The sponsor cannot exceed the projected expenditures in the approved budget without receiving prior written approval of the principal. The financial agent is responsible for monitoring budgets to ensure expenditures conform to what the principal has approved. We found that several line items on the athletic budget had been overspent and a revised budget had not been prepared in order to obtain the principal's prior approval for these expenditures. We recommend that your approved athletic budget be monitored by a financial agent and revised, if necessary, for the principal to approve, or utilize MCPS Form 280-54 to support prior approval of expenditures exceeding the original budget.

The office of associate superintendent of finance (OOF) provides guidelines to high school principals for management and accounting for external exam fees paid by students. We found that the testing coordinator had records to verify all students who received exam fee subsidies, but did not have complete records for all exam fees paid and refunded. The complete monitoring spreadsheet used by the testing coordinator had not been submitted to the financial office for reconciliation. In addition, we found that the sponsor had collected approximately \$1,062 less than expected, based on the number of exams invoiced that were adjusted for waivers and refunds. We found errors in the sponsor's records that recorded transactions rendering the account information needed for reconciliation of activities as unreliable. We recommend that you work with staff to ensure that procedures are in place to effectively manage external exam activities and to ensure that all fees collected, waived, and refunded are accounted for. We also would recommend that your testing coordinator use the tool kit provided by MCPS to track all testing activity.

The OOF provides guidelines for use of the IAF to support the planning, coordination, and implementation of Advanced Placement (AP) testing. Supporting services staff should not be employed to do work in a similar capacity beyond 8 hours a day or 40 hours a week per the *Fair Labor Standards Act*. Other staff can be paid for time worked outside of the employee's duty day and must be made according to MCPS pay rate guidelines. Schools may compensate a combined total of 290 hours for an AP coordinator (limited to 250 hours) and clerical support (refer to guidelines outlined in the attached OOF memorandum, January 23, 2020, *Action – Fiscal Year 2020 Exam Fee Subsidies for Students with Financial Need*). The College Board provides financial incentives to high schools for coordinating and administering AP testing. Schools may utilize IAF funds retained from College Board rebates to compensate individuals for work done outside of the duty day to plan/coordinate the AP testing program. Payments to staff for work related to the AP testing program must be made according to MCPS guidelines as outlined in the above referenced memorandum. We found that you paid a total of 290 hours to the FY20 AP coordinator, which included the 250 maximum number of hours allowed by MCPS, plus 40 hours at \$25 for the College Board rebate of \$1000 received as an incentive. We also found that the College Board

rebate of \$1,500 was paid to the AP coordinator in addition to the 150 allowable hours for the FY19 AP exams. Prior to the start of work, principals must review and approve the plan for IAF payments required for coordinating and planning of AP test program. Records must show the type of work done, the dates and hours worked, and the hourly rate paid. A copy of the 280-46, Independent Activity Funds Request For Payment To MCPS Employees For Services (Work) Performed must be kept on file with the documentation to verify actual hours worked and paid. The money from College Board cannot be paid to the coordinator in addition to the payment of hours worked. We recommend you review your process for paying employees for work performed outside of their regular duty day and pay in accordance with MCPS guidelines.

Notice of Findings and Recommendations

- There must be clear evidence that the monthly bank reconciliation is completed by a person independent of daily accounting transaction input.
- Purchase card activity must comply with the MCPS Purchasing Card User's Guide.
- Cash and checks (funds) remitted by sponsors must be promptly receipted and deposited in the bank by the school financial specialist in accordance with Chapter 7 of the MCPS Financial Manual (**repeat**).
- Admission events must be conducted in accordance with MCPS Regulation DMB-RA.
- Budgets must be monitored to compare income and expense projections to actual results.
- The external exam coordinator must maintain accurate student fee collection records and submit to financial staff for reconciliation to the general ledger.
- A copy of the 280-46 must be kept on file with the documentation to verify actual hours worked and paid.

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. Donna Redmond Jones, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools. 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, your school business administrator, and your school financial specialist to support you with developing a well-defined plan to address the findings.

MJB:RCM:lsh

Attachments

Copy to:

Members of the Board of Education

Dr. Smith
Dr. McKnight
Ms. Stratman
Dr. Wilson
Mrs. Williams
Mrs. Dyson
Mrs. Chen
Mr. Klausling
Mr. Marella
Dr. Redmond Jones
Mr. Tallur
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY 21

Fiscal Year: FY 21

School: Paint Branch HS - 315

Principal: Dr. Afie Mirshah-Nayar

OTLS

Associate Superintendent: Cheryl Dyson

OTLS

Director: Dr. Donna Redmond Jones

Strategic Improvement Focus:

As noted in the financial audit for the period Nov 19 - Dec 20, strategic improvements are required in the following business processes :

Bank reconciliation, purchasing card, cash & checks handling, field trips, control of admission receipts, IAF funds prior approval, AP management & accounting, payment AP

| Action Steps | Person(s) Responsible | Resources Needed | Monitoring Tools / Data Points | Monitoring: Who & When | Results/Evidence |
|--|---|------------------|---|---|--|
| To ensure separation of duties, the SBA will do the bank reconciliation, while the signing of checks is being handled by the financial specialist and the principal. | SBA, Higgins SFS, Keating Principal, Mirshah | N/A | SFO | Principal, Mirshah SBA, Higgins SFS, Keating At the beginning of each month. | |
| JP Morgan card holders will their transactions, printing, and signing their monthly reports on time. The principal and the SBA have reviewed the transactions that were pending from previous months/years. Expectations will be reviewed each year at training meetings for cardholders. | Card holders Principal, Mirshah SBA, Higgins | N/A | JP Morgan Payment Net | Principal, Mirshah SBA, Higgins | Card holders (Higgins, Keating, Gardner, Podosek, and Yep) have all reviewed expectations. |
| Cash & Checks - The SFS will be making daily deposits. Additionally, the business office will continue to remind sponsors to remit funds on a daily basis. | SFS, Keating | N/A | SFO | SBA, Higgins on a monthly basis when reviewing end of month reports | Meeting with SBA, SFS, and Principal on 2/17/2021 to review expectations. |
| Field Trips - We will remind teachers of the process for submitting field trips. Additionally, the SFS will create a Google form to track the progress and completion of the all field trips. At the end of the field trip, the SFS will connect with the sponsor to perform reconciliation of the field trip. | SFS, Keating | N/A | Google Docs SFO MCPS field trip forms | Sponsors SFS, Keating SBA, Higgins annually during pre-service. | NA at this time due to pandemic / no field trips for 2020-2021 school year. |

| Action Steps | Person(s) Responsible | Resources Needed | Monitoring Tools / Data Points | Monitoring: Who & When | Results/Evidence |
|---|---|------------------|--------------------------------------|---|---|
| Admission Receipts - SBA has met with the Athletic Director to review the expectations regarding the control of admission receipts. The Athletic Director and the SBA will use MCPS form 280-50 for ticket tracking, ticket inventory, and reconciliation of sales. | AD, Podosek SBA, Higgins | N/A | MCPS form 280-50 | AD, Podosek SBA, Higgins | Meeting with Higgins and Podosek occurred in January 2021. |
| IAF - The business office sent an email to all staff to remind them of the procedures when purchasing goods and services for the school. The principal will not approve any purchases that were made without prior approval. | AD, Podosek SFS, Keating SBA, Higgins Principal, Mirshah | N/A | MCPS form 280-54 SFO Budget | AD, Podosek SFS, Keating SBA, Higgins Principal, Mirshah | Email sent to staff on 2/17/2021 |
| The Athletic Director will complete a revised budget and use form 280-54, prior to making any purchases. This will allow for the SFS to monitor budgets and identify and avoid any possible overspending. | AD, Podosek SFS, Keating SBA, Higgins Principal, Mirshah | N/A | MCPS form 280-54 | AD, Podosek SFS, Keating SBA, Higgins Principal, Mirshah | Revised budget was sent on 2/25/2021 |
| AP testing exam fees - The AP coordinator will use the MCPS Tool Kit as well as an Excel tracking sheet to monitor funds collected. AP coordinator payment - 120 hours will be deducted from this school year's AP payment. Will complete 280-46 | AP Coordinator, Gerber SFS, Keating | N/A | MCPS Tool Kit Excel SFO OSP | AP coordinator, Gerber SFS, Keating SBA, Higgins Principal, Mirshah | Meeting with SBA, Principal, and AP Coordinator occurred on 2/10/2021 |

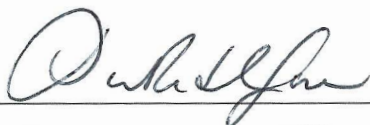
OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL

☒ Approved

☐ Please revise and resubmit plan by _____

Comments:

Director: _____



Date: _____

3/12/21



Afie Mirshah-Nayar, Ed. D.
Principal

Paint Branch High School

NATIONAL BLUE RIBBON SCHOOL OF EXCELLENCE

14121 Old Columbia Pike • Burtonsville, Maryland 20866

Phone: 301-388-9900 • FAX: 301-989-5609

MEMORANDUM

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

From: Afie Mirshah-Nayar, Principal, Paint Branch High School

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2019, through December 31, 2020

Date: March 19, 2021

The team at Paint Branch High School developed an action plan to address the findings reported and documented in the February 16, 2021 memorandum. We would like to have the following noted for the record.

Although I was appointed on May 12, 2020 as the principal of Paint Branch High School I did not begin as the principal of the school until July 1, 2020. There are audit findings in the report that occurred prior to my official start at the principal.

In addition, the School Business Administrator that was at the school retired in October 2020 and I was not able to fill her position until December 2020. Ms. Ingrid Higgins began as the School Business Administrator on December 3, 2020 and therefore was not involved in any of the audit findings prior to her official start date.