


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

April 16, 2024

MEMORANDUM

To: Mrs. Candace M. Ross, Principal
Kensington-Parkwood Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
March 1, 2021, through February 29, 2024

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 4, 2024, meeting with you and Ms. Kathleen M. Allen, school administrative secretary (secretary), we reviewed the prior audit report dated April 27, 2021, and the status of the present conditions. It should be noted that Ms. Allen's assignment as secretary was effective January 11, 2024. 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

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, or the statement of account landscape report, must be printed and provided to the approver, with all purchase receipts and invoices attached. The approver must review each

cardholder's transactions and approve them by the 10th of the following month, using the online reconciliation program. In our sample, we noted that the media center purchase card transactions had not been approved online by the principal. We also noted that staff did not include notes to describe what was purchased when reviewing their transaction online. By including notes, it assists in identifying if purchases were appropriate for the type of card used. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

To properly control receipts, cash and checks collected by sponsors for IAF activities must be remitted promptly and intact to the secretary along with a remittance slip. Cash must be counted in the presence of the remitter, and a receipt that is supported by the remittance slip must be issued promptly. 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, pages 4-5). In your action plan, you indicated that deposits would be received daily and verified and that bank deposits would be made each day. In our sample of receipts, we found instances in which funds were held by sponsors rather than being remitted daily to the secretary, and that they were not always promptly deposited into the school's bank account. To minimize the risk of loss and provide assurance that available funds will be fully utilized to meet school needs, all funds collected must be remitted daily to the secretary. 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.

Sponsors of field trips must have a complete class or club roster of student names to annotate the amount each student paid, the 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 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). School Cash Online (SCO) item attachment report may replace the field trip accounting sheet as long as all eligible students have data entered such as paid, waived, scholarship or did not attend. This report must be reviewed and initialed by the sponsor. We found that data was not being reconciled to the final account history report upon completion of each trip. In addition, MCPS Form 260-1, *Fee Waiver Record*, was not on file when field trip fees were waived. We recommend that Form 260-1 be prepared and approved for all waived fees, and that the final field trip accounting data be reconciled by the secretary with remittances recorded in activity accounts.

Notice of Findings and Recommendations

- Purchase card transactions must be documented, reviewed, and approved by the principal in the online program.
- Cash and checks (funds) must be remitted by sponsors daily and be promptly receipted and deposited in the bank by the secretary in accordance with Chapter 7 of the *MCPS Financial Manual* (**repeat**).

- Secretary must reconcile field trip funds collected with account history report and keep Form 260-1 on file for review by audit.

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. Michael (Mike) J. Zarchin, director of school support and well-being, Office of School Support and Well-Being, for written approval of your plan. Based on the audit recommendations, Dr. Zarchin 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:BK:rg

Attachment

Copy to:

Members of the Board of Education

Dr. Felder

Mr. Hull

Dr. Johnson

Ms. Dempsey

Dr. Moran

Mrs. Williams

Mr. Adams

Mr. Reilly

Mrs. Chen

Ms. Eader

Mr. Klausling

Mrs. Ripoli

Dr. Zarchin

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 4/16/2024	Fiscal Year: 2023-2024
School or Office Name: Kensington Parkwood	Principal: Candace Ross
OSSWB Associate Superintendent: David Adams	OSSWB Director: Micheal Zarchin
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>3/1/21-2/29/24</u>, strategic improvements are required in the following business processes : Purchase card transactions, cash and check remittance, field trip reconciliation</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Implement bimonthly review protocol of all purchase card transactions	Candace Ross Kathleen Allen	JP morgan website	JP Morgan landscape report Include copy with monthly reconcilaitaion	Candace Ross bimonthly admin meetings	All purchases will be reviewed and approved in a timely manner to meet MCPS expectations
Provide preservice and quarterly training to all sponsors regarding the expected protocols of money handling	Candace Ross Sponsors	Chapter 7 of MCPS Financial manual- training by SNT		Candace Ross- Admin Secretary	All remittances reviewed monthly in filed trip or sponsor files
Prompt reconciliation of field truiip funds along with account history report	Sponsors Candace Ross	Form 260-1	Review of form 260-1 for every monthly reconcialition	End of year reconiclation Audit	Evidence of reconicliations

