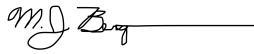


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 23, 2020

MEMORANDUM

To: Mr. Mark A. Carothers, Principal
Poolesville High School

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

Subject: Report on Audit of Independent Activity Funds for the Period
August 1, 2019, through October 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 November 18, 2020, virtual meeting with you; Ms. Susan L. Krouner, school business administrator; and Ms. Mary J. Fourcade, school administrative secretary, we reviewed the prior audit report dated November 5, 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

An advance of funds to a staff member for allowable IAF expenditures must be issued by check to the staff member for conversion to cash. The advance must be routinely monitored for timely return of receipts documenting expenses, and any unspent cash for deposit. We noted several advances to a staff member in order to purchase food for overnight field trips with a lack of consistent accountability. We noted that supporting purchase receipts or cash were not returned

until several weeks or months later. Some of the supporting purchase receipts submitted pre-dated the cash advance request, conveying the appearance of an unauthorized loan of school funds to the purchaser. We recommend that the use of advances be curtailed. However, if deemed necessary, the purchaser must account for it in a timely manner.

Use of MCPS Form 280-46 *Independent Activity Funds (IAF) Request for Payment to MCPS Employees for Services (Work) Performed*, to compensate employees with IAF, must be in accordance with MCPS pay rate guidelines and payroll processes (refer to the MCPS Regulation DIA-RB, *Payments for Services and Reimbursements for Expenses from School Independent Activity Funds*). We noted you paid two substitutes on MCPS form 280-46 at a rate of \$30 an hour, which is not in accordance with MCPS pay rate guidelines. We also found that an employee was paid for services as a costumer using MCPS Form 280-46, instead of being paid as an Extracurricular Activity (ECA) class 1 activity. According to the ECA program handbook, class 1 stipends are to be paid at the rate of \$15 an hour for no more than 100 hours per activity. We recommend that you follow the guidelines outlined in the ECA program handbook and include the costumer in your class 1 ECA plan for Fiscal Year 2021.

Use of the MCPS purchasing card must be in accordance with the requirements of the MCPS *Purchasing Card User's Guide*. We found you purchased furniture using a school purchasing card, which is prohibited. We also found purchase card transactions, using the account linked to the school's instructional materials allocation, which do not qualify as materials of instruction. Use of the purchase card linked to the school's instructional materials, budgeted operating funds, must adhere to guidelines set in the attached preliminary allocations memorandum, which define instructional materials and appropriate use of Category 04 operating fund allocations. We recommend reviewing purchase card guidelines prior to making purchase card transactions, ensuring the correct accounts are used for purchasing of goods and items.

Notice of Findings and Recommendations

- Advance payments to employees, using MCPS Form 280-54 must be properly accounted for and reconciled in a timely manner.
- Payments to employees for extracurricular activities must be paid through the ECA payroll process.
- IAF payments to employees, using MCPS Form 280-46, *Independent Activity Funds (IAF) Request for Payment to MCPS Employees for Services (Work) Performed*, must be in accordance with MCPS pay rates guidelines and payroll processes
- Purchase card activity must comply with the MCPS *Purchasing Card User's Guide*.

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. Jane Q. Ennis, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools. Based on the audit recommendations, Dr. Ennis 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 business administrator to support you with developing a well-defined plan to address the findings.

MJB:ABP:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Ms. Stratman

Dr. Wilson

Ms. Williams

Mrs. Morris

Mrs. Camp

Mrs. Chen

Dr. Ennis

Mr. Marella

Mr. Tallur

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date:

Fiscal Year:

School:

Principal:

OTLS

Associate Superintendent:

OTLS

Director:

Strategic Improvement Focus:

As noted in the financial audit for the period _____, strategic improvements are required in the following business processes :

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

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

OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL	
<input type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____ _____	
Director: _____ <i>Jane Q Ennis</i>	Date: _____