


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 13, 2023

MEMORANDUM

To: Ms. Kimberly A. Henriquez, Principal
Rock Creek Valley Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
September 1, 2020, through September 30, 2023

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 13, 2023, meeting with you and Mrs. Smil Soria, school administrative secretary (secretary), we reviewed the prior audit report dated October 23, 2020, and the status of the present conditions. It should be noted that Mrs. Soria's assignment as secretary was effective March 8, 2021. 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

Reconciliation of the school's monthly bank checking account statement and monthly reports, including the bank reconciliation, are to be presented to the principal no later than the 20th of the month following the close of each month. The principal shall review these reports, sign and date them to indicate this review, and return them to the secretary to be filed with other monthly reports (refer to the *MCPS Financial Manual*, chapter 20, page 9). We found that the principal did not

always sign and date required monthly reports indicating review. We recommend that the designated person that performs the bank reconciliation each month provide the principal with all required monthly reports and that these reports are reviewed, signed and dated by the 20th of the following month.

MCPS Form 280-54, *Independent Activity Funds Request for a Purchase*, is used to obtain the principal's approval to proceed with an intended purchase. After acquisition, the purchaser must submit the invoice or documented evidence of purchase, annotated to indicate the satisfactory receipt of the goods or services, to the secretary (refer to the *MCPS Financial Manual*, chapter 20, page 6). In your action plan, you indicated that purchasers would provide evidence of receipt to the secretary. In our sample of disbursements, we noted invoices were not annotated by purchasers to indicate that purchased goods or services were satisfactorily received. We recommend that prior to preparing the disbursement the secretary verifies that the invoice is annotated by the purchaser that the good/services were received satisfactorily.

To properly control funds, all cash and checks collected by sponsors for IAF activities must be remitted promptly to the secretary. These funds must then be verified in the presence of the remitter and a receipt that is supported by MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, must be issued promptly (refer to the *MCPS Financial Manual*, chapter 7, page 4). In your action plan, you indicated that funds remitted would be promptly verified, receipted and deposited. We found instances in which funds were held by sponsors rather than being remitted on a daily basis to the secretary and they were not always promptly deposited into the school's bank account by the secretary. We recommend to minimize the risk of loss and provide availability of funds to meet school needs, all funds collected must be remitted daily to the secretary for prompt deposit.

Notice of Findings and Recommendations

- Principal is not always signing and dating required monthly reports.
- Purchaser must confirm receipt of goods or services prior to disbursement (**repeat**).
- Cash and checks (funds) collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the secretary.
- Funds remitted by sponsors must be promptly receipted and deposited in the bank by the secretary in accordance with Chapter 7 of the *MCPS Financial Manual* (**repeat**).

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 Mrs. Jewel A. Sanders, 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, Mrs. Sanders 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 secretary to support you with developing a well-defined plan to address the findings.

MJB:LMB:rg

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Dr. Collins

Mr. Hull

Dr. Kimball

Mr. Stockton

Mrs. Williams

Ms. Dempsey

Mr. Reilly

Mrs. Chen

Ms. Eader

Mr. Klausling

Mrs. Ripoli

Mrs. Sanders

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

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|--|--------------------------------------|
| Report Date: 12/13/23 | Fiscal Year: 2024 |
| School or Office Name: Rock Creek Valley ES | Principal: Kimberly Henriquez |
| OSSWB Associate Superintendent: Lance Dempsey | OSSWB Director: Jewel Sanders |
| <p>Strategic Improvement Focus: As noted in the financial audit for the period <u>2020-2023</u>, strategic improvements are required in the following business processes :</p> | |

| Action Steps | Person(s) Responsible | Resources Needed | Monitoring Tools / Data Points | Monitoring: Who & When | Results/Evidence |
|--|--|------------------|--|------------------------|------------------|
| Principal will review, sign, and date all required monthly reports by the 20th of the following month. | Principal Admin Sec Visiting Bookkeeper | none | signed and dated bank reconciliations from each month | Principal/ monthly | |
| Prior to preparing the disbursement of purchased goods or services, the secretary will verify that the invoice is annotated by the purchaser showing satisfactory receipt. | Admin Sec | Form 280-54 | Checked by principal and admin secretary during monthly meetings | Principal/ monthly | |
| Funds collected by sponsors will be remitted intact with form 280-34 to the secretary. Funds will be promptly receipted and deposited in the bank by the secretary. | Admin Sec | Form 280-34 | Checked by principal and admin secretary during monthly meetings | Principal/ monthly | |
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| Action Steps | Person(s) Responsible | Resources Needed | Monitoring Tools / Data Points | Monitoring: Who & When | Results/Evidence |
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OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

Approved
 Please revise and resubmit plan by _____

Comments:

Director: _____

Date: 12/15/2023