


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

February 20, 2020

MEMORANDUM

To: Ms. LaTricia D. Thomas, Principal
Judith A. Resnik Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2017, through December 31, 2019

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, 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 February 4, 2020, meeting with you, and Mrs. Yolande Perez, school administrative secretary, we reviewed our prior audit report dated February 17, 2017, and the status of present conditions. It should be noted that Mrs. Perez's assignment as school administrative secretary was effective August 20, 2018. 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

Sponsors of school activities which involve the collection or disbursement of IAF resources must be provided an account history report for each month in which transactions have been recorded in their accounts and be required to verify that transactions have been correctly recorded. In our sample of records, we noted that some sponsors did not consistently receive their monthly reports, and not all were signing and returning to indicate review. All sponsors must be given a

monthly statement of their accounts, and be required to review and resolve any discrepancies in their accounts, and return the signed statements to the school administrative secretary who will file them for review by audit (refer to the *MCPS Financial Manual*, Chapter 20, page 10).

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 school administrative secretary. Upon disbursement, the documentation is to be stamped or marked "paid" to preclude duplicate payment (refer to the *MCPS Financial Manual*, chapter 20, page 6). In your action plan dated March 17, 2017, you indicated that purchase invoices and receipts would be stamped paid. In our sample of disbursements, we noted instances in which invoices were not annotated by purchasers to indicate that purchased goods or services were satisfactorily received, and documentation supporting purchases were not consistently stamped or marked "paid." All IAF purchases must comply with MCPS procedures.

To properly control funds, all cash and checks collected by sponsors for IAF activities must be remitted promptly to the school administrative 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 sponsors would remit funds, on a daily basis, to the school administrative secretary, and she would make prompt deposits. We found instances in which funds were not always remitted on a daily basis, and not promptly deposited into the school's bank account. To minimize the risk of loss and provide availability of funds to meet school needs, all funds collected must be remitted daily to the school administrative secretary for prompt deposit.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips, and Student Organization Trips*. When required, trip approval forms must be signed by the principal, and the director of learning, achievement, and administration, and retained for future reference. 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 school administrative secretary at the completion of each trip and compared to remittances recorded in the trip account history report. In your action plan, you indicated that sponsors would complete MCPS Form 280-41 to document and maintain proper accounting of field trips. We found that not all sponsors are providing completed data at the conclusion of each trip and that data is not being compared to the final account history report. All sponsors are required to submit MCPS Form 280-41, or equivalent and follow the procedures outlined above. This data must be reconciled by the school administrative secretary with remittances recorded in activity accounts (refer to the *MCPS Financial Manual*, chapter 20, page 10).

Notice of Findings and Recommendations

- Monthly account history reports must be provided to sponsors for affirmation of transaction correctness and returned to the school administrative secretary.
- Purchaser must confirm receipt of goods or services prior to disbursement (**repeat**).
- Purchase invoices must be annotated as “paid” to indicate disbursement was made (**repeat**).
- Remitted funds must be promptly verified, receipted, and deposited in the bank by the school administrative secretary (**repeat**).
- Field trip records that are prepared by sponsors must provide comprehensive data to account for all students eligible to participate and administrative secretary must reconcile funds collected (**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 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. Sarah E. Sirgo, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Sirgo 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 administrative secretary to support you with developing a well-defined plan to address the findings.

MJB:AMB:lsh

Attachment

Copy to:

Members of the Board of Education
Dr. Smith
Dr. McKnight
Dr. Navarro
Dr. Statham
Dr. Zuckerman
Mr. Civin
Dr. Johnson
Mrs. Dyson
Mrs. Camp
Mrs. Chen
Mr. Marella

Mr. Reilly
Dr. Sirgo
Mr. Tallur
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY20

Fiscal Year: FY20

School: Judith A. Resnik ES - 514

Principal: Mrs. Thomas, LaTricia

OSSI

Associate Superintendent: Cheryl Dyson

OSSI

Director: Sarah Sirgo

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
Purchase Request Approval Invoices for goods and services were not signed by the purchaser, MCPS Form 280-54.	Yolande Perez LaTricia Thomas		This item deals with JPMorgan purchases. Ms. Perez, Administrative Secretary, will make sure that MCPS Form 280-54 is filled out for each JPMorgan	When purchases are made. We will also have bi-weekly meetings.	Ms. Perez will keep copies of all JPMorgan purchases with the IAF account records.
IAF Cash and Checks Collected by Sponsors and other Authorized Personnel Cash and checks collected by sponsors and others were not remitted on the day they were received.	Yolande Perez LaTricia Thomas		Ms. Thomas has notified the staff that monies must be turned in the same day. This is not negotiable it is mandatory. She has also stated that if individual staff	When funds are received. We will have a bi-weekly meeting to check records.	Ms. Perez will notify Ms. Thomas of staff members that are not handing in monies on a daily basis. Evidence of this will be the date on the Remittance For
Account History Reports Account history reports were not given to sponsors on a monthly basis	Yolande Perez LaTricia Thomas		Ms. Perez will prepare and deliver monthly account history reports to sponsors for review and signature of approval. Upon signature of approval by sponsors, Ms. P	Monthly	Ms. Thomas and Ms. Perez are meeting monthly to go over the checklist and this will be verified on a monthly basis.
Independent Activity Fund Purchase invoices must be annotated as paid to indicate a disbursement was made.	Yolande Perez LaTricia Thomas		Ms. Perez will stamp all invoices/receipts as paid.	When invoices are paid.	Ms. Perez is already stamping the invoices/receipts as paid. Ms. Thomas and Ms. Perez are meeting monthly to go over the checklist and this

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Field trip accounting Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate and to reconcile funds collected with costs of trip.	Yolande Perez LaTricia Thomas		Field trip sponsors are not providing completed financial information to the administrative secretary at the completion of a trip. Sp	The day after the field trip	Completed Form 280-41, Field Trip Account and additional documents relevant to each trip will be collected and put in the fiel
Cash Receipts An inspection of the records disclosed that funds were not always promptly deposited into the school's bank account.	Yolande Perez LaTricia Thomas		Ms. Perez will make regular trips to the bank to deposit funds. Ms. Perez will verify funds and enter the receipt number on form 280-34. In t	This will be done daily or when funds are received.	Ms. Perez and Ms. Thomas will meet bi-weekly to review deposits and money received.

OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL
<p data-bbox="163 1154 1163 1192"> <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Please revise and resubmit plan by _____ </p> <p data-bbox="163 1211 1041 1243"> Comments: This plan addresses the areas of growth and concern. It is approved. </p> <p data-bbox="163 1317 1163 1349"> Director: <u>Sarah Sirgo, Ph.D.</u> Date: <u>5/13/2020</u> </p>