


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

June 9, 2023

MEMORANDUM

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

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

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2020, through February 28, 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 May 4, 2023, meeting with you; Mrs. Yolande Perez, school administrative secretary (secretary); and Mrs. Pamela K. Dunn, visiting bookkeeper, we reviewed the prior audit report dated February 20, 2020, and the status of the 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

School Financial Training (SFT) Part I, is required for principals within their first year of assignment. Refresher training is recommended every three years because policies, regulations, procedures, and technology applications are continuously updated (refer to the *MCPS Financial Manual*, chapter 1, page 9). We noted that you have not taken the SFT Part I since 2014. We recommend that you immediately sign up to take SFT Part I.

Invoices for goods or services must be signed by the purchaser to indicate satisfactory receipt. Upon disbursement, the secretary will stamp or mark the supporting documentation as “paid”. In our sample of disbursements, invoices and online purchase confirmations were not signed by the receiver to indicate goods or services were received. We recommend that when goods are received at the school that the purchase be verified as complete by the recipient and that the invoice/packing slip be marked “received” and signed/dated by the recipient. Requiring invoices to be marked “received” insures that goods or services have been satisfactorily received prior to payment.

Cash and checks collected by sponsors and others for IAF activities must be remitted promptly 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 (refer to the *MCPS Financial Manual*, chapter 7, pages 4-5). In your action plan, you indicated that staff would be mandated to remit funds daily and that your secretary would make regular trips to the bank to deposit funds. We found staff collecting funds were at times holding rather than remitting them timely to the secretary. We also noted that your secretary was not always making deposits on the last working day of each month and before each weekend or holiday. 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 secretary daily for prompt deposit. In addition, all remittances on hand must be deposited before each weekend, holiday and the last day of the month.

Notice of Findings and Recommendations

- Principal must attend Part I School Financial Training.
- Purchaser must confirm receipt of goods or services before payment is made (**repeat**).
- Cash and checks (funds) collected by sponsors must be promptly remitted (**repeat**).
- Cash and checks (funds) remitted by sponsors must be promptly receipted and deposited in the bank by 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 Mr. Greg C. Mullenholz, director of school support and well-being, Office of Student Support and Well-Being, for written approval of your plan. Based on the audit recommendations, Mr. Mullenholz 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:ABB:rg

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. Hull

Dr. Murphy

Ms. Morris

Mr. Stockton

Mrs. Williams

Dr. Redmond Jones

Mr. Reilly

Mrs. Chen

Ms. Eader

Mr. Klausling

Mr. Mullenholz

Mrs. Ripoli

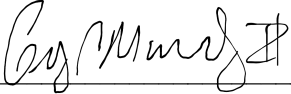
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY23	Fiscal Year: FY23
School: Judith A. Resnik ES - 514	Principal: LATRICIA THOMAS
OSSWB Associate Superintendent: Dr. Donna Redmond-Jones	OSSWB Director: Greg Mullenholz
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>1/1/20-2/28/23</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
Finance trainings should be completed every 3 years. The Principal and Admin secretary will keep looking on PDO for the next training and will sign up for it.	Ms. Thomas Ms. Perez	School Financial Training Part 1 & 2	Weekly	Ms. Perez	Sign up on PDO
The admin. secretary will stamp all invoices/receipts as paid. Recipients will mark "received" and sign/date.	Ms. Perez Recipients		Monthly meetings	Ms. Perez	Ms. Perez is already stamping the invoices/receipts as paid. Ms. Thomas and Ms. Perez are meeting monthly to go over the checklist.
The principal has developed a financial handbook section for staff to reference explaining all financial procedures. Specially, there is an area indicating money should be turned in the same day.	Ms. Perez	Staff handbook	Evidence of this will be the date on the Remittance Form 280-34 and the date of the receipt.	Ms. Perez Ms. Thomas	Ms. Perez will notify Ms. Thomas of staff members that are not handing in monies on a daily basis.
The admin. secretary will follow regular bank deposit procedures. In the event that funds cannot be immediately deposited, the admin. secretary will seal the funds in an envelope and place the funds in the safe until the following business day.	Ms. Perez		Bi-weekly meetings to review deposits and money received	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.

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

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)	
<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____	
Director: _____ 	Date: <u>August 12, 2023</u>