


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

November 21, 2023

MEMORANDUM

To: Mr. Andrew J. Winter, Principal
Ritchie Park 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 August 31, 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 October 3, 2023, meeting with you and Ms. Jenifer E. Aguilar, school administrative secretary (secretary), we reviewed the prior audit report dated November 17, 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 10). We noted that you have not taken the SFT Part I since 2009. We recommended that you immediately sign up to take SFT Part I.

The monthly bank statement shall be delivered directly to the principal for review of the statement, canceled checks, and other documents. The principal should have electronic access to the cleared checks through the bank's online banking system in order to identify the payee on any questionable checks if check images have not been provided by the bank (refer to the *MCPS Financial Manual*, chapter 20, page 9). Documents supporting the IAF reports are part of the financial records and must be maintained in the school office. Supporting documents include bank statements and copies of canceled checks. We noted that during the audit period, the school was not receiving copies of canceled checks from the bank, which prohibited us from reviewing checks written during the audit period. You must request that the bank provide images of canceled checks each month or provide access to cleared checks through the online banking system. Check images must be printed each month and presented to the principal for review along with the bank statement.

Use of the MCPS purchasing card must be in accordance with the requirements of the MCPS Purchasing Card Users 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 principal, with all purchase receipts and invoices attached. The principal must review each cardholder's transactions and approve them by the 10th of the following month, using the online reconciliation program. We found that one cardholder had not promptly prepared their monthly statements, provided description of items purchased, indicated IAF account number when required, attached their purchase receipts, or reviewed their transactions in the online reconciliation program. We also found that the principal had not approved all transactions online. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements

Notice of Findings and Recommendations

- SFT Part I is required for the principal every three years.
- Cancelled check copies must be available to the principal for review.
- 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 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. Tamitha E. Campbell, 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. Campbell 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:PJM:rg

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. Hull

Dr. Murphy

Ms. Morris

Mr. Stockton

Mrs. Williams

Dr. Moran

Mr. Reilly

Dr. Campbell

Mrs. Chen

Ms. Eader

Mr. Klausling

Mrs. Ripoli

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: November 21, 2023	Fiscal Year: 2024
School or Office Name: Ritchie Park Elementary School	Principal: Andrew J. Winter
OSSWB Associate Superintendent: Dr. Peter Moran	OSSWB Director: Dr. Tamitha Campbell
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>9/1/20 - 8/31/23</u>, strategic improvements are required in the following business processes : Training, review of cancel checks, and monitoring of purchase card.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
School Finance Training (SFT) Part 1	Principal Admin Secretary	Training	Signed up for February 8	TBD post training	Applying learnings from training with financial responsibility
Cancelled check copies must be available to the principal for review.	Admin Secretary Principal Book Keeper	Canceled Checks	Will review monthly with admin secretary	Principal Monthly	Signatures on canceled checks
Purchase card activity must comply with the MCPS Purchasing Card User's Guide;	Admin Secretary Principal	Review procedures	Will review no less than monthly	Review and approval by Principal monthly	Outstanding approvals demonstrate no overdue approvals needed

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OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

Approved Please revise and resubmit plan by _____

Comments: _____

Director: Jaywell Date: 1/4/24