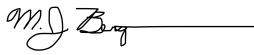


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

April 20, 2021

MEMORANDUM

To: Mrs. Jewel A. Sanders, Principal
Rosa M. Parks Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
June 1, 2019, through February 28, 2021

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 April 7, 2021, virtual meeting with you; Mrs. Angie L. Fish, principal intern; and Mr. Albert Sisco, school financial specialist, we reviewed the prior audit report dated, July 26, 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

MCPS Form 280-54, *Independent Activity Funds Request for a Purchase*, is used to obtain principal approval to proceed with an intended purchase (refer to the *MCPS Financial Manual*, chapter 20, page 4). The purpose of each disbursement must be fully explained on this form in order to properly record expenditures in appropriate accounts and to ensure that expenditures comply with IAF requirements. Invoices for goods or services must be signed by the purchaser to

indicate satisfactory receipt. The financial specialist will then mark the documentation as “paid” prior to disbursing the funds. In your audit action plan, you indicated that all purchase requests will have your approval prior to the purchase, purchaser will indicate goods received satisfactorily, and invoices will be marked paid. In our sample of disbursements, we found instances in which purchases were not pre-approved, documentation supporting purchases not stamped or marked “paid,” and invoices and online purchase confirmations were not always signed by the receiver to indicate goods or services were received, and that payment could be processed. We recommend that MCPS Form 280-54 be prepared by staff with an estimate of expected expenditure and signed by the principal at the time verbal approval is sought. We also recommend that all support documents be marked paid, the purchase be verified as complete by the recipient, and that the invoice/packing slip be marked “received” and signed/dated by the recipient when goods are received at the school. Requiring invoices to be marked “received” ensures that goods or services have been satisfactorily received prior to payment.

Use of the MCPS purchasing card must be in accordance with the requirements of the MCPS *Purchasing Card User’s 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 some cardholders had not promptly prepared their monthly statements, provided the 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

- Purchase requests must be approved by the principal prior to procurement (**repeat**).
- Purchaser must confirm receipt of goods or services prior to disbursement (**repeat**).
- Purchase documentation must be annotated as “paid” to indicate disbursement was made (**repeat**).
- Purchase card activity must comply with the MCPS *Purchasing Card User’s Guide* (**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. Eric A. Wilson, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written

approval of your plan. Based on the audit recommendations, Mr. Wilson 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 school financial specialist to support you with developing a well-defined plan to address the findings.

MJB:HT:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Ms. Stratman

Dr. Wilson

Mrs. Williams

Mr. Koutsos

Mrs. Chen

Mr. Klausling

Mr. Marella

Mr. Tallur

Mr. Wilson

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 04/20/2021	Fiscal Year: 04/20/2021
School: Rosa M. Parks MS - 155	Principal: Jewel Sanders
OTLS Associate Superintendent: Mr. James Koutsos	OTLS Director: Mr. Eric Wilson
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>6/01/19-2/28/21</u>, strategic improvements are required in the following business processes :</p> <p>All staff will follow MCPS guidelines for purchasing and receiving goods. All staff will follow MCPS guidelines for use of MCPS Purchasing cards.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
All RPMS staff will submit a MCPS form 280-54 to the principal for approval prior to procurement. Financial Specialist will train staff at pre-service week. Financial Specialist and Principal will attend School Financial Training on 05/05/21.	RPMS Staff, Financial Specialist, Principal	MCPS Form# 280-54	Financial Specialist will not pay for any purchases that were not approved by the principal prior to ordering. Dates of receipts and forms will be checked.	Principal, Financial Specialist Prior to signing any checks.	All purchases will have prior approval.
All RPMS staff will submit an invoice/packing slip marked received with the date and their signature to the Financial Specialist. Financial Specialist will train staff at pre-service week. Financial Specialist and Principal will attend School Finance Training on 05/05/21.	RPMS Staff, Financial Specialist	Invoice/ Packing Slip	Financial Specialist will only pay invoices if a packing slip/invoice is marked received.	Financial Specialist will check for receiving information prior to writing any checks.	All goods and services will have documentation marked received.
All purchase documentation will be marked paid at time of disbursement. Financial Specialist and Principal will attend School Finance Training on 05/05/21.	Financial Specialist	Invoice/ Packing Slip Paid Stamp	Financial Specialist will mark all invoices paid with a stamp.	Financial Spec. will check all purchase documentation at the end of the month to make sure they are stamped.	All purchase documentation will be marked paid.
Purchasing card activity will comply with MCPS Guidelines. All Staff will submit their purchasing card reports to the FS by the 5th of the month. Principal will approve transactions by the 10th of the month. Financial Specialist and Principal will attend School Finance Training on 05/05/21.	RPMS Staff, Principal, Financial Specialist	Receipts/ Invoices/ Purchasing Card Reports	All staff purchasing card holders have calendar invites set to submit their reports to the FS by the 5th of the month.	Principal and Financial Spec will have a meeting before the 10th of the month to review purchasing activity	All purchasing card reports will be approved by the 10th of the month.

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 checked="" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____	
Director: <u>Eric Wilson</u>	Date: <u>5/3/2021</u>