


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

June 15, 2023

MEMORANDUM

To: Mrs. Brooke L. Simon, Principal
Watkins Mill Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
October 1, 2021, through March 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 May 31, 2023, meeting with you; Mrs. Leshia M. Murray, school administrative secretary (secretary); and Mrs. Monika C. Roberts, visiting bookkeeper; we reviewed the prior audit report dated November 12, 2021, 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

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). There is also a requirement for adequate documentation to support the procurement of the goods and services, such as an original invoice, or itemized receipt. Invoices for goods or services must indicate all items are satisfactorily “received”, and marked as “paid”

(refer to the *MCPS Financial Manual*, chapter 20, page 6). In your action plan, you indicated all purchase requests would be approved by you prior to procurement using MCPS Form 280-54 and receipt of purchase would be signed by receiver. In our sample of disbursements, we found prior approval was not consistently obtained and documentation was not annotated by the recipient to indicate purchased goods or services were satisfactorily 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, and 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 sign/dated by the recipient. Requiring invoices to be marked “received” ensures that goods or services have been satisfactorily received prior to payment.

Sponsors of field trips must have a complete class or club roster of student names and annotate how much each student paid, date paid, 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 secretary at the completion of each trip, and compared to remittances recorded in the trip account history report (refer to the *MCPS Financial Manual*, chapter 20, page 10). In your action plan, you indicated that sponsors would complete MCPS Form 280-41, *Field Trip Accounting*, or equivalent, 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. We recommend trip sponsors use MCPS Form 280-41, or its equivalent, and provide complete data at the conclusion of each trip. This data must be reconciled by the secretary with remittances recorded in activity accounts.

Notice of Findings and Recommendations

- Purchase requests must be approved by principal prior to procurement (**repeat**).
- Purchaser must confirm receipt of goods or services prior to disbursement (**repeat**).
- Field trip records prepared by sponsors must provide comprehensive data to account for all eligible to participate, including volunteers and chaperones, and secretary must complete a reconciliation upon completion of trip (**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. Christophe Turk, 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. Turk 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:HT:rg

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. Hull

Dr. Murphy

Ms. Morris

Mr. Stockton

Mrs. Williams

Mr. Reilly

Mrs. Chen

Mrs. Eader

Mr. Klausling

Mrs. Ripoli

Mr. Turk

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: June 15, 2023	Fiscal Year: June 15, 2023
School: Watkins Mill ES - 561	Principal: Brooke Simon
OSSWB Associate Superintendent: Diane Morris	OSSWB Director: Christophe Turk
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>10/1/21 - 5/31/23</u>, strategic improvements are required in the following business processes :</p> <p>Independent Activity Funds Request for a Purchase, Field Trip Accounting</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Purchase Requests: Requests must be approved by the principal prior to procurement. Upon verbal approval, Form 280-54 will be prepared and signed by both requesting staff and the principal.	Principal	Form 280-54	Staff Weekly Bulletin Receipts of purchases	Before each purchase Admin Sec. Principal	Completed Form 280-54, with documentation of purchase, and receipt of purchase, signed by receiver.
Purchase Requests: At the time of delivery, purchaser will confirm receipt of order items, and inform Admin. Secretary of order accuracy prior to disbursement. When paying iReceivables all documentation will be stamped "paid" and staff indicate if all items were received satisfactory.	Admin Secretary		iReceivables receipts	Before and After each purchase Admin Sec.	Financial Management System –Receiving Weekly Staff Bulletin Staff Handbook reviewed during preservice.
Field Trips: Sponsors will provide complete class or club rosters and note how much each student has paid, to include the date, and any waivers or scholarships for students. Also, sponsors will include if a student is not attending the trip or activity.	Sponsors Admin Sec.	Form 280-41	Inform all staff during preservice and create detailed instruction in Staff Handbook	As needed Admin. Sec.	All lists will be filed in a Field Trip binder
Field Trips: Upon completion of each trip, the class list plus volunteers and chaperones will be provided to the admin. secretary and compared to the remittances recorded in the trip account history report and filed.	Admin Sec. Trip Sponsor	Form 280-41		Monthly by Admin. Sec.	All trips will be reconciled and forms will be filed in designated binder.

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

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

Approved Please revise and resubmit plan by _____

Comments:

Director:



Date: 06/20/23