

Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

October 2, 2023

MEMORANDUM

To: Ms. Holly A. Hill, Principal
Wayside Elementary School

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



Subject: Report on Audit of Independent Activity Funds for the Period
July 1, 2020, through July 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 September 18, 2023, meeting with you and Mrs. Veronica H. Oldfield, school administrative secretary (secretary), we reviewed the prior audit report dated October 30, 2020, and the status of the present conditions. It should be noted that Mrs. Oldfield's assignment as secretary was effective June 14, 2023. 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 secretary will then mark the documentation as “paid” prior to disbursing the funds. In our sample of disbursements, we found instances in which controls over purchases were insufficient due to purchases not always being pre-approved, MCPS Form 280-54 was not always signed and dated by the principal, documentation supporting purchases were not stamped or marked “paid”, 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, 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.

To properly control funds, all cash and checks collected by sponsors for IAF activities must be remitted promptly to the 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). 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, page 5). In your action plan, you indicated that all collected funds would be remitted and deposited daily. In our sample of receipts, we found instances in which staff collecting funds were holding funds rather than remitting them timely to the former secretary and were not deposited by the former secretary promptly. To minimize the risk of loss and to provide assurance that available funds will be fully utilized to meet school needs, all funds collected must be remitted to the secretary daily and entered into the accounting software. In addition, all remittances received must be deposited promptly, and always before each weekend, end of the month, or holiday. Staff should monitor their remittances to the secretary to ensure they receive a receipt in a timely manner.

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 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 keep comprehensive financial information on all student payment records and remit them to the secretary at the completion of a trip. A review of field trip activities revealed that not all field trip sponsors are providing comprehensive financial information to the former secretary at the completion of a trip and records are not compared to remittances recorded in the trip account history report. All sponsors must be required to use MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and all fees collected must be remitted daily to the secretary for prompt deposit. We recommend that trip sponsors be required to provide complete data at the conclusion of each trip, and this data be reconciled by the secretary with remittances recorded in activity accounts.

Notice of Findings and Recommendations

- Purchase requests must be approved by the principal prior to procurement.
- Purchase invoices and receipts must be annotated as received by the purchaser and stamped as “paid” by the secretary upon disbursement.
- Cash and checks (funds) remitted by sponsors must be promptly receipted and deposited in the bank by the secretary in accordance with Chapter 7 of the *MCPS Financial Manual* (**repeat**).
- Sponsors must keep comprehensive data to account for all students eligible to participate and the secretary must reconcile funds collected with account history report (**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 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 school administrative 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

Dr. Moran

Mr. Reilly

Dr. Campbell

Mrs. Chen

Ms. Eader

Mr. Klausling

Mrs. Ripoli

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 2023-2024	Fiscal Year: 2023-2024
School: Wayside ES - 235	Principal: Holly A. Hill
OSSWB Associate Superintendent: Dr. Peter Moran	OSSWB Director: Dr. Tamitha Campbell
<p><u>Strategic Improvement Focus:</u></p> <p>As noted in the financial audit for the period <u>2020-2023</u>, strategic improvements are required in the following business processes:</p>	

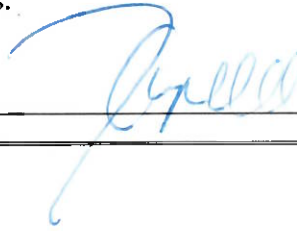
Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
A form 280-54 will be prepared by requesting staff with an explanation of the purpose and estimate of expected expenditure. Form will be signed and dated by the principal at the time of verbal or written approval.	Purchaser Administrative Secretary for Principal	Form 280-54	Staff informed in August. Appropriate source account to be on the 280-54. Ensure form is approved by the principal before any purchase.	Principal and Administrative Secretary. Bi-weekly and at the end of e	Form 280-54 submitted and approved prior to a purchase.
Stamped all supporting documents "paid" when goods are received. The purchase will be verified as completed by the recipient and the invoice/packing slip be marked "received" prior to disbursing the reimbursement.	FT Sponsor Administrative Secretary Principal	Paid Stamp Received Stamp	Packing slips and invoices will be marked "Received" as items are received and "paid" with the date when payment is made.	Principal with Administrative Secretary. Bi-Weekly and at the end of each month.	Staff have been instructed to submit packing slips and receipts in order to be reimbursed.
Administrative Secretary will receive all cash and checks, on the 280-34 form remitted by sponsors and deposit (in the bank) the last working day of each month, before each weekend or a holiday.	FT Sponsor Administrative Secretary Principal	Form 280-34 Deposit documentation	All cash and checks collected by the sponsor will be submitted to the secretary and be verified in front of the remitter.	Principal with Administrative Secretary. Bi-Weekly and at the end of each month.	Created folder for each field trip to keep sponsor's forms. Place bank deposit's form in the IAF monthly folder.
MCPS Form 280-34 will be completed by FT's sponsor to indicate amount and date student paid, eligible students who did not participate, and any receiving waivers, scholarships, or reduced fees, along with the list of chaperons and volunteers.	FT Sponsor Administrative Secretary Principal	Form 280-41 Form 260-1 Field Trip Reconciliation Form	Administrative secretary will have sponsor complete all forms prior to the FT. Complete the FT reconciliation after each FT	Principal with Administrative Secretary. Bi-weekly and prior to the fieldtrip.	Completed field trip forms.

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: 11/8/21