


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 26, 2018

MEMORANDUM

To: Mrs. Kathryn D. Bradley, Principal
Bannockburn Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Independent Activity Funds for the Period
October 1, 2015, through October 31, 2018

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, 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 December 11, 2018, meeting with you; Ms. Carol L. Lange, school administrative secretary; and Ms. Debra L. Taylor-Miller, visiting bookkeeper, we reviewed our prior audit report dated November 4, 2015, 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 the principal's approval to proceed with an intended purchase. After acquisition, the purchaser should submit the invoice or documented evidence of purchase, annotated to indicate the satisfactory receipt of the goods or services, to the school administrative secretary. Upon disbursement, the documentation is to be stamped or marked "paid" to preclude duplicate

payment (refer to *MCPS Financial Manual*, chapter 20, page 4). In our sample of disbursements, we noted instances in which purchases were not properly documented, purchases were made prior to receiving the approval of the principal, and receipts were not annotated by purchasers to indicate that purchased goods or services were satisfactorily received. We recommend that the IAF purchases comply with MCPS procedures.

To properly control funds, all cash and checks collected by sponsors for IAF activities should be remitted promptly to the school administrative secretary. These funds should 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*, should be issued promptly (refer to *MCPS Financial Manual*, chapter 7, page 4). We found instances in which funds were held by sponsors rather than being remitted on a daily basis to the school administrative secretary. To minimize the risk of loss and provide availability of funds to meet school needs, we recommend that all funds collected be remitted daily to the school administrative secretary for prompt deposit.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips, and Student Organization Trips*. Trip approval forms should be signed by the principal and the director of learning, achievement, and administration, when required, and retained for future reference. Sponsors of field trips should 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, should be provided to the school administrative secretary at the completion of each trip and compared to remittances recorded in the trip account history report. 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 that all sponsors be required to use MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and follow the procedures outlined above.

Summary of Recommendations

- Purchase documentation must be adequate to support disbursements (**repeat**).
- Purchase requests must be approved by the principal prior to procurement.
- Purchaser must confirm receipt of goods or services prior to disbursement (**repeat**).
- Funds collected by sponsors must be promptly remitted to the school administrative secretary (**repeat**).
- Field trip records that are prepared by sponsors must provide comprehensive data to account for all students eligible to participate and to reconcile funds collected with costs of the trip.

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 form, 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. Brian W. Scriven, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Mr. Scriven 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 administrative secretary to support you with developing a well-defined plan to address the findings.

RWP:AMB:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Mrs. Dyson

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Reilly

Mr. Scriven

Mr. Tallur

Ms. Webb



FINANCIAL MANAGEMENT ACTION PLAN

Report Date: December 26, 2018	Fiscal Year: 2019
School: Bannockburn ES - 420	Principal: Kate Bradley
OSSI Associate Superintendent: Cheryl Dyson	OSSI Director: Brian Scriven
<p><u>Strategic Improvement Focus:</u></p> <p>As noted in the financial audit for the period <u>10/1/15-10/31/18</u>, strategic improvements are required in the following business processes :</p> <p>1. IAF requests/Form 280-54, for all purchases; 2. Prompt remittance of funds collected by sponsors using Form 280-34; 3. Better Manage Field Trip Accounting/Form 280-41</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
1. Staff will be educated on the proper procedures of requesting reimbursement for purchases a minimum of three times a year. Preservice week, first January staff meeting, and first May staff meeting. Staff Newsletters will give reminders of protocols for purchases. Instructions/directives along with Form 280-54 will be placed in the electronic Staff Handbook, front office MCPS Forms file, Mail Room, principal's office, and the electronic Staff Handbook.	Kate Bradley, Principal Carol Lange, Admin Secretary	Copies of blank Form 280-54, Technology, Handouts, Staff Newsletters, Chapter 20 in MCPS Financial Manual	Form 280-54 must be approved before reimbursement is given.	Admin secretary and principal will review purchases on the last Thursday of each month.	
2. Staff will be educated on the timeline expectations for submitting funds to include cash and checks a minimum of three times a year. Preservice week, first January staff meeting, and first May staff meeting. Staff Newsletters will give reminders of protocols for purchases. Sponsors/Teachers will be advised that they cannot keep funds overnight and must submit daily.	Sponsors/Teacher, Admin Secretary	Clear protocols and processes, technology, Chapter 7 in MCPS Financial Manual	MCPS Form 280-34 will be submitted to the admin secretary daily and sponsor given a receipt	Admin Secretary will make daily deposits and monitor the timeline of remittance. If sponsors fail to follow protocol, principal will be informed and sponsor will be counseled or take disciplinary action if necessary	

3. The admin secretary will keep MCPS Forms 280-41 for each field trip and keep track of remittance payments as they come in daily. After each field trip the sponsor's completed 280-41 will be checked against the admin secretary's to ensure they are the same.	Admin secretary, Classroom teachers of field trips	MCPS Form 280-41	MCPS Form 280-41	The admin secretary will check final Forms 280-41 after each field trip. Discrepancies will be reported to principal and she will counsel or discipline the teacher as necessary.	
---	--	------------------	------------------	---	--

OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL

☒ **Approved**

☐ **Please revise and resubmit plan by _____**

Comments:

Director: Bar W. Sain

Date: 1/30/19