


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

February 26, 2018

MEMORANDUM

To: Ms. Laurie C. Jenkins, Supervisor
Outdoor Environmental Education Programs

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

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2017 through December 31, 2017

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 and are charged with determining the manner in which funds are raised and expended for activities such as field trips, admission events, and fund-raisers. They are responsible for ensuring that the IAFs are administered in accordance with MCPS policies, regulations, and procedures.

The IAF audits are conducted regularly to evaluate compliance with MCPS 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 there is compliance with MCPS policies, regulations, and procedures and that any significant errors or omissions in the financial records are detected.

At our February 13, 2018, meeting with you, we reviewed the status of the conditions described in our prior audit report dated March 3, 2017, and the status of present conditions. It should be noted that your administrative secretary position became vacant effective January 17, 2018. We appreciate the cooperation and assistance you provided during our conduct of this audit. This audit report presents the findings and recommendations resulting from our examination of the IAF records and financial accounts for your programs for the period designated above.

Findings and Recommendations

MCPS Form 280-54, *Independent Activity Funds Request For A Purchase*, is used to obtain principal or program supervisor approval to proceed with an intended purchase (refer to *MCPS Financial Manual*, chapter 20, page 4). Invoices and receipts for goods or services must be signed

by the purchaser to indicate satisfactory receipt. A check may then be drawn, and it must bear two signatures, one of which is that of the principal or program supervisor. The financial agent will mark the documentation as "paid." In our sample of disbursements, we found that documentation supporting purchases was not stamped or marked "paid" after the check had been written. To preclude duplicate payment, we recommend that invoices for goods or services be stamped or marked "paid" to indicate disbursement was made.

Cash and checks collected for IAF activities by sponsors and other authorized individuals must be submitted with MCPS Form 280-34, *Remittance Slip*, to the administrative secretary on the day the funds are received. We found instances in which staff collecting funds were submitting them to the administrative secretary without MCPS Form 280-34. We recommend that all staff who collect funds for program activities be reminded of remittance requirements (refer to *MCPS Financial Manual*, chapter 7, page 4).

Summary of Recommendations

- Purchase invoices and receipts must be annotated as paid to indicate disbursement was made.
- Funds collected by sponsors must be promptly remitted with MCPS Form 280-34 to the administrative secretary.

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 Dr. Eric L Minus, director of school support and improvement of middle schools. Based on the audit recommendations, Dr. Minus 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 agent to support you with developing a well-defined plan to address the findings.

RWP:SMY:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Dr. Williams
Mrs. Camp
Mrs. Chen
Ms. Diamond
Dr. Minus
Mr. Tallur
Mr. Ikheloa

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: February 26, 2018	Fiscal Year: February 26, 2018
School: Lathrop E. Smith Environmental Education Center - 990	Principal: Laurie C. Jenkins
OSSI Associate Superintendent: Dr. Darryl Williams	OSSI Director: Dr. Eric Minus
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>1/01/17-12/31/17</u>, strategic improvements are required in the following business processes :</p> <p>Marking the invoice "paid" once the check has been signed; cash and checks collected by staff need to be entered on Form 280-34 Remittance Slip, and not given to the secreta.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Purchase PAID stamp and use it on invoices once check is signed.	Admin Sec	stamp	Invoices stamped	Supervisor random checks by one a quarter	Stamped invoices
Cash and checks must be submitted with MCPS Form 280-34, Remittance Slip.	Staff and Admin Sec	Form 280-34	This information is shared at a staff meeting	Supervisor annually in the summer (rare that we collect checks)	Form 280-34 is used for any checks or money collected Staff meeting agenda item

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

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

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

Comments:

Director:  Date: 4/26/18