


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

January 28, 2019

MEMORANDUM

To: Ms. Nicola Diamond, Chief Financial Officer

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

Subject: Report on Audit of Local Revenue-based Summer School Program Planning and Approval Process for Fiscal Year 2019

This audit was conducted to review compliance with the procedures outlined in your memoranda providing information to elementary, middle, and high school principals related to the process for planning and approval of academic local revenue-based summer school programs (LSPs) for Fiscal Year 2019 (refer to attachments). All schools were required to submit a preliminary LSP proposal and business plan to the School and Financial Operations Team no later than May 4, 2018. They were required to submit a final LSP business plan and all LSP registration fees collected at least two weeks prior to the first day of the school's LSP program.

Schools were responsible for planning their LSP to include preparing the budget, identifying other resources necessary to support the programs, registering student participants, collecting and depositing fees from students, identifying summer school staff, and processing staff payroll. All LSPs were to be designed as self-supporting with student registration fees sufficient to cover all operational and administrative expenses. Reduced fees were to be made available to qualifying students based on the income guidelines approved by the Board of Education as indicated in your memoranda. The three rates that were allowed to be offered were full fee, 40 percent of full fee, and 28 percent of full fee.

Montgomery County Public Schools (MCPS) has established districtwide accounts to be used in School Funds Online (SFO) to record financial transactions for all instructional LSP, camp LSP, and regional summer school activity. We reviewed all schools providing summer school programs and found that many of them were not using the correct districtwide accounts in SFO to record fees collected and payments submitted to MCPS. We also noted that many schools continue to have balances in their summer school accounts, even though all fees collected are required to be submitted to MCPS. In addition, we found a few schools had been operating LSP summer school programs that did not follow the guidelines outlined in your memoranda. These issues were addressed in the individual school's regular Independent Activities Fund (IAF) audit.

We reviewed in more detail a sample of five elementary, five middle and five high school LSPs to determine compliance with procedures outlined in your memoranda. We noted that 5 of the 15 schools in our sample were using the regional summer school SFO account #2915.0000 to record

LSP fees instead of the correct local summer school SFO account #2900.0000. We also found that a few schools started to collect fees prior to receiving approval from the School and Financial Operations Team and not all schools submitted their preliminary or final business plans by the due date. Some schools recorded disbursements in their summer school accounts for snacks or instructional supplies. All fees collected must be remitted to MCPS and all expenses related to summer school must be paid by MCPS. We also noted that some schools charged students more than the allowable reduced fee amounts of 40 percent and 28 percent. One school charged more than the amount that had been approved by MCPS for a non-credit course. Two schools required payroll attendance collection system corrections due to calculating teachers' pay incorrectly.

In reviewing the 15 schools in our sample, we also found that 9 schools owed MCPS money that they had collected over the years but had not submitted. We determined that one school had a large balance in its non-credit LSP account from several year ago. When we audited this school, we instructed staff to include the balance they were carrying since 2012 on their Fiscal Year 2020 LSP business plan as other revenue. The remaining funds in the account need to be remitted to MCPS. The remaining eight schools have been notified of amounts they owe back to MCPS for fees collected and not remitted. It appears that schools are not comparing amounts collected from students to the amounts reported on the revenue transmittal form submitted to the local summer school office with their final business plan. Some schools collected tuition fees after they had submitted their final business plan and did not remit these funds to MCPS. We have made several suggestions to the summer school office for improvement to forms and the directions provided to schools for the Fiscal Year 2020 LSP memoranda.

This audit report is provided for informational purposes only. No response is required. Please direct any questions to me at 301-444-8650.

RWP:MJB:lsh

Attachments

Copy to:

- Members of the Board of Education
- Dr. Smith
- Dr. Navarro
- Dr. Statham
- Dr. Zuckerman
- Mr. Civin
- Dr. Johnson
- Mrs. Camp
- Mrs. Chen
- Mrs. Hazel
- Mr. Murphy
- Mrs. Patton
- Mrs. Gomez
- Mr. Tallur
- Ms. Webb