


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

June 16, 2015

MEMORANDUM

To: Mrs. Khadija F. Barkley, Principal
Roberto Clemente Middle School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2013, through April 30, 2015

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. 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 IAFs are administered in accordance with MCPS policies, regulations, and procedures.

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 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.

In our meeting on June 10, 2015, with you and Ms. Elizabeth Shull, financial specialist, we reviewed the status of the conditions described in our prior audit report dated December 30, 2013, 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

In order to properly control receipts, cash and checks collected by sponsors for IAF activities should be remitted promptly to the financial specialist. Cash should be counted in the presence of the remitter, and a receipt that is supported by the remittance slip should be issued promptly.

We again found some staff collecting funds were holding rather than remitting them timely to the financial specialist. Remittances received should, in turn, be promptly deposited into the school's bank account. Large and infrequent deposits increase the possibility of loss of funds as well as decrease the school's ability to fund activities. To minimize the risk of loss and provide assurance that available funds will be fully utilized to meet school needs, all funds collected should be remitted to the financial specialist daily and promptly deposited (see MCPS Financial Manual, p. 7-4). In addition, all remittances on hand must be deposited before each weekend or holiday.

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 should be provided to the financial agent at the completion of each trip, and compared to remittances recorded in the trip account history report. The data also should be used to estimate future 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 nor used for planning future trips. We also found instances in which fees collected were not sufficient to pay all the trip expenses. We recommend trip sponsors use MCPS Form 280-41, *Field Trip Accounting*, or its equivalent, for recording of trip fees and provide complete data at the completion of each trip. We further recommend trip planning be reviewed to ensure established fees are commensurate with trip expenses (see MCPS Financial Manual, p. 20-10).

Sixth grade students at each middle school in MCPS participate in a three-day, two-night residential outdoor environmental education program (OEEP) for which they are assessed an activity fee to reimburse MCPS for personal expenses associated with the program. Students unable to pay the OEEP activity fee receive waivers. Any waivers must be reported to MCPS so that the total amount of the invoice billed to schools is adjusted accordingly. We found that it appears the school did not correctly report all funds collected from students who were identified as needing assistance that resulted in an underpayment to MCPS. We also noted that the activities fee was not calculated correctly, resulting in an overcharge to the students. We recommend that you review the procedures for reporting students needing financial assistance with the sponsor, and that financial assistance forms are reviewed for accuracy before they are submitted. We also recommend establishing an account for next school year to supplement these students future field trip expenses until all excess funds have been exhausted.

Summary of Recommendations

- Funds collected by sponsors must be promptly remitted to the financial specialist and deposited timely (repeat);
- Field trip records 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; and

- Outdoor Education field trip planning should be reviewed to ensure established fees are commensurate with trip expenses.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff. In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, please provide a response to the Internal Audit office within 30 days of this report, with a copy to Dr. Darryl L. Williams, associate superintendent of middle schools. The Office of School Support and Improvement will follow up on this audit.

RWP:MJB:sd

Copy to:

Dr. Zuckerman
Dr. Statham
Dr. Navarro
Mr. Sanderson
Dr. Williams
Mrs. Chen
Mrs. DeGraba
Mrs. Milwit

Fiscal Management Action Plan

School: Roberto Clemente Middle School

Principal: Khadija F. Barkley

Approved by associate superintendent: Dr. Darryl Williams

Date of approval: August

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p>CASH RECEIPTS Funds collected by sponsors must be promptly remitted to the financial specialist and deposited in a timely fashion</p>	<p><i>Financial Specialist</i> will continue to go to bank to submit deposits late in the day. In addition, FS, will conduct staff training during pre-service and refresher training during team meetings during the beginning of second semester <i>Teachers/Sponsors</i> will attend pre-service and refresher training and adhere to MCPS policies regarding the remittance of funds.</p>	<p>August, 2015 January, 2016 May, 2016</p>	<p>Presentation materials Evaluation data from pre-service Evaluation data from refresher</p>
<p>FIELD TRIPS Records 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.</p>	<p><i>Teachers/Sponsors</i> for field trips will sign a sponsor agreement form outlining expectations and responsibilities for controlled accounting and reconciliation of accounts to include an example of the comprehensive data requested. <i>Financial Specialist</i> will include information about the sponsor agreement form in the pre-service and refresher training. A checklist label has been created and will be affixed to each sponsor file to remind sponsors of all documentation necessary to close out trip.</p>	<p>Ongoing whenever an account is requested August, 2015 January, 2016 May, 2016</p>	<p>Signed sponsor agreements Checklist affixed & completed Presentation materials Completed MCPS forms 280-41</p>
<p>OUTDOOR EDUCATION Field trip planning should be reviewed to ensure established fees are commensurate with trip expenses.</p>	<p><i>Teachers/Sponsors</i> for Outdoor Education will participate in a planning meeting with Principal and Financial Specialist in August/September to outline expectations and cost structure for OED. <i>Financial Specialist</i> has created an account for the 2015-2016 school year to offset cost of 7th grade field trips as a result of previous year overage.</p>	<p>August/September, 2015</p>	<p>Meeting agenda, notes and action items</p>

Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, Room 11.