


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

March 25, 2019

MEMORANDUM

To: Ms. Casey B. Crouse, Principal
Damascus High School

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

Subject: Report on Audit of Independent Activity Funds for the Period
February 1, 2018, through January 31, 2019

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 March 8, 2019, meeting with you; Mr. Adam H. Saltzman, assistant principal; Mrs. Kerri L. Pitts, school business administrator; and Mrs. Pamela K. Dunn, school financial specialist, we reviewed our prior audit report dated April 10, 2018, 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 281-55, *Restricted Independent Activity Fund (IAF) Purchases*, specifies what type of purchases require chief financial officer (CFO) approval to commit IAF funds. During our review of disbursements, we found that prior written approval of the CFO was not always on file for procurements of \$7,500 or more (refer to *MCPS Financial Manual*, chapter 20, page 5). We

recommend the use of Form 281-55, when appropriate, to ensure compliance with MCPS procurement requirements. Sponsors of field trips should have a complete class or club roster of student names and annotate how much each student paid, date paid, students who did not participate in the trip, and students who received waivers, scholarships, or reduced fees. This data should be submitted to the business office at the completion of each trip and compared to remittances recorded in the trip account history report. The data should also be used to estimate future trips (refer to *MCPS Financial Manual*, chapter 20, page 10). We found that not all sponsors are submitting completed data at the conclusion of each trip and that data is not being compared to the final account history report. We recommend that trip sponsors use MCPS Form 280-41, *Field Trip Accounting*, or its equivalent, and provide complete data at the conclusion of each trip.

Admission receipts for school events should be controlled according to MCPS Regulation DMB-RA, *Control of Admission Receipts*. These events must be controlled with serially numbered tickets, separation of duties, use of the required MCPS Form 280-50, *Tickets and Cash Report of Admissions Manager*, for tracking and reconciling sales, and perpetual inventory of tickets. We noted that for ticketed events, some of the forms on file appeared to have been initiated after the conclusion of the activity, rather than when tickets were issued by the ticket controller to the admissions manager for daily sales. We found that MCPS Form 280-50, was used merely to list tickets sold and not as a reconciliation of tickets issued to tickets returned and recorded receipts. We also found two events that charged an admission price, but tickets were not used for accountability purposes. We recommend that admission to all events be controlled in accordance with the above cited regulation.

Summary of Recommendations

- Purchases over \$7,500, with certain exceptions, must have CFO approval.
- 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.
- Admission events must be conducted in accordance with MCPS Regulation DMB-RA.

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. Mary Jane Q. Ennis, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Ennis 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 financial agents, to support you with developing a well-defined plan to address the findings.

RWP:MJB:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Mrs. Morris

Mrs. Camp

Mrs. Chen

Ms. Diamond

Dr. Ennis

Mr. Tallur

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY2019	Fiscal Year: FY2019
School: Damascus HS - 701	Principal: Casey B. Crouse
OSSI Associate Superintendent: Mrs. Diane D. Morris	OSSI Director: Dr. Mary Jane Q. Ennis

Strategic Improvement Focus:

As noted in the financial audit for the period 2/01/18-1/31/19, strategic improvements are required in the following business processes :

- 1) Purchases over \$7,500, with certain exceptions, must have the Chief Financial Officer's (CFO's) approval; 2) 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 3) Admission events must be conducted in accordance with MCPS Regulation DMB-RA.

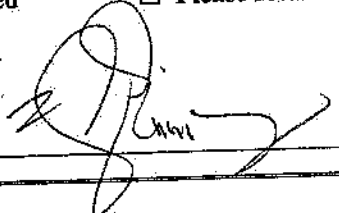
Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
1) The responsible parties will ensure that purchase requests over \$7,500 are more carefully reviewed to ensure appropriate approvals have been requested and obtained before items are ordered.	Principal/School Business Administrator (SBA)/ School Financial Specialist (SFS)/ Account Sponsor	Financial Manual/ IAF Accounting Procedures Document/ Form#281-55	The School Funds Online (SFO) program and the Financial Management System (FMS) will provide tools for monitoring and data.	When a purchase over \$7,500 is being requested, the SBA will ensure approval is secured, as appropriate.	Evidence of completion will be documented by an approved Form #281-55 on file for any purchases over \$7,500 that require the CFO's approval.
2) Field trip (FT) sponsors will properly record student data and trip receipts/expenses using the appropriate forms and data collection tools available to them. In addition, sponsors will work with the SFS to close out FT accounts once all funds are reconciled and payments have been made.	Principal/ School Financial Specialist (SFS)/ Field Trip Account Sponsors	Financial Manual/ FT Procedures Document/FT Request Form/FT Accounting Form	Various FT related forms and spreadsheets will be used to properly record, track, and close out FT accounts.	FT financial activity will be monitored by the SFS on a periodic basis, and the SFS will follow-up with FT sponsors as appropriate.	Completed forms and FT account records will demonstrate evidence of completion.
3) The ticket controller and account sponsors will properly document ticket sales, specifically for events that involve sales on multiple days.	School Financial Specialist (SFS)/ Account Sponsors	Financial Manual/ IAF Accounting Procedures Document/ Tickets/Ticket Report	Various forms and spreadsheets will be used to properly prepare, record, and close out admission events. Emails by the SFS will provide record of follow-up when account sponsors need to be reminded about next steps.	The SFS will prepare ticket reports for sponsors and will ensure sponsors are submitting daily reports and deposits when selling on multiple days.	Properly completed ticket reports and appropriate documentation will reflect adherence to regulations. In addition, the SFO account data will reflect deposits on days tickets are sold.

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: 4/24/19