


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

April 5, 2019

MEMORANDUM

To: Ms. Diana L. Zabetakis, Principal
Fox Chapel Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
March 1, 2016, through February 28, 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 April 1, 2019, meeting with you; Ms. Kimberly A. Henriquez, assistant principal; and Ms. Janine M. Lauterbach, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated March 30, 2016, and the status of present conditions. It should be noted that Ms. Lauterbach became the school administrative secretary as of March 4, 2019. 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 principal approval to proceed with an intended purchase. The purpose of each disbursement must be fully explained on this form in order to properly record expenditures in appropriate accounts,

and to ensure that expenditures comply with IAF requirements. Invoices 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 acting principal. The school administrative secretary will then mark the documentation as “paid” (refer to *MCPS Financial Manual*, chapter 20, page 4). In our sample of disbursements, we found that documentation supporting purchases was not stamped or marked “paid.” We recommend that supporting documentation be stamped “paid” once the check has been written and signed by the principal or acting principal.

In order to properly control receipts, funds should be remitted promptly to the school administrative secretary together with MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance slip* (refer to *MCPS Financial Manual*, chapter 7, page 4). We found most remittances were accompanied by a remittance slip, however, the school administrative secretary was collecting funds directly for yearbook sales and these receipts had no supporting documentation. To improve controls, we recommend that yearbook payments be collected by a sponsor and remitted to the school administrative secretary using the MCPS Form 280-34.

Summary of Recommendations

- Purchase invoices and receipts must be annotated as paid to indicate disbursement was made.
- MCPS Form 280-34 must accompany every remittance and filed in accordance with Chapter 7 of the *MCPS Financial Manual*.

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. Michael J. Zarchin, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Zarchin 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: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
Mr. Reilly
Mr. Tallur
Dr. Zarchin
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: April 5, 2019	Fiscal Year: April 5, 2019
School: Fox Chapel ES - 106	Principal: Diana Zabetakis
OSSI Associate Superintendent: Darryl Williams	OSSI Director: Michael Zarchin
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>3/1/16-2/28/19</u>, strategic improvements are required in the following business processes :</p> <p>Purchase invoices and receipts annotated as paid and MCPS Form 280-34 accompanied with remittance for yearbooks</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Purchase invoices and receipts must be annotated as paid to indicate disbursement was made. Action: New administrative will ensure that all supporting documentation (invoices and receipts) are stamped as paid once a check has been written and signed by the principal. The principal will monitor a sampling of this monthly.	Administrative Secretary	MCPS Financial Manual, chapter 20, page 4	Binder with invoices and receipts stamped as paid	Administrative Secretary Administrators	This process is already being utilized by the new administrative secretary
MCPS Form 280-34 must accompany every remittance and filed for the student purchasing of the yearbook. Action: New process created and put in place as of April 10, 2019. Staff will collect funds from students and submit it to the administrative secretary using MCPS Form 280-34 to provide the necessary documentation.	Administrative Secretary	MCPS Financial Manual, chapter 7, page 4	MCPS Forms 280-34	Administrative Secretary Administrators	This process has been communicated to staff.

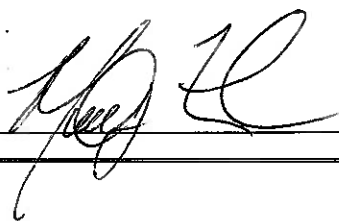
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OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL

Approved

 Please revise and resubmit plan by _____

Comments: _____

Director:  _____ Date: 6-3-19