


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 19, 2016

MEMORANDUM

To: Dr. Yolanda Stanislaus, Principal
Francis Scott Key Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
April 1, 2014, through September 30, 2016

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 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.

In our meeting on December 8, 2016, with you, Mr. Jon Green, assistant principal, and Ms. Denise C. Eden, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated June 10, 2014, and the status of present conditions. We noted improvement in controls over fundraising, yearbook, field trip, and admission event activities. 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 (refer to *MCPS Financial Manual*, chapter 20, page 4). 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 the IAF requirements. Invoices for goods or services must be signed by the purchaser to indicate satisfactory receipt. In our sample of disbursements, we again found prior approval was not consistently obtained when required, and invoices were not always signed by the purchaser. By requiring prior approval and complete documentation, the principal retains control over the expenditure of IAF funds. We recommend that MCPS Form 280-54 be prepared by staff and signed by you at the time verbal approval is sought, and that complete documentation be attached to fully explain the reason for the purchase.

Summary of Recommendations

- Purchase requests must be approved by the principal prior to procurement (**repeat**).
- Purchaser must confirm receipt of goods or services prior to disbursement (**repeat**).

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 Unit within 30 calendar days of this report, with a copy to Mrs. Diane D. Morris, director of school support and improvement of middle schools. In your response, please share a detailed plan for addressing these issues including appropriate staff training and support. The Office of School Support and Improvement will follow up on this audit.

RWP:KMH:lsh

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Dr. Johnson

Mr. Civin

Dr. Williams

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Tallur

Mrs. Morris

Mr. Ikheloa

Francis Scott Key Middle School – Fiscal Management Action Plan

January 2017

School: Francis Scott Key Middle School

Principal: Dr. Yolanda Stanislaus

Approved by: Dr. Darryl Williams, Associate Superintendent: _____

Audit of Independent Activity Funds for the Period of April 1, 2014, through September 30, 2016	Description of Resolution and Person Responsible	Timeline	Evidence of Completion
<p>Findings and Recommendations: <i>“MCPS Form 280-54: Independent Activity Funds Request for a Purchase, is used to obtain principal approval to proceed with an intended purchase (refer to MCPS Financial Manual, chapter 20, page 4). 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 the IAF requirements. Invoices for goods or services must be signed by the purchaser to indicate satisfactory receipt. In our sample of disbursements, we again found prior approval was not consistently obtained when required, and invoices were not always signed by the purchaser. By requiring prior approval and complete documentation, the principal retains control over the expenditure of IAF funds. We recommend that MCPS Form 280-54 be prepared by staff and signed by you at the time verbal approval is sought, and that complete documentation be attached to</i></p>	<p>The principal and the acting Financial Specialist will ensure that appropriate approval for purchases are obtained prior to the purchase.</p> <p>The Principal and acting Financial Specialist will infuse the recommendation shared as a practice to ensure full control over the IAF account.</p>	<p>December 2016 – Meeting with the Financial Specialist to discuss/create a plan of action.</p> <p>January 2017 – Bi-weekly meeting with the acting Financial Specialist to carefully review all Independent Activity Funds Request for Purchase forms.</p> <p>January 2017 – Share finding with the Instructional</p>	<p>Meeting Notes</p> <p>Meeting Notes</p> <p>Agenda Item</p>

<p><i>fully explain the reason for the purchase.”</i></p>		<p>Leadership Team and remind them of the processes regarding making a Request for Purchase.</p> <p>January 2017 – Share the processes regarding making a Request for Purchase with the entire staff.</p>	<p>Email</p>
---	--	---	--------------