


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

November 2, 2017

MEMORANDUM

To: Dr. Mary Jane Q. Ennis, Principal
Glen Haven Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
September 1, 2014, through September 30, 2017

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.

At our October 26, 2017, meeting with you, Ms. Cassandra Heifetz, principal intern, and Mrs. Kathleen M. Linton, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated October 22, 2014, 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

All purchases must be approved in advance and in writing using MCPS Form 280-54, *Independent Activity Funds Request for a Purchase*. After acquisition, the purchaser should submit the invoice or documented evidence of purchase, annotated to indicate the satisfactory

receipt of the goods or services, to the school administrative secretary. Upon disbursement, the documentation is to be stamped or marked "paid" to preclude duplicate payment (refer to *MCPS Financial Manual*, chapter 20, and page 4). In our sample of disbursements, we noted instances in which purchases were made prior to receiving the approval of the principal. We also noted instances of receipts not annotated by purchasers to indicate that purchased goods or services were satisfactorily received, and invoices supporting purchases were not stamped or marked "paid." We recommend that IAF purchases comply with the above MCPS requirements.

To properly control funds, all cash and checks collected by sponsors for IAF activities should be remitted promptly to the school administrative secretary. These funds should then be verified in the presence of the remitter, and a receipt that is supported by MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, should be issued promptly. We found instances in which funds were held by sponsors rather than being remitted in a timely manner to the school administrative secretary on a daily basis, and not always promptly deposited into the school's bank account. To minimize the risk of loss and provide availability of funds to meet school needs, we recommend that all funds collected be remitted daily to the school administrative secretary for prompt deposit (refer to *MCPS Financial Manual*, chapter 7, page 4).

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips and Student Organization Trips*. Trip approval forms should be signed by the principal, and the director of school support and improvement, when required, and retained for future reference. 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, together with a list of all chaperones and volunteers, should be provided to the school administrative secretary at the completion of each trip and compared to remittances recorded in the trip account history report. 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. We recommend that all sponsors be required to use MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and follow the procedures outlined above.

Summary of Recommendations

- Purchase requests must be approved by the principal prior to procurement.
- Purchaser must confirm receipt of goods or services prior to disbursement (**repeat**).
- Purchase invoices and receipts must be annotated as paid to indicate disbursement was made (**repeat**).
- Funds collected by sponsors must be promptly remitted to the school administrative secretary for prompt deposit into the school's bank account (**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 (**repeat**).

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 Mr. Eric A. Wilson, director of school support and improvement of elementary schools. Based on the audit recommendations, Mr. Wilson 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 administrative secretary to support you with developing a well-defined plan to address the findings.

RWP:AMB:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Dr. Kimball

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Wilson

Mr. Reilly

Mr. Tallur


Mr. Ikheloa

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 2018	Fiscal Year: 2018
School: Glen Haven ES - 767	Principal: Dr. Jane Ennis
OSSI Associate Superintendent: Dr. LaVerne G. Kimball	OSSI Director: Mr. Eric Wilson
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>9/1/14-9/30/17</u>, strategic improvements are required in the following business processes :</p> <p>1. Disbursements/Pre-Approval of Purchases 2. Cash Receipts/Deposits 3. Reconciliation of Field Trips</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
1.1/2.1 Communicate in writing with team leaders about the preservice expectations and procedures regarding financial matters and request they share that information with their teams.	Kathleen Linton	Google mail	Confirmation of discussion at team level by team leader	Admin To be reviewed at December 6th ILT Meeting	
1.2/2.2 Communicate the above with all staff via reminders in the November issue of "The Nest News"	Cassandra Heifetz	Google Site	Staff signature on Google Site	Cassandra Heifetz After Nov. 17 release of Nest News	
1.3 Paid stamp will be used to mark receipts and invoices at time of disbursements	Kathleen Linton	Paid stamp-(previously acquired)	Periodic review as time permits	Kathleen Linton Ongoing	
1.4 Purchaser must submit receipt or invoice indicating all items were received prior to disbursement of funds to them.	Kathleen Linton	Packing slips with notations of receiving	Admin will verify document upon check signing	Kathleen Linton/Admin Ongoing	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
1.5 Develop a checklist for Admin, "What to look for before checks are signed" to attach to signature folder.	Kathleen Linton	signature/card to attach to signature folder	Documentation meets requirements	Kathleen Linton/Admin Ongoing	
2.3 Activate daily calendar reminders for all staff to turn in money by a certain time each day.	Kathleen Linton	Google calendar	Keep notes of those not turning in money in a timely manner. Request a meeting with admin. accordingly for habitual offenders	Kathleen Linton Ongoing	
2.4 Implement daily reminders to go to bank at certain times of the day to ensure timely daily deposits.	Kathleen Linton	Google calendar	Google Calendar; Deposit receipts	Kathleen Linton/Admin Ongoing	
3.1 Beginning in 9/2017, staff have been required to turn in form 280-41 as well as form 280-341 in order to maintain accuracy and accountability when reconciling field trip accounts.	Kathleen Linton	Forms	Field trip folders	Kathleen Linton/Admin Ongoing	

OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL	
<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments:	
Director: _____ 	Date: 1/7/18