

Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

March 2, 2016

MEMORANDUM

To: Mrs. Sally A. Macias, Principal  
Jackson Road Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit *Rupista*

Subject: Report on Audit of Independent Activity Funds for the Period  
November 1, 2012, through December 31, 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 February 29, 2016, with you and Mrs. Terri Hawthorne, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated December 5, 2012, 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 policies, regulations, and procedures are designed to produce a system of internal controls that result in the proper authorization of expenditures and safeguarding of assets. Disbursement of IAF must be controlled in a number of ways. All purchases must be approved in advance and



in writing using MCPS Form 280-54, *Request for a Purchase*, to obtain principal approval to proceed with an intended purchase (see MCPS Financial Manual, p. 20-4). 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 IAF requirements. After the purchase is completed, the purchaser should submit the invoice as evidence of purchase, signed to indicate the satisfactory receipt of the goods or services, to the administrative secretary. A check may then be drawn and it must bear two signatures, one of which is that of the principal. Documentation supporting purchases should then be stamped or marked "Paid" and filed. We found instances where purchases were not approved in advance and invoices were not marked that goods were received. By requiring prior approval and complete documentation, the principal retains control over the expenditure of IAF funds. We recommend that 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 support the purchase.

Another control for disbursement of IAF is for all checks to be completed with date, payee, and amount prior to any signature (see MCPS Financial Manual, p. 20-6). We found a blank check issued and signed by you and the administrative secretary in order to purchase merchandise from a local vendor. We recommend that no checks be signed without all required completed items.

Internal controls also include the receipt and review by the principal of the unopened monthly bank statement, bank reconciliation report and ledger reports in a timely manner to evaluate the status of the IAF. These reviews must be evidenced by the principal's signature and date on the reports. We found that these important reviews were not completed consistently during our audit period. We also noted that some of these reports, as well as disbursements and support documentation could not be located. We recommend that you initiate a process to ensure consistent monthly review of these reports (see MCPS Financial Manual, p. 20-8).

Cash and checks collected by sponsors and others for IAF activities should be remitted promptly to the administrative secretary together with MCPS Form 280-34, *MCPS Remittance Slip*. These receipts must be deposited promptly (see MCPS Financial Manual, p.7-4). We found that staff collecting funds were holding rather than remitting them to the administrative secretary on a daily basis. To minimize the risk of loss and provide availability of funds to meet school needs, all funds collected should be remitted to the administrative secretary daily for prompt deposit. We further recommend using the Online School Payments (OSP) in order to reduce the workload of cash handling requirements for sponsors and administrative secretary.

Sponsors of field trips should have a complete class 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 administrative secretary at the completion of each trip to compare to remittances recorded in the trip account history report, and also used to estimate the cost of future trips. We found that not all sponsors were providing completed data at the conclusion of each trip, and that data was not being compared to the final account history report nor used for planning future trips. We



recommend trip sponsors use MCPS Form 280-41, *Field Trip Accounting*, or its equivalent, to record trip fees and provide comprehensive 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).

#### 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;
- Checks will not be signed and released by the principal until fully completed;
- Monthly financial reports must be signed and dated by the principal to indicate review;
- Funds collected by sponsors must be promptly remitted to the administrative secretary and promptly deposited in the bank;
- Cash handling by sponsors and administrative secretary can be reduced using OSP; and
- 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.

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 Ms. Audra Fladung, director of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:AMB:sd

#### Copy to:


Dr. Zuckerman  
Dr. Statham  
Dr. Navarro  
Dr. Kimball  
Mrs. Chen  
Mrs. DeGraba  
Ms. Fladung  
Mrs. Milwit

**JACKSON ROAD ELEMENTARY SCHOOL**  
**900 Jackson Road**  
**Silver Spring, Maryland 20904**  
**(301) 989-5650**

March 22, 2016

MEMORANDUM

TO: Audra Fladung, Director

FROM: Sally A. Macias, Principal 

SUBJECT: Response to Audit Report –Jackson Elementary– Audit Period:  
11/01/2012-12/31/2015 Date of Conference: February 29, 2016

This is the response to the audit report dated February 29, 2016, and indicates the intent of the school principal and administrative secretary to correct and follow guidelines and the recommendation of the auditor based on the report.

Please see the attached action plan to address the areas detailed in the audit report. If you have any questions with regards to the responses, please call me at the above number.

CC:  
Roger W. Pisha, Supervisor Internal Audit



**Fiscal Management Action Plan  
2016**

School: Jackson Road Elementary School    Principal: Sally Macias    Audit Period: 11/01/2012-12/31/2015    Completed: 2/29/16  
 Approved by Director of School Support and Improvement:     Date of approval: 4/4/16

| Findings and Recommendations of School's Financial Report  | Description of Resolution And Person(s) Responsible  | Timeline                         | Evidence of Completion   |
|--|--|----------------------------------|--|
| <p><b>Field Trips</b></p> <p>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 trip.</p> | <p>Sponsors will provide complete class or club rosters and note how much each student has paid, to include the date, and any waivers or scholarships for students. Also, sponsors will include if a student is not attending the trip or activity. Sponsors will also provide this at the completion of the trip and compare remittance recorded to the trip account history report. The data will be used by the sponsors and administrative secretary to plan for future trips. Sponsors will plan carefully to ensure that they do not overcharge or undercharge for a trip for students. Sponsors will use MCPS Form 280-41 to record trip fees and provide complete data at the end of each trip. <b>Trip planning will be reviewed by the administrative secretary and the principal to ensure that fees are appropriate.</b></p> | <p>As needed for Field Trips</p> | <p>Completed Form 280-41 and any additional documents relevant to each trip.</p> <p>Expectations for sponsor(s) will be posted in staff handbook, reviewed each year during pre-service and quarterly reminder in the principal's staff bulletin as a reminder.</p>  |
| <p>Funds collected by sponsors must be promptly remitted to the administrative secretary and promptly deposited in the bank</p>  | <p>Cash will be submitted by sponsors on a daily basis, and the <b>administrative secretary</b> will make deposits, to include on the last working day of each month and before each weekend or holiday.</p>   | <p>As needed for Field Trips</p> | <p>Completion of Form 280-34.</p> <p>Invest in small safe to hold money until deposit is made (same day).</p>  |
| <p>Cash Handling</p>   | <p>Cash handling by sponsors and administrative secretary can be reduced by using SFO; providing the opportunity for payment online and not handled through the classroom</p>  | <p>As needed for Field Trips</p> | <p>Educate parents and teachers on use of OSP (School Funds Online)</p>  |
| <p><b>Checking/Receipts/Deposits</b></p> <p>Purchase requests must be approved by the principal prior to procurement.</p>  | <p>MCPS Form 280-54, <i>Request for a Purchase</i>, is used to obtain principal approval to proceed with an intended purchase prior to purchase of any amount over \$25.00. It is recommended that the <i>Request for Purchase</i> be prepared by staff and signed by the principal at the time of verbal approval so that purchase orders and invoices at the time that verbal approval is sought from the principal, Form 280-54 will be prepared and signed by both requesting staff and the principal. <b>The principal</b> will ensure detailed documentation/rationale of the purchase is attached to the</p>  | <p>As needed</p>                 | <p>Completed Form 280-54, Request for a Purchase submitted prior to purchase.</p> <p>Expectations for sponsor(s) will be posted in staff handbook, reviewed each year during pre-service and quarterly reminder in the principal's staff bulletin as a reminder.</p> |

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|---|---|-----------------------|--|--|
|   | request. The invoices for the purchase will be signed and dated by the receiver.  |                       |  |  |
| Disbursement of IAF Funds   | All checks completed for disbursement of funds from the IAF need to be complete with date, payee, and amount prior to any signatures.   | When making purchases | Check amount, payee and date completed before signatures.  |  |
| Monthly Financial Reports signed by Principal   | Internal controls include the receipt and review by the principal of the unopened monthly/or online bank statement, bank reconciliation report and ledger reports in a timely manner to evaluate the status of the IAF.   | Monthly               | Monthly review of bank statements and IAF monthly reports. |  |
| Funds collected by sponsors must be promptly remitted to the administrative secretary and promptly deposited in the bank. | Cash and checks collected by sponsors and other authorized individuals for IAF activities should be collected daily and must be remitted daily to the administrative secretary on the day they are received, and must be accompanied by MCPS Form 280-34, <i>Remittance Slip</i> . These receipts must be deposited daily, and all receipts must be deposited on the last working day of each month and before each weekend or holiday. | As Needed             | Completion of Form 280-34.                                 |  |

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