


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

February 14, 2019

MEMORANDUM

To: Mrs. Wanda P. Coates, Principal
S. Christa McAuliffe Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
December 1, 2015, through November 30, 2018

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 January 31, 2019, meeting with you; Ms. Holly A. Hill, assistant principal; and Mrs. Ellen A. Payne, school administrative secretary, we reviewed our prior audit report dated January 12, 2016, 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 280-54, *Independent Activity Funds Request for a Purchase*, is used to obtain the principal's approval to proceed with an intended 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, page 4). In our sample of disbursements, we noted instances in which purchases were not properly documented, purchases were made prior to receiving the approval of the principal, receipts were 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 the IAF purchases comply with MCPS procedures.

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 (refer to *MCPS Financial Manual*, chapter 7, page 4). We found instances in which funds were held by sponsors rather than being remitted on a daily basis to the school administrative secretary 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.

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 learning, achievement, and administration, 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.

MCPS Regulation DMB-RA, *Control of Admission Receipts*, sets forth procedures for the control of admission receipts for school events. The accounting for 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 a perpetual inventory of tickets (refer to *MCPS Financial Manual*, chapter 20, page 13). We noted that the ticket reports were not prepared for school dances. We recommend that procedures for sale of tickets be reviewed with appropriate staff prior to events for compliance with MCPS Regulation DMB-RA

Summary of Recommendations

- Purchase documentation must be adequate to support disbursements (**repeat**).
- 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 must be annotated as “paid” to indicate disbursement was made **(repeat)**.
- Funds collected by sponsors must be promptly remitted to the school administrative secretary.
- Remitted funds must be promptly verified, receipted, and deposited in the bank by the school administrative secretary.
- Field trip records that are 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)**.
- 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 Mrs. Michelle E. Schultze, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Mrs. Schultze 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 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. Williams

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Reilly

Mrs. Schultze

Mr. Tallur

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: February 14, 2019

Fiscal Year: February 14, 2019

School: S. Christa McAuliffe ES - 110

Principal: Wanda Coates

OSSI

Associate Superintendent: Darryl Williams

OSSI

Director: Michelle Schultze

Strategic Improvement Focus:

As noted in the financial audit for the period 12/1/15-11/30/18, strategic improvements are required in the following business processes :

IAF Administration in accordance with Board of Education policies, MCPS regulations, and procedures

| Action Steps | Person(s) Responsible | Resources Needed | Monitoring Tools / Data Points | Monitoring: Who & When | Results/Evidence |
|---|--|--|---|--|---|
| Independent Activity Funds Purchase- In order to ensure purchase requests are approved by the principal prior to procurement, principal and/or administrative secretary will hand the purchaser the form to complete when the request is made and sign at the time of request if approved. Only the principal will approve purchases. No approval without | Principal Administrative Secretary | Form 280-54 Independent Activity Funds Request for Purchase | Signed form 280-54 | Who- Principal Administrative Secretary When- Each request for purchase | All procurements will be pre-approved and not procured without following the approval process |
| All purchasers will annotate all purchase invoices as "paid" to indicate item was received. Distribution will not occur until all items are received and paid. Administrative secretary will create and maintain a binder that will contain all paid invoices | Administrative Secretary Media Specialist Building service manager Rdg Specialist | | Notebook containing copies of all PAID invoices maintained in the main office | Reviewed monthly by Administrative Secretary | All purchase invoices will be marked paid once received |
| IAF Activity money collection- All cash and checks collected by sponsors for IAF activities will be remitted promptly to the school administrative secretary. Admin secretary will maintain record of staff who are not consistently following the guidelines and principal will issue Memo for the Record to staff as needed. | Staff | | Quarterly reminders/training for staff on IAF procedures during staff meetings Sponsor reports | Principal Administrative Secretary | Receipts of daily funds submitted and bank deposit statements |
| IAF funds- Funds remitted by sponsors will be verified, receipted, and deposited promptly by the administrative secretary and deposits will be made regularly. | Administrative secretary | Form 280-34 IAF Remittance slip | Bank deposit slips | Principal Administrative secretary | Receipts of funds (IAF Remittance Slip) submitted and bank deposit statements. |

| Action Steps | Person(s) Responsible | Resources Needed | Monitoring Tools / Data Points | Monitoring: Who & When | Results/Evidence |
|---|---|---|--|---------------------------------------|---|
| End of field trip reconciliation- Field trip sponsors will provide complete financial information at the conclusion of a field trip. A "required paperwork" sheet has been created for grade levels so they are familiar with accounting procedures needed to be completed after each field trip. | Field trip sponsors | Form 280-41 Field Trip Accounting | Administrative secretary will review form 280-41 with field trip sponsor before closing out all field trips and inform principal | Principal- after each field trip | Field trip sponsors will follow specific guidelines given for closing out a field trip and turn in required paperwork sheet with form |
| Field trip records prepared by sponsors will provide comprehensive data to account for all students eligible to participate, and to reconcile funds collected with costs of trip. This will include students who paid, amount paid, list of chaperones and volunteers, etc. | Field trip sponsors | | Administrative secretary will collect field trip checklist from sponsor with for 280-41 | Administrative Secretary | Proper paperwork associated with each field trip will be submitted. |
| Control of Admission Receipts- Accounting for sales of tickets will be completed to reconcile tickets issued to tickets returned and recorded receipts. Procedures will be reviewed with activity sponsors prior to the ticketed event. | SGA sponsor(s) Sponsor of activities using tickets | Form 280-50-Ticket Sales Report of Admissions Manager | Review of form 280-50 Ticket Sales Report of Admissions Manager at the conclusion of events where tickets are used | Principal Administrative Secretary | Correct procedures for ticketed events will be followed |
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| 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: <u>3-22-19</u> |