


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

December 4, 2015

MEMORANDUM

To: Ms. Annette M. Ffolkes, Principal
Roscoe Nix Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2011, through October 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 December 1, 2015, with you, Mrs. Meredith McNerney, principal intern, and Mrs. Linda Taylor, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated January 20, 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

We noted several checks that had been issued to staff for making purchases that had been signed by the principal prior to a dollar amount being entered on them. No checks will be signed prior to completion of date, payee, and amount entered on them (see MCPS Financial Manual,

p. 20-6). The MCPS purchasing card, with its pre-approved limits, is an alternative method for procurement.

MCPS Form 280-54, *Request for a Purchase*, is used to obtain principal approval to proceed with an intended purchase (see MCPS Financial Manual, p. 20-6). The purpose of each disbursement must be fully explained on this form to record expenditures in appropriate accounts, and to ensure that expenditures comply with IAF requirements. In our random sample of disbursements, we again found that prior approval was not consistently obtained. By requiring prior approval, the principal retains control over the expenditures of IAF funds. We recommend that Form 280-54 be prepared by staff and signed by the principal at the time verbal approval is sought so that purchase orders and invoices bear a date subsequent to the approval date.

Cash and checks collected by sponsors for IAF activities must be remitted to the administrative secretary on the day they are received together with MCPS Form 280-34, *Remittance Slip*. We found instances in which staff collecting funds for field trips were holding rather than remitting them in a timely manner (see MCPS Financial Manual p. 7-4). In addition, the administrative secretary was not always making timely deposits; holding money in excess of permitted amounts (see MCPS Financial Manual, p. 7-3). Large and infrequent deposits increase the possibility of loss and decrease the school's ability to fund activities. We recommend that all staff who either collect or deposit IAF funds be reminded of cash handling requirements.

Fund-raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund-Raiser*. We found that there was a lack of adherence to the approval and completion reporting guidelines. Following these internal control procedures provides for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion of the event. Each fund-raiser should be approved by the principal in writing and the approval retained in the school office. Financial activities for each fund-raising activity should be recorded in a separate account and a completion report prepared that analyzes the results. Completion reports should also be retained in the school office (see MCPS Financial Manual, p. 20-12).

Summary of Recommendations

- Checks will not be signed and released by the principal until fully completed;
- Purchase requests must be approved by the principal prior to procurement (repeat);
- Funds collected by sponsors must be promptly remitted to the administrative secretary and promptly deposited in the bank; and
- Fund-raising must conform to *Guidelines for Sponsoring an IAF Fund Raiser*.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of Mrs. Taylor which greatly facilitated our audit. 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 M. Fladung, director of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:GB:sd

Copy to:

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

MEMORANDUM

To: Mr. Roger W. Pisha, Supervisor, Internal Audit
From: Annette M. Ffolkes, Principal *AMF*
Roscoe R. Nix Elementary School
Subject: Response to Report on Audit of Independent Activity Funds

This memo is in response to the Report on Audit of Independent Activity Funds for the period November 1, 2011 through October 31, 2015. The report outlined the following findings and recommendations:

1. The use of MCPS Form 280-54, *Request for a Purchase*, to obtain principal approval to proceed with an intended purchase.
2. Remittance of all cash and checks for IAF activities to the administrative secretary on the day that they are received along with MCPS Form 280-34, *Remittance Slip*.
3. Compliance with the approval and completing reporting guidelines from the *Guidelines for Sponsoring an Independent Activity Fund Fund-raiser* when a fundraiser is held at the school.
4. Completion of the date, payee, and amount on all checks prior to principal's signature.

Approval for school purchases has always been obtained from the principal prior to the purchase, although the completed Form 280-54, *IAF Request for A Purchase*, may not have reflected that in the signature dates. In several instances, verbal approval was given prior to the purchase being made. At the beginning of each school year, all staff members were made aware of the procedures to follow and copies of Form 280-54, *IAF Request for A Purchase*, are placed in their Staff Handbooks (see Attachment #1). Administration will continue to work with school staff to ensure that Form 280-54, *IAF Request for A Purchase*, is completed at the time of verbal approval.

Each classroom teacher is provided with a blue pouch to use for funds collected from the students (ex. Field trip funds). They have been directed to secure the pouch in a safe location within their classroom until they are able to transport the funds themselves. Staff members will be notified that as they collect funds for school events, that those funds should be sent directly to the administrative secretary and not maintained until all students have paid. Staff will need to ensure that MCPS Form 280-34, *Remittance Slip*, accompany all cash and checks.

Field trip sponsors will be provided with a copy of the procedures outlines in *Guidelines for Sponsoring an IAF Fund Raiser*, as they plan future field trips for students (both in-house and out of the building field trips).

The MCPS purchasing card was not continued for this current school year due to the difficulties in managing the account (ex. Online training was noted as not completed although it was done on two different occasions, inability to access accounts due to logins becoming inactive). The purchase of items from vendors such as Costco and Sam's Club required an exact amount on the check which would not be determined until the purchase was made. In the future, the principal will ensure completion of checks prior to signing and efforts will be made to determine the costs of items from these vendors prior to purchasing.

Attachment #2 provides an Action Plan outlining the steps that will be taken to correct the findings of the audit report.

If you require any additional information regarding our next steps, you may contact me at the school (301-422-5070). Thank you.

Payroll and Leave Procedures

Time sheets

- Time sheets must be completed and signed in either blue or black ink (do not use pencil or any other colored ink)
- Time sheets must be handed in no later than 9am on the Friday of the week that they are due. If you fail to turn in your time sheet by that time, your time will not be entered for that pay period.
- If you need to make any changes on your time sheet, draw a line through the error and initial the change. White out or correction tape cannot be used to make corrections on time sheets.

Leave Requests

- Leave must be taken for any time out of the building (except when signing out for lunch).
- If you require a substitute, you must report your absence to the Substitute Employee Management System.
- Frequent late arrivals will result in a reminder email from administration. A leave slip will be placed in your mailbox. Continued late arrivals after that reminder will result in a memo for the record.
- Personal leave requests must be submitted and approved at least one day prior to taking leave.
- Sick leave requests for medical appointments should also be submitted prior to taking leave.
- When on sick leave due to illness, submit the leave form on the day that you return to work.
- According to the MCEA and SEIU contracts, staff members must report their absence as soon as possible (leave a message on the answering machine, providing any important information as it relates to your position in the school – ex. Location of sub plans if the office does not have a folder). When possible, contact the office when it is open in order to speak directly with someone regarding your absence).
- If a staff member needs to cancel their leave, as a courtesy get a print out of your job and contact the substitute directly about the cancellation.
- Incentives – MCEA members: Sick leave counts toward retirement (22days = one month)
- Incentives – SEIU members: Perfect Attendance Reward – Unit members who have not utilized any sick leave benefits in the preceding year may apply for and receive a cash-out payment for up to one third of their earned sick leave benefit for that year.

- Leave less than a ½ day
 - Leave must be taken for any time out of the building
 - **Substitutes must be requested for all leave** (according to your position). It is the responsibility of the staff member to call in their absence, obtain a job number and the name of the substitute. This information is to be recorded on the leave slip.
 - Substitutes are paid for a minimum of 3-1/2 hours.
- Staff members cannot combine leave (personal, sick, annual) for trips, weddings, etc.
- Professional leave requests must be submitted five days in advance. Staff members requiring a substitute must identify the funding source for the substitute.

Financial Procedures

- Any funds collected from students (ex. Field trip money) should be remitted to Mrs. Taylor daily.
- Students are not allowed to handle any funds collected and should not transport those funds to Mrs. Taylor. Staff members should secure the blue pouch with the funds until they are able to hand it directly to Mrs. Taylor.
- Any request for funds must be submitted for approval prior to making any purchases.
- Staff members should not sign or enter into any contracts with outside agencies. Only administration is allowed to sign contracts.

Fiscal Management Action Plan

School: Roscoe R. Nix Elementary School

Approved by Director of School Support and Improvement: *ajd*

Principal: Annette M. Ffolkes

Date of approval: 1/6/15

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
The use of MCPS Form 280-54, <i>Request for a Purchase</i> , to obtain principal approval to proceed with an intended purchase.	MCPS Form 280-54, <i>Request for a Purchase</i> , will be used to obtain principal approval to proceed with an intended purchase prior to purchase of any amount over \$25.00. Staff will complete the form and have it signed by the principal, Ms. Annette M. Ffolkes at the time of verbal approval so that purchase orders and invoices bear a date subsequent to the approval date.	As needed	Completed Form 280-54, with documentation of purchase, and receipt of purchase, signed by receiver.
Remittance of all cash and checks for IAF activities to the administrative secretary on the day that they are received along with MCPS Form 280-34, <i>Remittance Slip</i>	Cash and checks collected by sponsors and other authorized individuals for IAF activities will be collected daily and remitted daily to Mrs. Linda Taylor, the administrative secretary on the day they are received, and accompanied by MCPS Form 280-34, <i>Remittance Slip</i> . These receipts will be deposited in the school safe daily, and in the bank once the allowable limit has been reached.	Daily sponsor submission of funds Immediate receipt of funds Deposits daily as needed, last working day of the month, and before holidays and weekends.	Receipts of funds submitted and bank deposit statements.
Compliance with the approval and completing reporting guidelines from the <i>Guidelines for Sponsoring an Independent Activity Fund Fund-raiser</i> when a fundraiser is held at the school.	Sponsors of school activities which involve the collection or disbursement of Independent Activity Funds will be provided an account statement for each month in which transaction have been recorded in their account. Sponsors will verify that all transactions affecting the account have been correctly recorded by the administrative secretary, Mrs. Linda Taylor.	As needed for field trips	Completed Form 280-41 and any additional documents relevant to each trip.
Completion of the date, payee, and amount on all checks prior to principal's signature.	All checks for purchases will be completed prior to the signature of the principal (Ms. Annette M. Ffolkes) and/or designees (Mrs. Linda Taylor, administrative secretary).	As needed	Copies of checks.