


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

January 2, 2019

MEMORANDUM

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

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

Subject: Report on Audit of Independent Activity Funds for the Period  
November 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 December 27, 2018, meeting with you; Mrs. Linda L. Taylor, school administrative secretary, and Mrs. Dorothy McGeever, visiting bookkeeper, we reviewed our prior audit report dated December 4, 2015, 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 made prior to receiving the approval of the principal and receipts were not annotated by purchasers to indicate that purchased goods or services were satisfactorily received. 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.

### 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.
- Funds collected by sponsors must be promptly remitted to the school administrative secretary (**repeat**).
- Remitted funds must be promptly verified, receipted, and deposited in the bank by the school administrative secretary (**repeat**).
- 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.

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 Dr. Mary Jane Q. Ennis, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Ennis 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

Mrs. Morris

Mrs. Camp

Mrs. Chen

Ms. Diamond

Dr. Ennis

Mr. Reilly

Mr. Tallur

Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> January 14, 2019	<b>Fiscal Year:</b> January 14, 2019
<b>School:</b> Roscoe R. Nix ES - 307	<b>Principal:</b> Annette M. Ffolkes
<b>OSSI Associate Superintendent:</b> Diane Morris	<b>OSSI Director:</b> Mary Jane Ennis
<p><b><u>Strategic Improvement Focus:</u></b>          As noted in the financial audit for the period <u>11/1/15-11/30/18</u>, strategic improvements are required in the following business processes :          Approval of purchases prior to procurement; prompt remittance of funds to school administrative secretary; prompt deposits of funds; and, field trip record keeping.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
1. Purchase requests must be approved by the principal prior to procurement.	Ffolkes	MCPS Form 280-54	Completed MCPS Form 280-54 signed by principal	As needed based on requests for purchases	Completed MCPS Form 280-54, with documentation of purchase, and receipt of purchase, signed by receiver.
2. Purchaser must confirm receipt of goods or services prior to disbursement.	Taylor Ffolkes	Receipts for goods received	File with dated receipts	As needed based upon delivery of goods or services	Completed MCPS Form 280-54, with documentation of purchase, and receipt of purchase, signed by receiver.
3. Funds collected by sponsors must be promptly remitted to the school administrative secretary.	RNES Staff Taylor Ffolkes	MCPS Forms 280-41 and 280-34	Completed forms reflecting funds being remitted.	As needed for field trips (daily during those time periods)	Completed and signed MCPS Forms 280-41 and 280-34
4. Remitted funds must be promptly verified, receipted, and deposited in the bank by the school administrative secretary.	Taylor	MCPS Form 280-34	Deposit receipts	Daily or when funds received exceed the amount allowable for school	Receipts of funds submitted and bank deposit statements.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
5. Field trips 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.	RNES Staff Taylor Ffolkes	MCPS Forms 280-41 and 280-34	Completed MCPS Forms 280-41 and 280-34	As needed for field trips	Completed MCPS Form 280-41 and any additional documents relevant to each trip.
6. Principal and administrative secretary should attend School Finance training.	Ffolkes Taylor	PDO confirmation of enrollment.	Attendance confirmation	Principal Upon completion of courses	Transcript showing completion of training.

**OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL**

Approved       Please revise and resubmit plan by \_\_\_\_\_

Comments:

Director:  \_\_\_\_\_ Date: 2/14/19