


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

September 27, 2016

MEMORANDUM

To: Mrs. Elise M. Burgess, Principal
Dr. Sally K. Ride Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
December 1, 2014, through August 31, 2016

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.

In our meeting on September 23, 2016, with you and Mrs. Jody A. Spring, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated January 28, 2015, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2015. 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 principal approval to proceed with an intended purchase (refer to *MCPS Financial Manual*, chapter 20, page 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. In our random sample of disbursements, once again, we found prior written approval was not obtained when required for many purchases. By requiring prior approval, the principal retains control over the expenditure of the IAFs. We recommend that MCPS Form 280-54 be prepared by staff and signed by you at the time verbal approval is sought.

Cash and checks collected for IAF activities by sponsors and other authorized individuals must be remitted with MCPS Form 280-34: *Independent Activity Fund (IAF) Remittance Slip*, to the school administrative secretary on the day the funds are received. Once again, we found instances in which staff were collecting funds for trips and held them rather than remitting them in a timely manner to the school administrative secretary. We recommend that all staff who collect funds for school activities be reminded of remittance requirements (refer to *MCPS Financial Manual*, chapter 7, page 4).

Remittances received should, in turn, be promptly deposited into the school's bank account. Large and infrequent deposits increase the possibility of loss of funds as well as decrease the school's ability to fund activities. To minimize the risk of loss and provide availability of funds to meet school needs, we continue to recommend that all funds collected should be deposited per MCPS requirements and before each weekend or holiday (refer to *MCPS Financial Manual*, chapter 7, page 3).

Summary of Recommendations

- Purchase requests must be approved by the principal prior to procurement (**repeat**).
- Funds collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the school administrative secretary (**repeat**).
- Funds remitted by sponsors must be promptly deposited in the bank by the school administrative secretary (**repeat**).

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 Unit within 30 calendar days of this report, with a copy to Mr. Gregory S. Edmundson, director of school support and improvement of elementary schools. In your response, please share a detailed plan for addressing these issues including appropriate staff training and support. The Office of School Support and Improvement will follow up on this audit.


RWP:SMY:lsh

Copy to:

Members of the Board of Education
Dr. Smith
Dr. Navarro
Dr. Statham
Dr. Zuckerman

Dr. Johnson
Mr. Civin
Dr. Kimball
Mrs. Camp
Mrs. Chen
Mrs. DeGraba
Ms. Diamond
Mr. Edmundson
Mr. Ikheloa

Fiscal Management Action Plan

School: Dr. Sally K. Ride Elementary School
 Approved by director: 

Principal: Mrs. Elise M. Burgess
 Date of approval: 10/4/16

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p>*Purchase requests must be approved by the principal prior to procurement.</p>	<p>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. The principal will ensure detailed documentation/rationale of the purchase is attached to the request. The invoices for the purchase will be signed and dated by the receiver. *Inform staff regarding purchase requests</p>	<p>As needed</p> <p>*October 10, 2016 Staff Meeting (verbal) and via staff memo -10/4/16</p>	<p>Completed Form 280-54, with documentation of purchase, and receipt of purchase, signed by receiver</p>
<p>*Funds collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the administrative secretary and promptly deposited.</p>	<p>Cash collected will be counted in front of the receiver and a receipt will be issued at that time, by the administrative secretary. Cash will be submitted by sponsors on a daily basis, and the administrative secretary will make deposits, to include on the last working day of each month and before each weekend or holiday. *Inform staff regarding prompt remittance to Mrs. Spring, administrative secretary; remit funds received daily</p>	<p>Daily sponsor submission of funds</p> <p>Immediate receipt of funds</p> <p>Deposits daily as needed, last working day of the month, and before holidays and weekends.</p> <p>*October 10, 2016 Staff Meeting (verbal) and via staff memo-10/4/16</p>	<p>Receipts of funds submitted and bank deposit statements</p>
<p>*Funds remitted by sponsors must be promptly deposited in the bank by the school administrative secretary</p>	<p>The administrative secretary will make deposits per MCPS requirements and before each weekend or holiday</p>	<p>Ongoing</p>	<p>Deposit statements</p>

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