


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

June 14, 2017

MEMORANDUM

To: Dr. Joey N. Jones, Principal
Robert Frost Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
July 1, 2015, through April 30, 2017

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 and are charged with determining the manner in which funds are raised and expended for activities such as field trips, admission events, and fund-raisers. 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.

At our June 7, 2017, meeting with you and Mrs. Debra L. Yamada, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated October 23, 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 an 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 financial specialist (refer to *MCPS*

Financial Manual, chapter 20, pages 4 and 6). In our sample of disbursements, we found instances in which purchases were made prior to receiving the principal's approval. In addition, we found receipts that were not annotated by the purchaser to indicate that purchased goods or services were satisfactorily received. We recommend that action is taken to bring purchasing into compliance with MCPS requirements.

In order to properly control funds, all cash and checks collected by sponsors for the IAF activities should be remitted promptly to the school financial specialist. These funds should then be verified in the presence of the purchaser, and a receipt that is supported by MCPS Form 280-34: *Independent Activity Fund (IAF) Remittance Slip*, should be issued promptly. We found instances in which funds were held by sponsors rather than being remitted in a timely manner to the school financial specialist. 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 financial specialist (refer to *MCPS Financial Manual*, chapter 7, page 4).

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 school support and improvement, 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 financial specialist 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.
- Purchaser must confirm receipt of goods or services prior to disbursement.
- Funds collected by sponsors must be promptly remitted to the school financial specialist **(repeat)**.
- 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 appreciate 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 through Dr. Michael J. Zarchin, director of school support and improvement of middle 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:AMB:lsh

Copy to:

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FINANCIAL MANAGEMENT ACTION PLAN

School: Robert Frost Middle School

Principal: Dr. Joey N. Jones

Fiscal Year: 2018

Associate Superintendent: Dr. Darryl Williams

Director: Dr. Michael J. Zarchin

Strategic Improvement Focus:

As noted in the financial audit for the period **July 1, 2015 thru April 30, 2017**, strategic improvements are required in the following business processes:

- Independent Activity Funds (IAF) Request for a Purchase (prior approval)
- Timely Remittance of Funds Collected by Sponsors for IAF Activities
- Fieldtrip Accountability (Use of MCPS Form 280-41 for Fieldtrip Accounting or Fieldtrip Accounting Spreadsheet, located on MyMCPS)

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools /Data Points	Monitoring: Who & When	Results/Evidence
<p>Inform staff of audit findings during Pre-service Week (August 28, 2017) and review expectations and consequences for not adhering to the guidelines for prior approval for IAF purchases.</p> <p>If warranted, Dr. Jones & Ms. Yamada will meet with individual staff members to determine the cause non-compliance with the financial expectations and regulations.</p>	Dr. Jones & Ms. Yamada	<p>*Audit Findings Memo</p> <p>* Independent Activity Funds Request for a Purchase (Form 280-54)</p>	Provide school status report (via weekly bulletin) as a means of information and motivation.	Dr. Jones and Ms. Yamada will monitor & review "prior approval status" data and whether or not goods/services were satisfactorily received on a quarterly basis at the end of each marking period.	We expect 100% compliance.

FINANCIAL MANAGEMENT ACTION PLAN

School: Robert Frost Middle School		Principal: Dr. Joey N. Jones		Fiscal Year: 2018	
<p>Inform staff of audit findings during Pre-service Week (August 28, 2017) and review expectations for promptly remitting funds to the financial assistant.</p> <p>Additionally, review expectations with individual staff members who had challenges with meeting the expectations for remitting funds, promptly.</p> <p>Furthermore, grade level administrators and team leaders will be directed to remind staff during their weekly team meetings.</p>	Dr. Jones & Ms. Yamada	<p>*Audit Findings Memo</p> <p>* Independent Activity Fund Remittance Slip (Form 280-34)</p>	Form 280-34 is part of the fieldtrip approval packet. Staff will be required to sign as an indication of verification of amount remitted.	Dr. Jones and Ms. Yamada will monitor & review remittance slips data as they occur to promote compliance.	We expect 100% compliance.

FINANCIAL MANAGEMENT ACTION PLAN

School: Robert Frost Middle School		Principal: Dr. Joey N. Jones		Fiscal Year: 2018	
<p>Inform staff of audit findings during Pre-service Week (August 28, 2017) and review expectations for fieldtrip accounting procedures.</p> <p>Additionally, review expectations with individual staff members who had challenges with meeting the expectations for fieldtrip accounting procedures.</p> <p>Furthermore, grade level administrators and team leaders will be directed to remind staff during their weekly team meetings, especially during the time of team sponsored fieldtrips.</p> <p>All staff who sponsor a fieldtrip will be required to use MCPS Field Trip Accounting Form 280-41 and the Fieldtrip Accounting Spreadsheet, located on the MyMCPS business page.</p>	Dr. Jones & Ms. Yamada	*Audit Findings Memo * Fieldtrip Accounting (Form 280-41)	The Fieldtrip Expense Calculator Form will be reviewed by the financial assistant, grade level administrator, and principal before approval for the fieldtrip is granted.	Dr. Jones, Ms. Yamada, and the grade level administrator will monitor this process as it occurs.	We expect 100% compliance.

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

Approved Please revise and resubmit plan by _____

Comments: _____

Director:  Date: 8/17/17