


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

April 18, 2019

MEMORANDUM

To: Ms. Kristine A. Alexander, Principal
Rock View Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
March 1, 2016, through December 31, 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 April 8, 2019, meeting with you and Mrs. Lisa F. Jenkins, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated April 28, 2016, and the status of present conditions. It should be noted that Mrs. Jenkin's appointment as school administrative secretary was effective December 4, 2017. 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. 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. Invoices for goods or services

must be signed by the purchaser to indicate satisfactory receipt (refer to *MCPS Financial Manual*, chapter 20, page 4). In our sample of disbursements, we found prior approval was not consistently obtained and documentation was not annotated by the recipient to indicate purchased goods or services were satisfactorily received. By requiring prior approval, the principal retains control over IAF expenditures. We recommend that MCPS Form 280-54 be prepared by staff with an estimate of expected expenditures and signed by the principal at the time verbal approval is sought. We also recommend that purchasers sign invoices for goods or services to indicate satisfactory receipt of the quantity and quality of items.

Sponsors of field trips should have a complete class or club roster of student names and annotate how much each student paid, date paid, students who did not participate in the trip, and students who received waivers, scholarships or reduced fees. This data should be submitted to the administrative secretary at the completion of each trip, and compared to remittances recorded in the trip account history report. We found not all sponsors are submitting completed data at the conclusion of each trip, and that data is not being compared to the final account history report. We recommend trip sponsors use MCPS Form 280-41, *Field Trip Accounting*, or its equivalent, and provide complete data at the conclusion of each trip. This data must be reconciled by the school administrative secretary with remittances recorded in activity accounts (refer to *MCPS Financial Manual*, chapter 20, page 10).

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 (**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 (**repeat**).

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. Peter O. Moran, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Moran will indicate whether he 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:GWB:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Mrs. Dyson

Mrs. Camp

Mrs. Chen

Ms. Diamond

Dr. Moran

Mr. Reilly

Mr. Tallur

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY2019	Fiscal Year: FY2019
School: Rock View ES - 795	Principal: Ms. Kristine Alexander
OSSI Associate Superintendent: Ms. Cheryl Dyson	OSSI Director: Dr. Peter Moran
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>3/1/16-12/31/18</u>, strategic improvements are required in the following business processes :</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
At the time of that verbal approval is sought from the principal, Form 280-54 will be prepared and signed by both the requesting staff and the principal. Once the purchase is received, the invoice will be signed and dated by the receiver. The principal will ensure that required documentation of the purchase is attached to the request.	Staff Principal	Form 280-54	Submitted Form 280-54, with documentation of purchase, and receipt of purchase, signed by the receiver for each purchase request.	Principal Admin Sec; as needed	Completion of all submitted Form 280-54, with documentation of purchase, and receipt of purchase, signed by the receiver.
Packages will be delivered intact to the ordering staff member. They will verify receipt by marking packing slip with "Okay to Pay" to indicate satisfactory receipt of the quantity and quality of items, and submit it to the administrative secretary.	Admin Sec Staff	Form 280-54 for pre-approved purchase requests	Verified, with "Okay to Pay" and signature, packing slips with submitted Form 280-54 for all pre-approved purchases.	Admin Sec; as needed	Verified packing slip with submitted Form 280-54, w/ documentation of purchase, signed by the receiver for all pre-approved purchase requests
Admin secretary will provide updated, detailed sample packet, including all procedures & forms, during pre-service 2019 to train all professional staff.	Admin Sec	Mock field trip packet for staff training Copies of all relevant forms	Mock field trip packet for staff; agenda for staff trng	Principal; pre-service Aug 2019	Agenda & mock field trip packet for staffing training.
Sponsors will complete 280-41 to provide complete data & reconcile funds collected at the conclusion of each trip. The admin sec will reconcile remittances recorded in activity accounts.	Admin Sec Sponsors	Form 280-41	Completed, reconciled Form 280-41, with remittance receipts attached to record trip fees & provide complete data at conclusion of each trip.	Admin Sec; as needed for field trips	Completed, reconciled Form 280-41, w/ remittance receipts attached to record trip fees and to provide complete data at the conclusion of all trips.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence

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

Approved
 Please revise and resubmit plan by _____

Comments:

Director:  _____ Date: 5/16/19