


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

February 14, 2019

MEMORANDUM

To: Mrs. Cheryl A. Clark, Principal
Lois P. Rockwell 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 February 7, 2019, meeting with you; Ms. Kimberly D. Spotloe, school administrative secretary; and Ms. Doris A. York, visiting bookkeeper, we reviewed the status of the conditions described in our prior audit report dated April 11, 2016, 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 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 always annotated by the recipient to indicate purchased goods or services were satisfactorily received. By requiring prior approval, the principal retains control over the expenditure of IAFs. 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. Certain sponsors may benefit from having an annual budget detailing expected income and expenses, and obtaining principal approval at the beginning of the school year. These budgets should be monitored by the school's financial agent and revised if necessary. We also recommend that purchasers sign invoices for goods or services to indicate satisfactory receipt of the quantity and quality of items.

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 (refer to *MCPS Financial Manual*, chapter 7, page 4). We found instances in which staff collecting funds were holding rather than remitting them timely to the school administrative secretary. We recommend that all staff who collect funds for school activities be reminded of remittance requirements.

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 (**repeat**).
- Cash and checks collected by sponsors must be promptly remitted with MCPS Form 280-34 to the school administrative secretary.

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:MJB: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

Report Date: FY19	Fiscal Year: FY19
School: Lois P. Rockwell ES - 156	Principal: Cheryl Clark
OSSI Associate Superintendent: Diane Morris	OSSI Director: Jane Ennis
<p>Strategic Improvement Focus: 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> <p>Principal prior approval of purchase requests; Confirmation of receipt of good/services prior to disbursement; Prompt remittance of cash and checks to administrative secretary</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Document prior principal approval of all requests for reimbursement - Continue to approve of small purchases by staff with rationale via email; forward email to Admin. Secretary -Print email approvals and attach to Form 280-54 for files	All Staff Principal Admin Secretary	Printed email messages Form 280-54 with emails	All completed 280-54 forms will have prior approval verified by principal either via email or notation on form with initial	Monthly Administrative Secretary & Principal	-% of reimbursements included evidence of prior approval by principal
Confirm receipt of goods/services prior to disbursement -Order stamps to be used consistently when receiving goods	All Staff Admin Secretary	Stamp	All invoices/packing slips will be stamped as "Received" with date. Documentation of receipt will be included with all disbursements	Monthly Administrative Secretary & Principal	-% of invoices for goods and services indicated receipt prior to disbursement
Remittance of checks and cash from all staff/spondors will be completed daily using Form 280-34 -Continue to train staff/sponsors and accept cash and checks with completed Form 280-34 only -Provide assistance for transporting money from classrooms to office by 11:00 AM daily	All Staff Administrative Secretary	Form 280-34 Staff to collect money from classrooms as needed	Bank deposit slips will indicate daily deposits Form 280-34 dates will match bank deposit dates as per bank policy/practice	Daily by All Staff Monthly by Administrative Secretary & Principal	-% of bank deposits included Form 280-34 with same day written by sponsor

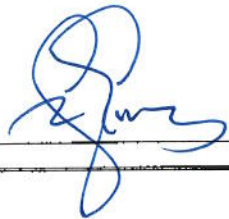
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OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL

Approved Please revise and resubmit plan by _____

Comments:

Director: _____



Date: _____

3/14/19