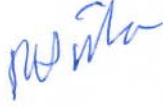


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

February 14, 2018

MEMORANDUM

To: Mrs. Jewel A. Sanders, Principal  
Rosa M. Parks Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
February 1, 2016, through December 31, 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. 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 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 February 8, 2018, meeting with you and Mr. Albert Sisco, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated March 14, 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

The procurement of goods and services must be approved in writing by the principal prior to staff proceeding with any intended purchase. This prior approval may be granted by the principal's signature on MCPS Form 280-54, *Independent Activity Funds Request for a 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 financial specialist (refer to *MCPS Financial Manual*, chapter 20, and page 4). In our sample of disbursements, we noted instances in which purchases were made prior to receiving the approval of the principal. We also noted instances of receipts 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 financial specialist. 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 in a timely manner to the school financial specialist on a daily basis. 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.

The yearbook sponsor is required to keep detailed records of the number of books sold, the price charged as well as the number of books distributed free of charge (refer to *MCPS Financial Manual*, chapter 20, page 14). These records must be submitted to the school financial specialist at the conclusion of the activity to provide data for reconciliation. We found that the records kept by the yearbook sponsor did not enable us to reconcile the number of books purchased with the number sold, given free, and remaining in inventory. We were therefore unable to determine that all funds generated from this activity had been remitted. We recommend the yearbook sponsor be counseled and assisted with the recordkeeping required for this activity.

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 audit. 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. 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 must be promptly remitted by sponsors to the school financial specialist (**repeat**).
- Yearbook sponsor records must account for the number of books purchased, sold, distributed at no cost, and ending inventory (**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, contact Dr. Eric L. Minus, director of school support and improvement of middle schools. Based on the audit recommendations, Dr. Minus 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 financial specialist 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

Dr. Williams

Mrs. Camp

Mrs. Chen

Ms. Diamond

Dr. Minus

Mr. Tallur

Mr. Ikheloa



## FINANCIAL MANAGEMENT ACTION PLAN

**Report Date:** FY2016-2017

**Fiscal Year:** FY2016-2017

**School:** Rosa M. Parks MS - 155

**Principal:** Jewel Sanders

**OSSI**

**Associate Superintendent:** Dr. Darryl Williams

**OSSI**

**Director:** Dr. Eric Minus

**Strategic Improvement Focus:**

As noted in the financial audit for the period 2/01/16-12/31/17, strategic improvements are required in the following business processes :

Procurement of goods and services will be approved in writing by the principal prior to purchase.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Staff will be reminded by e-mail and in rolling staff meetings that all purchase requests must be approved in writing by the principal prior to procurement.	Al Sisco Jewel Sanders	MCPS Form 280-54	Financial specialist will verify that all purchases have received prior approval by the principal.	Al Sisco Jewel Sanders	All purchases will have prior approval by the principal.
Staff will be reminded by e-mail and in rolling staff meetings that all purchasers must confirm receipt of goods and services prior to disbursement.	Al Sisco		Financial specialist will verify that all purchasers have confirmed receipt of goods and services prior to disbursement.	Al Sisco Jewel Sanders	All purchasers will have confirmed receipt of goods and services prior to disbursement.
Staff will be reminded by e-mail and in rolling staff meetings that all funds must be remitted daily to the Financial Specialist prior to the end of the school day so the funds can be taken to the bank for deposit.	Al Sisco	MCPS Form 280-34	Financial specialist will compare date on remittance form to current date.	Al Sisco Jewel Sanders	All funds will be deposited daily.
The yearbook sponsor will be counseled and assisted regarding yearbook record keeping requirements. The yearbook sponsor will account for all books purchased, sold, distributed at no cost, and ending inventory.	Al Sisco Jewel Sanders		Financial specialist will make sure yearbook records are turned in correctly and completed.	Al Sisco Jewel Sanders	Yearbook records will be accurate and complete.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
All field trip sponsors will be reminded by e-mail and by rolling staff meetings that they are to provide comprehensive field trip data to the financial specialist. All sponsors will now complete the field trip accounting spreadsheet saved on the staff drive for all field trips.	Al Sisco Jewel Sanders	field trip accounting spreadsheet	field trip accounting spreadsheet	financial specialist	Field trip accounting data will be turned into the financial specialist complete and accurate.

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

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

Comments:

Director: \_\_\_\_\_



Date: 2/29/18