


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

January 26, 2017

MEMORANDUM

To: Mrs. Keely R. Cooke, Principal
Rosemont Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
December 1, 2015, through November 30, 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 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 meeting on January 18, 2017, with you; Ms. Christina S. Lee, assistant principal; and Ms. Evelyn Wilson-Carr, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated January 27, 2016, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2016. 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

All IAF purchases must be approved in advance and in writing using MCPS Form 280-54: *Independent Activity Funds Request for a 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 administrative secretary (refer to *MCPS Financial Manual*, chapter 20, page 6). In our sample of disbursements, we found instances in which purchases were made prior to receiving the approval of the principal. 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 the IAF purchases comply with MCPS procedures.

In order to properly control receipts, all cash and checks collected by sponsors for IAF activities should be remitted promptly to the school administrative secretary. The amount of funds should 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. Remittances received should then be promptly deposited into the school's bank account. We found instances in which funds were held by sponsors rather than being remitted in a timely manner to the school administrative secretary. To minimize the risk of loss and provide availability of funds to meet school needs, we recommend that all funds collected be remitted daily for prompt deposit to the school administrative secretary (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 administrative secretary 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 (**repeat**).
- Purchaser must confirm receipt of goods or services prior to disbursement (**repeat**).
- Funds collected by sponsors must be promptly remitted to the school administrative secretary (**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, with a copy to Mr. Eric A. Wilson, 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:AMB:lsh

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

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Dr. Zuckerman

Mr. Civin

Dr. Johnson

Dr. Kimball

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Tallur

Mr. Wilson

Mr. Ikheloa

FISCAL MANAGEMENT ACTION PLAN

School: Rosemont Elementary School
 Approved by community superintendent: _____

Principal: Keely Cooke
 Date of approval: _____

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p>Purchase Request Approval: 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 prior to signing. The invoices for the purchase will be signed and dated by the receiver.</p>	<p>As needed New procedure began January-2017</p>	<p>Completed Form 280-54, with documentation of purchase, and receipt of purchase, signed by receiver. Reminder included in Staff Weekly Bulletin 2/13-2/17</p>
<p>Purchaser confirm receipt prior to disbursement.</p>	<p>At the time of delivery, purchaser will confirm receipt of order items, and inform Admin. Secretary of order accuracy prior to disbursement.</p>	<p>Before all orders are received</p>	<p>Financial Management System –Receiving Reminder included in Staff Weekly Bulletin 2/13-2/17</p>
<p>Funds for Sponsored Activities 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 by sponsors will be counted in front of the administrative secretary and documented using form280-34. Administrative secretary will sign form as documentation of receipt and sponsors will make a copy of the signed form for their records. Cash will be submitted by sponsors on a daily basis. Administrative secretary will make daily deposits.</p>	<p>Daily sponsor submission of funds. Immediate receipt of funds (signature and signed copy of form) Deposits daily as needed.</p>	<p>Receipts of funds submitted and bank deposit statements. Reminder included in Staff Weekly Bulletin 2/13-2/17</p>
<p>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 trip.</p>	<p>Sponsors will provide complete class or club rosters and note how much each student has paid, to include the date, and any waivers or scholarships for students. Also, sponsors will include if a student is not attending the trip or activity. Sponsors will also provide this at the completion of the trip and compare remittance recorded to the trip account history report. The data will be used by the sponsors and administrative secretary to plan for future trips. Sponsors will plan carefully to ensure that they do not overcharge or undercharge for a trip for students. Sponsors will use MCPS Form 280-41 to record trip fees and provide complete data at the end of each trip. Trip planning will be reviewed by the administrative secretary and the principal to ensure that fees are appropriate.</p>	<p>As needed for field trips</p>	<p>Completed Form 280-41 and any additional documents relevant to each trip. Reminder included in Staff Weekly Bulletin 2/13-2/17</p>

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