


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

April 8, 2016

MEMORANDUM

To: Mrs. Dina E. Brewer, Principal
Sherwood Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2012, through February 29, 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 fundraisers. They are responsible for ensuring that IAFs are administered in accordance with MCPS policies, regulations, and procedures.

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 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.

In our meeting on April 6, 2016, with you and Mrs. Amy Curry, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated December 7, 2012, 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, *Request for a Purchase*, is used to obtain principal approval to proceed with an intended purchase (see MCPS Financial Manual, p. 20-6). 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, then marked or stamped "Paid" upon disbursement of funds, and attached to Form 280-54. In our random sample of disbursements, we again found prior approval was not always obtained when required, invoices were not always signed by the recipient, and invoices were not stamped or marked "Paid." By requiring prior approval, the principal retains control over the expenditures of IAF funds. We recommend that Form 280-54, be prepared by staff and signed by you at the time verbal approval is sought, so that purchase orders and invoices bear a date subsequent to the approval date, and that all invoices are stamped or marked "Paid" when properly filed.

Cash and checks collected by sponsors and others authorized for IAF activities must be remitted with MCPS Form 280-34, *Remittance Slip*, to the administrative secretary on the day they are received. We again found instances in which staff collecting funds for field trips were holding funds rather than remitting them timely to the administrative secretary (see MCPS Financial Manual, p. 7-4). We recommend that all staff who collect funds for school activities be reminded of remittance requirements.

Review of field trip activities revealed again that not all trip sponsors are providing completed financial information to the administrative secretary at the completion of a trip. Sponsors should record cost and fee information for each field trip on MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and submit the data to the administrative secretary when a trip is completed. The record of names of participants and sums collected strengthens internal controls by enabling the reconciliation of receipts to sums recorded in the field trip account. We recommend all sponsors be required to use Form 280-41, or equivalent for recording of trip fees and provide complete data at the completion of each trip. We further recommend trip planning be reviewed to ensure established fees are commensurate with trip expenses (see MCPS Financial Manual, p. 20-10).

Summary of Recommendations

- Purchase requests must be approved by the principal prior to procurement (repeat);
- Purchase invoices and receipts must be annotated as "Paid" to indicate disbursement was made;
- Funds collected by sponsors must be promptly remitted to the administrative secretary; and
- 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 appreciated the cooperation and assistance of Mrs. Curry which greatly facilitated our audit. In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, please provide a response to the Internal Audit office within 30 days of this report, with a copy to Mr. Matthew Devan, director of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:GB:sd

Copy to:

Dr. Zuckerman
Dr. Statham
Dr. Navarro
Dr. Kimball
Mrs. Chen
Mrs. DeGraba
Mr. Devan
Mrs. Milwit

Fiscal Management Action Plan

School: Sherwood ES Principal: Dina Brewer

Approved by Director: _____ Date of approval: _____

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Purchase requests must be approved by the principal prior to procurement.	All staff must submit MCPS form 280-54 PRIOR to purchases. Process will be reviewed at Staff Meeting(s).	Spring 2016 – ongoing Pre-Service week presentation.	Principal signature/dated. Monthly bookkeeping.
Purchase invoices and receipts must be annotated as "Paid" to indicate disbursement was made.	Administrative secretary will stamp "PAID" on all invoices and receipts upon disbursing payments.	Spring 2016 - ongoing	Principal will check and monitor compliance.
Funds collected by sponsors must be promptly remitted to the administrative secretary.	All staff must submit funds collected on a daily basis as applicable. Process will be reviewed at Staff Meeting(s).	Spring 2016 – ongoing	Administrative Secretary and Principal will monitor.
Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate and to reconcile funds collected with cost of trip.	Sponsors of field trips will complete a roster of student names along with payment details (MCPS form 280-41). This roster will be turned into Mrs. Curry at the completion of each trip. This will be reconciled by Mrs. Curry. Fees charged will be monitored for appropriateness (cost effectiveness).	Spring 2016 - ongoing	Administrative Secretary and Principal will monitor.

Note: A copy of the approved plan is to be sent to the Internal Audit Office, URSC suite 3380