


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

June 27, 2018

MEMORANDUM

To: Mrs. Diantha R. Swift, Principal
Sligo Creek Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
May 1, 2015, through April 30, 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 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 June 20, 2018, meeting with you, and Ms. Vanessa L. Terry, school administrative secretary, we reviewed our prior audit report dated June 11, 2015, 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 the principal's approval to proceed with an intended 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 administrative secretary. Upon

disbursement, the documentation is to be stamped or marked “paid” to preclude duplicate payment (refer to *MCPS Financial Manual*, chapter 20, 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, and invoices supporting purchases were not stamped or marked “paid.” 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 administrative secretary. 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 administrative secretary on a daily basis, and not always promptly deposited into the school’s bank account. 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 administrative secretary for prompt deposit.

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.
- Purchaser must confirm receipt of goods or services prior to disbursement (**repeat**).
- Purchase invoices must be annotated as “paid” to indicate disbursement was made (**repeat**).
- Funds collected by sponsors must be promptly remitted to the school administrative secretary (**repeat**).
- Remitted funds must be promptly verified, receipted, and deposited in the bank by the school administrative secretary.
- 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 Mr. Matthew A. Devan, director of school support and improvement of elementary schools. Based on the audit recommendations, Mr. Devan 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 administrative secretary 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. Kimball

Mrs. Camp

Mrs. Chen

Mr. Devan

Ms. Diamond

Mr. Reilly

Mr. Tallur

Mr. Ikheloa

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: July 17, 2018	Fiscal Year: July 17, 2018
School: Sligo Creek ES - 517	Principal: Diantha R. Swift
OSSI Associate Superintendent: Diane Morris	OSSI Director: Jennifer Webster
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>2015-2018</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
All purchase requests will be approved by the principal prior to procurement.	Diantha Swift Vanessa Terry	Review process in staff handbook during preservice	MCPS forms 280-54 will be submitted and approved prior to purchase	Vanessa Terry will insure that approval is approved prior to distribution of funds	
When orders are received, the purchaser will check the shipment for accuracy prior to distributing to team/staff or to supplies.	All staff who make purchases	Review process and expectations during preservice	Inventory will be checked again when distributed and invoice will be turned in to Ms. Terry and documented that it is accurate.	Vanessa Terry	
All invoices for purchases will be annotated with a stamp that they have been paid.	Vanessa Terry	Paid Stamp	Invoices will be maintained systematically to verify process	Book Keeper Vanessa Terry	
All funds collected by sponsors will be turned in to the school administrative secretary on a daily basis with the appropriate documents.	Sponsors of events	Sponsors will be provided with detailed instructions and forms for record keeping	Process and system to maintain records of transactions	Book Keeper Vanessa Terry	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Funds will be verified, receipted and deposited when the amount exceeds \$250.00.	Vanessa Terry	Deposit slips	Deposit receipts Bank Statements	Diantha Swift Monthly	
Excel spreadsheet for each classroom will be developed to simplify and standardize the process for record keeping for field trips.	Debbie Cascio	Spread Sheet	Completed by Sept. 10th	Vanessa Terry	
Sponsors will prepared and complete ongoing financial information for each trip and submit forms and assist in reconciling funds collected with the costs of the trip.	Trip sponsors Vanessa Terry	Field Trip packets	Ongoing field trip tickets, packets will be maintained in a folder in the main office	Book Keeper Vanessa Terry Monthly	
Administrative secretary and the principal will take refresher courses on School Financial Basic Training.	Vanessa Terry Diantha Swift		Terry- Oct. 8, 2018 Nov. 5, 2018 Swift Aug. 13, 2018 Nov. 5, 2018		

OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL	
<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments:	
Director: 	Date: <u>2/24/18</u>