


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

November 13, 2018

MEMORANDUM

To: Mrs. Shauna-Kay J. Jorandby, Principal
Sligo Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
August 1, 2017, through September 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 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 October 26, 2018, meeting with you, Mr. Patrick H. Bilock, assistant principal; and Ms. Yolanda M. Alston, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated September 26, 2017, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2018. 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 to properly record expenditures in appropriate accounts and ensure that expenditures comply with IAF requirements. Invoices for goods or services must be signed

by the purchaser to indicate satisfactory receipt. A check may then be drawn, bearing two signatures, one of which is that of the principal. The school financial specialist will mark the documentation as “paid” upon disbursement. By requiring prior approval and complete documentation, the principal retains control over the expenditure of IAF funds (refer to *MCPS Financial Manual*, chapter 20, page 4). In our sample of disbursements, we found documentation not annotated by the recipient to indicate purchased goods or services were satisfactorily received. We recommend that merchandise be verified by the receiver against the packing slip or invoice, and if satisfactory, dated, signed, and marked as “received” prior to payment.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips, and Student Organization Trips*. Trip approval forms signed by the principal and the director of school support and improvement, when required, should be retained. 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 (refer to *MCPS Financial Manual*, chapter 20, page 10). The data also should be used to estimate future trips. We found that not all sponsors provided completed data at the conclusion of each trip and that data was not compared to the final account history report. We also found instances in which fees collected exceeded sums needed to pay for a trip. We recommend that trip sponsors use MCPS Form 280-41, *Field Trip Accounting*, or its equivalent, for recording of trip fees and provide complete data at the completion of each trip. We further recommend trip planning be reviewed to more closely align fees charged with expenses (refer to *MCPS Financial Manual*, chapter 20, page 10).

Summary of Recommendations

- Purchaser must confirm receipt of goods or services prior to disbursement (**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.
- Field trip planning should be reviewed to more closely align fees with trip expenses.

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. Peter O. Moran, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Moran 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 school financial specialist to support you with developing a well-defined plan to address the findings.

RWP:SMY:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Mrs. Dyson

Mrs. Camp

Mrs. Chen

Ms. Diamond

Dr. Moran

Mr. Tallur

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY19	Fiscal Year: FY19
School: Sligo MS - 778	Principal: Shauna-Kay Jorandby
OSSI Associate Superintendent: Cheryl Dyson	OSSI Director: Peter Moran
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>8/1/17 - 9/30/18</u>, strategic improvements are required in the following business processes :</p>	

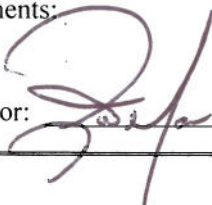
Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
MCPS FORM 280-54: Purchaser must confirm receipt of goods or services prior to disbursement.	Purchaser, SFS and Principal	N/A	Invoices will be signed by purchaser to indicate receipt of goods prior to payment.	SFS and Principal prior to processing payment of invoice.	Verification and documentation of receipt of goods prior to paying invoice.
FIELD TRIPS: Provide comprehensive data to account for all students eligible to participate and to reconcile funds collected with costs of the trip.	Field trip sponsor, SFS	Class Roster for grade level attending field trip.	Field Trip Accounting Spreadsheet.	Sponsor will use roster to give full accounting that will include paid in full; scholarships rec'd; and stay back list.	Comprehensive reporting and final accounting for all field trips.
FIELD TRIPS: Field trip planning should be reviewed to more closely align with trip expenses.	Field trip sponsor, SFS, Principal	N/A	Field Trip Calculator	Sponsor will submit a copy of the field trip calculator with approval forms for review by SFS and Principal.	Confirmation that trip costs are in alignment with the amount calculated using the field trip calculator.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence

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

Approved
 Please revise and resubmit plan by _____

Comments:

Director:  _____ Date: 3/7/19