


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

April 10, 2017

MEMORANDUM

To: Ms. Karen Y. Bryant, Principal
Silver Spring International Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
June 1, 2015, through February 28, 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. 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 April 5, 2016, with you and Mrs. May L. Salloum-Shraim, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated September 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 principal approval to proceed with an intended purchase (refer to *MCPS Financial Manual*, chapter 20, page 4). 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 acceptance prior to preparing a check for payment. In our sample of disbursements, we found that prior approval was not consistently obtained and documentation was not always annotated by the purchaser to indicate that the purchased goods or services were satisfactorily received. We recommend that MCPS Form 280-54 be prepared by staff and signed by the principal at the time verbal approval is sought. Certain sponsors would benefit from preparing an annual budget detailing expected income and expenses and obtaining your approval at the beginning of the school year. These budgets should be monitored by your school financial specialist and revised if necessary. We further recommend that invoices be marked "received" and signed by the recipient prior to preparing a check for payment.

Management of the IAF must be in accordance with good business practices that include sound accounting procedures and internal controls to ensure that programs meet the school's goals and objectives. Documentation for the receipt of student obligation payments should include a comprehensive system report to support the daily collection of student transactions. We found that obligation payments were supported only by copies of individual student receipts. We recommend that the school financial specialist include with the receipts a comprehensive list printed from the obligation software program that indicates the names of students and amount each paid by cash or check.

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**).
- Daily obligation receipts must be supported by a comprehensive list of student names and amounts paid by cash or check (**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*, please provide a response to the Internal Audit Unit within 30 calendar days of this report, with a copy to Mrs. Diane D. Morris, director of school support and improvement of middle 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:SMY:lsh

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Ms. Karen Y. Bryant

3

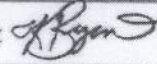
April 10, 2017

Dr. Johnson
Dr. Williams
Mrs. Camp
Mrs. Chen
Ms. Diamond
Mrs. Morris
Mr. Tallur
Mr. Ikheloa

FINANCIAL MANAGEMENT ACTION PLAN

School: Silver Spring International MS

Principal: Karen Bryant



Fiscal Year:
2017

Associate Superintendent: Dr. Darryl Williams

Director: Ms. Diane Morris

Strategic Improvement Focus:

As noted in the financial audit for the period 6/1/2015 – 2/28/2017, strategic improvements are required in the following business processes :

- Purchase requests must be approved by the principal prior to procurement.
- Purchaser must confirm receipt of goods or services prior to disbursement (repeat).
- Daily obligation receipts must be supported by a comprehensive list of student names and amounts paid by cash or check (repeat).

| Action Steps | Person(s) Responsible | Resources Needed | Monitoring Tools /Data Points | Monitoring: Who & When | Results/Evidence |
|--|--|--|---|---|--|
| <p>MCPS form 280-54 should be prepared by staff and signed the principal at the time verbal approval is sought. Certain sponsors will prepare a spending plan detailing expected income and expenses and obtaining approval of the principal at the beginning of the school year. These budgets will be monitored by the School Financial Specialist (SFS) and revised if necessary.</p> | <p>Staff members SFS Principal</p> | <p>Pro Forma Spending plan completed by certain staff members.</p> | <p>Staff has been trained with emphasis on completing the proper paperwork for request for purchase with appropriate documentation to support the need for purchase and the actual purchase. Staff is aware that if purchases were made without prior approval and documentation, reimbursements may not be made.</p> <p>Information regarding procedures re: school purchases is shared during pre-service week with all new and returning staff.</p> <p>Appropriate staff have been provided the tax exempt card.</p> | <p>Certain staff members send monthly spending report to SFS and principal depicting budgeted versus actual purchases.</p> <p>Staff must get approval from CS prior to completing MCPS form 280-54.</p> <p>Receipts for reimbursement must be turned in within two weeks of purchase.</p> | <p>Appropriate documentation attached to receipts.</p> <p>SFS monitors monthly spending plan and recommends any revisions needed.</p> |
| <p>Purchaser must confirm receipt of goods or services prior disbursement.</p> | <p>SFS Staff BSM</p> | <p>Invoice Packing slip Received Stamp</p> | <p>Teachers/staff will sign the invoice/packing slip confirming the goods as ordered have been received. SFS will stamp "received" on invoice prior to making a payment.</p> | <p>Daily for all transactions: SFS will file signed invoice with "received" stamped on it.</p> | <p>Signed invoice/packing slips in the financial management binder with purchase requests. Credit card purchases will have invoice signed by purchaser and stamped "received".</p> |

| | | | | | |
|--|-----|----------------------|---|-----|---|
| Documentation for the receipt of student obligation payments should include a comprehensive system report to support the daily collection of student transactions. | SFS | MSOS oblig. database | Daily obligations receipts must be supported by a comprehensive list of student names and amounts by cash and checks. SFS will attend advanced training sessions on the obligations database. | SFS | Comprehensive list of students who pay obligations will be attached to SFO receipt and filed. |
| | | | | | |

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

Approved Please revise and resubmit plan by _____

Comments: _____

Director: Rhale Morris Date: 6/7/17