


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

March 14, 2017

MEMORANDUM

To: Mr. Patrick E. Scott, Principal  
Strawberry Knoll Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
December 1, 2014, through January 31, 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 March 8, 2017, with you and Ms. Maria G. Romero, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated January 20, 2015, and the status of present conditions. It should be noted that your appointment as principal, and the assignment of Ms. Romero as school administrative secretary were both 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

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 (refer to *MCPS Financial Manual*, chapter 20, page 6). Invoices for goods or services must be signed by the purchaser to indicate satisfactory receipt, and should be marked or stamped "paid" upon the disbursement of funds, and attached to MCPS Form 280-54. In our random sample of disbursements, we found that prior approval was not consistently obtained, invoices were not always signed by the purchaser, and invoices were not stamped or marked "paid" upon disbursement. By requiring prior approval, the principal maintains control over the expenditure of IAF funds. We recommend that Form MCPS 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. In addition, all invoices should be marked by the purchaser to indicate that purchased goods or services were satisfactorily received, and stamped or marked "paid" to avoid duplicate payment.

In order to properly control receipts, cash and checks collected by sponsors for IAF activities should be remitted promptly to the school administrative secretary. Cash should be counted 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. We found instances in which staff collecting funds for field trips and fund-raisers were holding funds rather than remitting them in a timely manner to the school administrative secretary. We recommend that all funds collected be promptly remitted to the school administrative secretary (refer to the *MCPS Financial Manual*, chapter 7, page 4).

Fund-raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund Raiser*. Each fund-raiser should be approved by the principal in writing prior to conducting the activity. The financial activity for each fund-raiser should be documented with a completion report that analyzes the results (refer to the *MCPS financial manual*, chapter 20, page 13). We found that there was a lack of adherence to the approval and completion reporting guidelines. We recommend that fund-raisers be approved by the principal in advance, and that completion reports be prepared by sponsors at the conclusion of the activity to evaluate the results.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips and Student Organization Trips*. All trip approval forms must be signed by the principal. 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 were providing completed data at the conclusion of each trip. We recommend that all sponsors provide comprehensive data to account for all students eligible to participate, and that they reconcile funds collected for each field trip.

#### 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**).
- Purchase invoices and receipts 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**).
- Fund-raisers must be approved by the principal prior to conducting the activity.
- Fund-raiser completion reports must be prepared by the sponsor to evaluate the results (**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 (**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 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:GWB:lsh

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

Ms. Diamond

Mr. Wilson

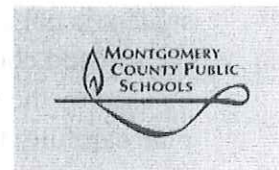
Mr. Tallur

Mr. Ikheloa

# Strawberry Knoll Elementary School

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18820 Strawberry Knoll Road  
Gaithersburg, Maryland 20879  
Phone: 301-840-7112



*Office of the Principal*

April 13, 2017

## MEMORANDUM

TO: Eric A. Wilson, Community Superintendent

FROM: Patrick E. Scott, Principal

SUBJECT: Response to the Internal Audit

I am writing this memo to apprise you of our school's response to recommendations included in the auditor's report of March 14, 2017. We are pleased that the auditor found our records to be in good condition and certainly thankful for the constructive feedback. The following actions have been taken to comply.

### Request for Purchase


- The principal requires prior approval of all the expenditures of the IAF funds. We remind all staff in our staff meetings.
- Invoices for goods and services must be signed by the purchaser to indicate satisfactory receipt, and should be marked or stamped "paid" upon the disbursement of funds. Administrative secretary makes sure that all staff complete the request for a purchase (Form MCPS 280-54) before making a purchase. After principal's approval, staff make the purchase, bring receipts and get reimbursed. Administrative secretary stamps "paid" in all documentation upon the disbursement of funds.

### Field Trip Collection

- Funds collected by sponsors must be promptly remitted to the school administrative secretary. Administrative secretary remind staff to bring money promptly supported by MCPS Form 280-34 *Independent Activity Fund (IAF) Remittance Slip*. Administrative secretary deposits the money same day the money is collected. Administrative secretary collects the Field Trip Accounting Form MCPS 280-41 from each teacher at the end of the field trip.
- 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 field trip. **Sponsors** will provide class or club rosters and note how much each student has paid, include the date, and any waivers or scholarships for students. Sponsors will indicate if a

### Fiscal Management Action Plan

School: Strawberry Knoll Elementary School

Approved by community superintendent: 

Principal: Patrick Scott

Date of approval: 4/18/17

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
The principal requires prior approval of all the expenditures of the IAF funds.	<b>Principal</b> will remind all staff in staff meetings periodically throughout the year.	<ul style="list-style-type: none"> <li>• Pre-service</li> <li>• Mid-year</li> <li>• May staff meetings</li> </ul>	All documentation approved by principal. Sharing paper dates.
Invoices for goods and services must be signed by the purchaser to indicate satisfactory receipt, and should be marked or stamped "paid" upon the disbursement of funds.	<b>Administrative secretary</b> makes sure that all staff complete the request for a purchase Form MCPS 280-54 before making a purchase. After principal's approval, staff make the purchase, bring receipts and get reimbursed. <b>Administrative secretary</b> stamps "paid" in all documentation upon the disbursement of funds.	Daily as needed	Completed Form 280-54, with documentation of purchase, and receipt of purchase, signed by receiver. All receipts stamped "paid".
Funds collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the administrative secretary and promptly deposited.	Cash will be submitted by <b>sponsors</b> on a daily basis, and the <b>administrative secretary</b> deposits the money on the same day. <b>Administrative secretary</b> collects the Field Trip Accounting Form MCPS 280-41 from each teacher at the end of the field trip.	Daily sponsor submission of funds.	Receipts of funds submitted and bank deposit statements.
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.	<b>Sponsors</b> will provide class or club rosters and note how much each student has paid, to include the date, and any waivers or scholarships for students. Also, <b>sponsors</b> will include if a student is not attending the trip or activity. <b>Sponsors</b> 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. <b>Sponsors</b> will plan carefully to ensure that they do not overcharge or undercharge for a trip for students. <b>Sponsors</b> will use MCPS Form 280-41 to record trip fees and provide complete data at the end of each trip. <b>Trip planning will be reviewed by the administrative secretary and the principal to ensure that fees are appropriate. Training will be provided during pre-service</b>	<ul style="list-style-type: none"> <li>• As needed for field trips.</li> <li>• Pre-service training</li> </ul>	Completed Form 280-41 and any additional documents relevant to each trip