


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

March 22, 2018

MEMORANDUM

To: Dr. Debra K. Mugge, Principal  
Wheaton High School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
September 1, 2016, through December 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. School principals are the fiduciary agents for the IAFs and are 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 March 1, 2018, meeting with you Mrs. Sandy J. Spruill, school business administrator; and Ms. Yesenia S. Gutierrez, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated October 19, 2016, 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 from IAFs. We noted that commitments for use of these funds were made by school staff prior to the date MCPS Forms 280-54 were signed as approved by the principal. Certain sponsors would benefit from a MCPS issued purchasing card

to reduce use of personal credit cards for IAF purchases and eliminate staff from having to pay taxes that cannot be reimbursed based on MCPS policy. We recommend that MCPS Form 280-54 be prepared by staff and signed by you prior to the commitment of IAFs (refer to *MCPS Financial Manual*, chapter 20, page 4). Reduction in the use of personal credit cards is also recommended for certain staff with large amounts of IAF reimbursements (refer to *MCPS Financial Manual*, chapter 20, page 8).

Aggregate school expenditures of general funds for the procurement of refreshments in connection with meetings and staff appreciation items may not exceed \$60 per full-time equivalent (FTE) per fiscal year without the prior written authorization from the chief operating officer (COO) (refer to *MCPS Financial Manual*, chapter 20, page 5). We noted that expenditures for the procurement of these items exceeded the additional COO approved amount by \$1,547 for FY 2017. Some of these disbursements were not correctly recorded in the staff accounts and inappropriate transfers were made from these accounts. We recommend adherence to the spending guidelines for providing staff meeting refreshments and appreciation items with transactions recorded in the proper accounts (refer to *MCPS Financial Manual*, chapter 20, page 5).

#### Summary of Recommendations

- Purchase requests must be approved by the principal prior to procurement and use of staff personal credit cards should to be reduced (**repeat**).
- Spending guidelines for staff meeting refreshments and appreciation must be followed.

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 Mrs. Michelle E. Schultze, director of school support and improvement of high schools. Based on the audit recommendations, Mrs. Schultze will indicate whether she will conduct an electronic review of your action plan or schedule a time to meet in person with you and your school financial agent to support you with developing a well-defined plan to address the findings.

RWP:KMH:lsh

Attachment

Copy to:

Members of the Board of Education  
 Dr. Smith  
 Dr. Navarro  
 Dr. Statham  
 Dr. Zuckerman

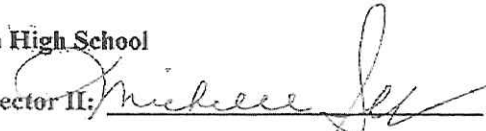
Mr. Civin  
 Dr. Johnson  
 Dr. Williams  
 Mrs. Camp  
 Mrs. Chen

Ms. Diamond  
 Mrs. Schultze  
 Mr. Tallur  
 Mr. Ikheloa

### Fiscal Management Action Plan

School: Wheaton High School

Principal: Dr. Debra Mugge

Approved by Director II: 

Date of approval: 3-26-18

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<ul style="list-style-type: none"> <li>• Finding: Staff expenditures exceed the \$60.00 per FTE policy.</li> <li>• Recommendations: Monitor and budget to remain within MCPS guidelines. Ask for additional expenditure approval on time.</li> </ul>	<ul style="list-style-type: none"> <li>• The SFS and SBA will monitor the expenditures for compliance. If we find the need to exceed the allocation, we will request additional expenditure approval through the COO.</li> <li>• Principal, School Business Administrator and School Financial Specialist.</li> </ul>	<p>Immediately</p>	<p>IAF account will show expenditures that remain within the MCPS guidelines.</p>
<ul style="list-style-type: none"> <li>• 280-54 needs to be signed prior to purchases.</li> <li>• Reduce number of staff using personal credit cards for purchases.</li> </ul>	<ul style="list-style-type: none"> <li>• The SFS and SBA will continue to educate staff on proper policies and procedures required to request a purchase.</li> <li>• MCPS Pcards will be required for those staff who regularly make outside purchases.</li> </ul>	<p>Immediately</p>	<p>All 280-54 will be signed prior to purchase. MCPS Pcards will be assigned to staff members.</p>

*Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, Room 123.*