


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

October 17, 2018

MEMORANDUM

To: Mrs. Michelle L. Fortune, Principal  
Benjamin Banneker Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
April 1, 2017, through August 31, 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 that any significant errors or omissions in the financial records are detected. 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 policies, regulations, and procedures, and that any significant errors or omissions in the financial records are detected.

At our October 9, 2018, meeting with you, and Miss Wendy L. Moten, school financial specialist, we reviewed our prior audit report dated May 10, 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 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 financial specialist. 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, receipts were 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 financial specialist. 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 on a daily basis to the school financial specialist 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 financial specialist 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 learning, achievement, and administration in the Office 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 financial specialist 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.

Sixth grade students at each middle school in MCPS participate in a three-day, two-night residential outdoor environmental education program (OEEP) for which they are assessed a \$76 fee to reimburse MCPS for the cost of personal expenses associated with the program. Students unable to pay the OEEP fee receive waivers that must be reported to MCPS so that the total amount of the invoice billed to schools is adjusted accordingly. A school also may charge an activity fee in addition to the OEEP fee. If the combined total amount a student can afford to pay for the OEEP fee plus the school’s activity fee equals \$76 or less, the entire combined amount received from the student is to be remitted to OEEP (refer to *OEEP Grade 6 Residential Program Handbook and Planning Information*, page 41). We found that the school did not correctly report all funds collected from students who were identified as needing assistance which then resulted in an underpayment to MCPS. We also noted that you collected funds from more students than for whom you were billed, indicating an inaccurate head count. We recommend that you review the procedures for reporting students needing financial assistance with the OEEP sponsor and that the financial assistance forms are reviewed for accuracy before



they are submitted. We also recommend you reconcile your account to determine that all students who paid and attended were properly reported to MCPS.

#### 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 must be annotated as "paid" to indicate disbursement was made (**repeat**).
- Funds collected by sponsors must be promptly remitted to the school financial specialist.
- Remitted funds must be promptly verified, receipted, and deposited in the bank by the school financial specialist.
- Field trip records that are 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.
- OEEP sponsor records must correctly report funds collected and waivers granted for all participating students.

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. Brian W. Scriven, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Mr. Scriven 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:AMB: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  
Mr. Scriven  
Mr. Tallur

## FINANCIAL MANAGEMENT ACTION PLAN

**Report Date:** 2019

**Fiscal Year:** 2019

**School:** Benjamin Banneker MS - 333

**Principal:** Michelle Fortune

**OSSI**

**Associate Superintendent:** Cheryl Dyson

**OSSI**

**Director:** Brian Scriven

**Strategic Improvement Focus:**

As noted in the financial audit for the period 4/01/17-08/31/18, strategic improvements are required in the following business processes :

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
To review financial procedures, field trips, and findings with the leadership team and sponsors to share packing slips must be returned the next day, purchase requests must be pre-approved, Purchaser will initial/date that is okay to pay.	Moten and Fortune	Powerpoint	signature forms from sponsors and ILT	10/30/18- ILT  11/07- Meeting for sponsors	All ILT and sponsors will sign-off for training.
Spreadsheet to log-in packages with date received, name of receiver, and name of sender.	Fortune and Main Office Staff	Spreadsheet	completed spread sheet	10/23- OSET to review protocol  10/26- main office meeting	10/23- notes from OSET and main office meeting on 10/26
During weekly meetings between the principal and FA we will review invoices, checks, and purchases.	Moten and Fortune	Invoices	Notes from weekly meetings	weekly meetings	Invoices marked paid
Remittance slips will be turned in with funds on the day they were collected. If after hours, the funds will be put in the depository and the sponsor will verify the next morning.	Moten and Fortune		FA will keep a log of sponsors who do not follow these procedures	10/30/18- ILT  11/07- Meeting for sponsors	All ILT and sponsors will sign-off for training.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Staff will use form 280-41 or field trip accounting sheet for field trip accounting and ensure that all students, staff, and volunteers are recorded.	Field Trip Sponsors and Ms. Moten	280-41	FA will keep a log of sponsors who do not follow these procedures	10/30/18- ILT 11/07- Meeting for sponsors	All ILT and sponsors will sign-off for training.
The 6th Grade Team Leaders will work with Ms. Moten to ensure a correct head count and paperwork for students that need assistance is correctly documented.	6th Grade Team Leaders and Ms. Moten		FA will work with 6th grade team leaders and admin to get an accurate count	December Meeting	6th Grade Team Leaders will sign they understand the correct documentation.

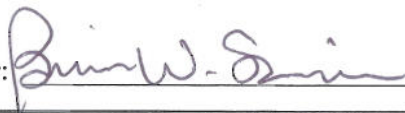
**OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL**

☒ Approved

☐ Please revise and resubmit plan by \_\_\_\_\_

Comments:

Director:



Date:

11/17/18