


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

July 27, 2016

MEMORANDUM

To: Mrs. Karen E. Caroscio, Principal  
Bradley Hills Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
July 1, 2014, through June 30, 2016

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 fundraisers. 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.

In our meeting on July 21, 2016, with you, we reviewed the status of the conditions described in our prior audit report dated August 11, 2014, 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

Review of purchases in our audit sample revealed that weaknesses persist. All purchases must be approved in advance and in writing using MCPS Form 280-54: *Independent Activity Fund Request for a Purchase*. After the purchase is completed, the purchaser should submit to the school administrative secretary, the invoice or receipt as evidence of the purchase, annotated to indicate satisfaction with the goods or services received. When the check is written for payment, the documentation supporting the purchase will be stamped or marked "paid." We found instances in which MCPS Form 280-54 were incomplete, as well as instances in which invoices supporting purchases were either not notated to verify receipt of goods or service, or not marked

“paid” to prevent duplicate payments. We recommend compliance with the IAF purchase requirements (refer to *MCPS Financial Manual*, chapter 20, page 4).

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips and Other Student Organization Trips*. Trip approval forms must be signed by the principal and retained. The school administrative secretary should establish a separate account in the School Funds Online accounting software program for each trip. Sponsors should record cost and fee information for each field trip on MCPS Form 280-41: *Field Trip Accounting*, or equivalent, and submit the data to the school administrative secretary when a trip is completed (refer to *MCPS Financial Manual*, chapter 20, page 10). The record of the names of participants and sums collected strengthens internal controls by enabling the reconciliation of receipts to funds recorded in the field trip account. Due to insufficient documentation, we were unable to determine if all trips were approved or if all funds collected were remitted to the school administrative secretary. We recommend trip sponsors use MCPS Form 280-41: *Field Trip Accounting*, or its spreadsheet equivalent, to record trip fees collected and to provide complete data at the conclusion of each trip.

#### Summary of Recommendations

- MCPS Form 280-54 must be fully completed.
- Purchaser must confirm receipt of goods or services prior to disbursement (repeat).
- Purchase documentation must be annotated as paid to indicate disbursement was made.
- 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 appreciated the cooperation and assistance of your staff. In accordance with MCPS Regulation DIA-RA: *Accounting for Financial Operations/Independent Activity*, please provide a response to the Internal Audit Unit within 30 calendar days of this report, with a copy to Mr. Mathew A. Devan, director of school support and improvement of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:LAS:lsh

#### Copy to:

Members of the Board of Education	Mrs. DeGraba
Dr. Smith	Ms. Diamond
Dr. Navarro	Mr. Devan
Dr. Statham	Mr. Ikheloa
Dr. Zuckerman	
Dr. Kimball	
Mrs. Chen	





# BRADLEY HILLS ELEMENTARY SCHOOL

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August 15, 2016

## MEMORANDUM

To: Mr. Roger W. Pisha, Supervisor, Internal Audit Unit

From: Mrs. Karen E. Caroscio, *K.E.* Principal, Bradley Hills Elementary School

Subject: Response to Audit of Independent Activity Funds for the Period of July 1, 2014, through June 30, 2016

In July 2016, an audit was conducted of Bradley Hills Elementary School's Independent Activity Funds (IAF) for the period of July 1, 2014 through June 30, 2016. It is important to note that I was appointed principal of Bradley Hills Elementary School in July 2015. The attached fiscal management action plan has been developed to address the findings and recommendations in order to ensure consistent compliance with all MCPS financial policies and procedures.

Thank you for your time and effort to assist us in strengthening our fiscal practices and processes to align with MCPS Regulations. Please feel free to contact me if you have any questions.

Attachment

cc: Mr. Matthew Devan

**Fiscal Management Action Plan**

School: Bradley Hills ES

Principal: Karen Caroscio



Approved by Director of School Support: Matthew Devan

Date of approval: 8/5/16

Findings and Recommendations of School's Financial Report	Description of Resolution and Person Responsible	Timeline	Evidence of Completion
MCPS Form 280-54 must be fully completed.	Staff will continue to request funds using Form 280-54. The administrative secretary will submit all documentation when check signature is requested. The principal will ensure the Form 280-54 is completed.	Ongoing basis	Check mark in the lower right corner of the Form 280-54.
Purchaser must confirm receipt of goods or services prior to disbursement.	Staff will mark items on packing slip as received with the date they inventory the product. They will then return the packing slip to the administrative secretary. Administrative secretary will check for staff initials on packing slip.	Ongoing basis	All documentation secured to the invoice and initials and date of confirmation of receipt.
Purchase documentation must be annotated as paid to indicate disbursement was made.	The administrative secretary will note the date of reimbursement when checks are issued.	Ongoing basis	Date of reimbursement recorded on invoice.
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.	When a field trip is closed out, the administrative secretary will perform a reconciliation of the field trip.	Ongoing basis	Reconciliation attached to field trip documentation.

*Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, RM 11.*