


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

April 5, 2019

MEMORANDUM

To: Dr. Stacy A. Ashton, Principal
Burnt Mills Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2016, through February 28, 2019

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 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 any significant errors or omissions in the financial records are detected.

At our April 2, 2019, meeting with you; Mr. Troy D. Clarke, assistant principal; Mrs. Carole I. Taylor, school administrative secretary; Mrs. Dorothy McGeever and Mrs. Donna Obendorfer visiting bookkeepers, we reviewed the status of the conditions described in our prior audit report dated March 4, 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

Prior to the disbursement of any IAFs, the school administrative secretary will ensure receipt of the appropriate documentation to support the procurement of the goods and services for which the disbursement is to be made, such as original itemized receipt or invoice (refer to *MCPS Financial Manual*, chapter 20, page 6). We found instances where purchase documentation was missing or not

adequate to support the purchase. We recommend that appropriate purchase documentation be submitted to the school administrative secretary to support disbursements.

Use of the MCPS purchasing card must be in accordance with the requirements of the MCPS *Purchasing Card User's Guide*. By the fifth business day of the following month, cardholders must use the online reconciliation program to identify, describe, and review transactions. Monthly statements must be printed and provided to the principal, with all purchase receipts and invoices attached. The principal must approve cardholder's transactions within 10 business days after the cardholder has reviewed their transactions. The principal's card transactions are to be reviewed and approved by the respective director of learning, achievement, and administration, Office of School Support and Improvement. We found cardholders had not promptly prepared their monthly statements or provided purchase receipts. We also found outstanding approvals for the principal's purchases. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

MCPS form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, is required for collection of student payments because it identifies the source and purpose of remittances and helps ensure that fees collected have been properly authorized and timely remitted. During our review of receipts, we found funds collected from students and remitted to the school administrative secretary were accompanied by MCPS Forms 280-34 that were missing signatures and dates. We recommend that staff be required to fully document the remittance of funds by completing all areas required on MCPS Form 280-34.

Fund-raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund-Raiser*. We found missing fund-raiser requests, completion reports that are not reviewed, and unrelated expenditures in fund-raiser accounts. We recommend requests and completion reports be prepared for all fund-raisers. Reviewing the results of a fund-raiser on a completion report will ensure that transactions in the fund-raiser account are correct and improve accurate analysis of the results for future decisions related to fund-raisers (refer to *MCPS Financial Manual*, chapter 20, page 12).

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips, and Other Student Organization Trips*. We found field trip sponsors are not providing MCPS Form 280-41, *Field Trip Accounting*, or equivalent, to the school administrative secretary when a trip is completed (refer to *MCPS Financial Manual*, chapter 20, page 10). We recommend that sponsors be required to use MCPS Form 280-41, or equivalent, and with the assistance of the school administrative secretary, prepare a reconciliation of field trip accounts that are reviewed to ensure established fees are commensurate with trip expenses.

Summary of Recommendations

- Purchase documentation must be adequate to support disbursements.
- Purchase card activity must comply with the MCPS *Purchasing Card User's Guide* (**repeat**).
- MCPS Form 280-34 must be fully completed.

- Fund-raisers must follow MCPS *Guidelines for Sponsoring an Independent Activity Fund Fund-Raiser*.
- Field trip records 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*, 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 Dr. Mary Jane Q. Ennis, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Ennis 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 administrative secretary 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
Mrs. Morris
Mrs. Camp
Mrs. Chen
Ms. Diamond
Dr. Ennis
Mr. Reilly
Mr. Tallur
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: April 2, 2019	Fiscal Year: April 2, 2019
School: Burnt Mills ES - 309	Principal: Dr. Stacy Ashton
OSSI Associate Superintendent: Ms. Diane Morris	OSSI Director: Dr. Jane Ennis
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>1/1/16-2/28/19</u>, strategic improvements are required in the following business processes :</p>	

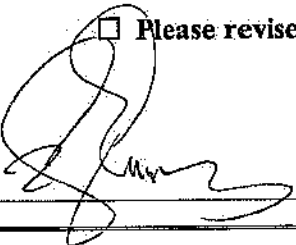
Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Purchase Documentation: The administrative secretary will ensure receipt of the appropriate documentation to support the procurement of the goods and services for which the disbursement is to be made.	Principal Administrative Secretary	Form 280-34 (IAF) Remittance Slips	Form 280-34 (IAF) Remittance Slips	Principal Administrative Secretary Ongoing	Support to make disbursements will include receipts or invoices
Purchasing Card: The principal will approve cardholder's transactions within 10 business days after the cardholder has reviewed their transactions.	Principal Administrative Secretary	Transaction Reports	Transaction Reports	OSSI Director Principal Administrative Secretary Monthly	The MCPS purchasing card will be used in accordance with the requirements of the MCPS Purchasing Card Users Guide
Receipts: When submitting Form 280-34, staff are required to fully document the remittance of funds with completed dates and signatures.	Principal Administrative Secretary	Form 280-34 (IAF) Remittance Slip	Form 280-34 (IAF) Remittance Slip	Principal Administrative Secretary Ongoing	Cash and checks collected for IAF activities by sponsors will be remitted with Form 280-34 to the admin secretary on the day funds are received
Fundraising: The fundraising completion report will be reviewed and reconciled in advance with principal's signature.	Principal Administrative Secretary	Fundraising Completion Report	Fundraising Completion Report	Principal Administrative Secretary	Principal will evaluate the results of the fundraiser by reviewing, signing, and dating the Fundraiser Completion Report

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Field Trips: Field trip records prepared by sponsors will provide comprehensive data to account for all students eligible to participate and to reconcile funds collected with the cost of the trip.	Principal Administrative Secretary	Form 280-41 Field Trip Accounting	Form 280-41 Field trip Accounting	Principal Administrative Secretary Ongoing	Sponsors will be required to use Form 280-41

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

Approved
 Please revise and resubmit plan by _____

Comments: _____

Director: 
 Date: 5/30/19