


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

February 12, 2016

MEMORANDUM

To: Ms. Kimberly L. Kimber, Principal  
Burtonsville Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
January 1, 2012, through December 31, 2015

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 IAFs are administered in accordance with MCPS policies, regulations, and procedures.

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 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 February 8, 2016, with you and Mrs. Tagreed Dubbaneh, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated February 13, 2012, 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

We noted instances where MCPS Form 280-54, *Request for a Purchase*, was not used when disbursements were made to MCPS. Regardless of the documentation that approved the procurement of goods and services, all disbursements from a school's IAF will be approved by the principal using MCPS Form 280-54, prior to the expenditure of funds (see MCPS Financial Manual, p. 20-6).

If an independent contractor is not currently listed in School Funds Online (SFO) as a districtwide vendor, IRS Form W-9 must first be obtained and forwarded to the Division of Controller (DOC)

prior to making any payment. The DOC annually reviews payments made to all districtwide vendors for issuance of IRS Forms 1099 in compliance with federal tax reporting requirements (see MCPS Regulation DIA-RB, *Payment for Personal Services and Reimbursements for Expenses from School IAFs*). Among your disbursements, we found that payments for services to independent contractors did not follow these procedures. We recommend that payments for personal services be made and reported in compliance with the applicable regulations and procedures (see MCPS Financial Manual, p. 20-15).

Cash and checks collected by sponsors and others authorized for IAF activities must be remitted with MCPS Form 280-34, *Remittance Slip*, to the administrative secretary on the day they are received. We found instances in which staff collecting funds for field trips were holding funds rather than remitting them timely to the administrative secretary (see MCPS Financial Manual, p. 7-4). We recommend that all staff who collect funds for school activities be reminded of remittance requirements.

Fund-raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund-Raiser*. Each fund-raiser should have written principal approval prior to advertising or conducting the activity as well as a separate account to record its transactions, and a completion report prepared at the conclusion of the activity that analyzes the results (see MCPS Financial Manual p. 20-12). We found a lack of adherence to these guidelines. We recommend following the internal control procedures to provide accountability of funds raised and the opportunity to evaluate the results at the conclusion of the activity.

Review of field trip activities revealed that not all trip sponsors are providing completed financial information to the administrative secretary at the completion of a 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 administrative secretary when a trip is completed. The record of names of participants and sums collected strengthens internal controls by enabling the reconciliation of receipts to sums recorded in the field trip account. We recommend all sponsors be required to use Form 280-41, or equivalent and follow the procedures outlined above (see MCPS Financial Manual, p. 20-10).

#### Summary of Recommendations

- Check disbursements must be documented using MCPS Form 280-54;
- Independent contractor payments must comply with MCPS Regulation DIA-RB;
- Funds collected by sponsors must be promptly remitted to the administrative secretary;
- Fund-raising must conform to *Guidelines for Sponsoring an IAF Fund Raiser*; and
- 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.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of Mrs. Dubbaneh, which greatly facilitated our audit. In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, please provide a response to the Internal Audit office within 30 days of this report, with a copy to Ms. Audra Fladung, director of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:GB:sd

Copy to:

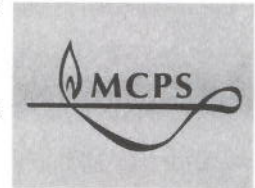
Dr. Zuckerman  
Dr. Statham  
Dr. Navarro  
Dr. Kimball

Mrs. Chen  
Mrs. DeGraba  
Ms. Fladung  
Mrs. Milwit



## Burtonsville Elementary School

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Office of the Principal  
Ms. Kimberly L. Kimber

February 23, 2016

### MEMORANDUM

To: Roger W. Pisha, Supervisor, Internal Audit

From: Kimberly Kimber, Principal, Burtonsville Elementary School

Subject: Response to Recommendations from Audit of Independent Activity Funds for the period of January 1, 2012, through December 31, 2015

During the audit, it was noted that MCPS Form 280-54, *Request For Purchase*, was not used when disbursements were made to MCPS. In the future, Form 280-54 will be used prior to making disbursements to MCPS.

It was also found that payments for services to independent contractors did not follow the procedures of obtaining IRS Form W-9. In the future, payments for personal services made to independent contractors will be in compliance with the applicable regulations and procedures.

The audit also revealed that the funds collected by sponsors must be promptly remitted to the administrative secretary. We will continue to remind staff to do so in a timely manner during staff meetings, in our weekly staff bulletin and through email.

We will follow the internal control procedures to provide accountability for fund-raising funds. We will evaluate the results at the conclusion of the activity.

Moving forward we will continue to ask all sponsors to use Form 280-41 and follow all field trip requirements. We will monitor this process.

Thank you for your assistance in both the findings and recommendations in order to bring my Independent Activity Fund (IAF) account up to par.

KLK: td

Copy to:

Dr. LaVerne Kimball, Associate Superintendent of Elementary Schools  
Mrs. Audra Fladung, Community Superintendent

## Fiscal Management Action Plan

School: Burtonsville Elementary School

Principal: Kimberly Kimber

Date of approval: \_\_\_\_\_

Approved by Director of School Support and Improvement: \_\_\_\_\_

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Check disbursements must be documented using MCPS Form 280-54	The administrative will use Form 280-54 and get principal approval prior to check disbursements to MCPS	As needed	Signed and dated Form 280-54
Independent contractor payments must comply with MCPS Regulation DIA-RB	The administrative secretary will provide IRS Form W-9 and forward it to the Division of Controller prior to making any payment.	As needed	IRS Form W-9 and Form 1099
Funds collected by sponsors must be promptly remitted to the administrative secretary	The administrative secretary with the help of administration will continue to remind sponsors to return all forms and funds promptly. Will continue to include it in the staff weekly bulletin and at staff meetings.	Daily sponsor submission of funds	MCPS Form 280-34
Fund-raising must conform to <i>Guidelines for Sponsoring an IAF Fund Raiser</i>	The administrative secretary will ensure that each fundraiser will have the written principal approval prior to advertising. We will adhere to the guidelines in the MCPS Financial Manual	As needed	Guidelines for Sponsoring an IAF Fund Raiser
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.	Sponsors will provide complete class or club rosters and note how much each student has paid, to include the date, and any waivers or scholarships for students. Also, sponsors will include if a student is not attending the trip or activity. Sponsors 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. Sponsors will plan carefully to ensure that they do not overcharge or undercharge for a trip for students. Sponsors will use MCPS Form 280-41 to record trip fees and provide complete data at the end of each trip. Trip planning will be reviewed by the administrative secretary and the principal to ensure that fees are appropriate.	As needed for field trips	Completed Form 280-41 and any additional documents relevant to each trip.

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