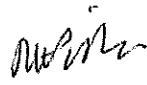


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

February 5, 2018

MEMORANDUM

To: Mr. William J. Collins, Principal  
Damascus Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
November 1, 2014, through November 30, 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 January 26, 2018, meeting with you and Mrs. Barbara J. Watkins, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated December 17, 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

MCPS purchasing cardholders must record purchases on transaction logs and submit logs monthly with invoices and receipts attached for review and approval by the principal. Monthly summary reports from JPMorgan are to be reviewed, signed and dated by the principal to ensure that purchases are appropriate and within established limits (*refer to MCPS Purchasing Card User's*

*Guide*). We found that logs were not maintained on a monthly basis, receipts and invoices were missing or not attached, monthly cardholder statements and monthly summary reports from JPMorgan were not always reviewed, signed and dated by the principal. We recommend that purchasing cardholders be required to comply with the requirements of the MCPS *Purchasing Card User's Guide*.

Review of field trip activities again revealed that not all field trip sponsors are providing completed financial information to the school 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 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 funds collected submitted by the sponsor strengthens internal controls by enabling the reconciliation of these funds to the amounts recorded in the field trip account. We recommend that all sponsors be required to use MCPS Form 280-41 or equivalent, and follow the procedures outlined above.

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

### **Summary of Recommendations**

- Purchase card transactions must be documented, reviewed, and approved by the principal **(repeat)**.
- 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)**.
- Cash and checks collected by sponsors must be promptly remitted with MCPS Form 280-34 to the school administrative secretary.

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. Michael D. Bayewitz, director of school support and improvement of elementary schools. Based on the audit recommendations, Mr. Bayewitz 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 agent to support you with developing a well-defined plan to address the findings.

RWP:BK:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Dr. Kimball

Mrs. Camp

Mrs. Chen

Mr. Bayewitz

Ms. Diamond

Mr. Reilly

Mr. Tallur

Mr. Ikheloa

## FINANCIAL MANAGEMENT ACTION PLAN

Report Date: March 6, 2018	Fiscal Year: March 6, 2018
School: Damascus ES - 702	Principal: William J. Collins
OSSI Associate Superintendent: Dr. Laverne Kimball	OSSI Director: Mr. Mike Bayewitz
<p><b><u>Strategic Improvement Focus:</u></b> As noted in the financial audit for the period <u>11/1/14-11/30/17</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
William Collins will complete Financial Training (Part 1) Barbara Watkins will complete Financial Training (Part 1 and Part 2)	Principal and Administrative Secretary	MCPS Financial Manual	PDO Transcripts	Principal / Fall 2018  Administrative Secretary / Spring 2018	PDO Transcript and Completion Certificate
Purchase card folder will be maintain with all the approvals and receipts attached together. All purchase card transactions will be reviewed by sponsor by the 5th and approved by principal by the 10th of each month.	Principal / Administrative Secretary	MCPS Financial Manual	Purchase card folder	Principal / Administrative Secretary: Monthly Financial Status Meeting	Properly maintained purchase card folder with accompanying documentation
Purchases will be monitored monthly using a Monthly Purchase Card Log, card holder statements and summary reports.	Principal / Administrative Secretary	MCPS Financial Manual	Purchase Card Log, card holder statements and summary reports	Principal / Administrative Secretary: Monthly Financial Status Meeting	Properly maintained purchase card folder with accompanying documentation
Ensure that monthly purchase card summary statements are reviewed on-line and reconciled monthly. As well as, ensuring that receipts are attached to the summary statements.	Principal	MCPS Financial Manual	Purchase card summary statements and Receipts	Principal / Administrative Secretary: Monthly Financial Status Meeting	Properly maintained purchase card folder with accompanying documentation

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
All field trips will be pre-approved with associated estimated costs and expenses for the trip. Review all fieldtrip accounting procedures during preservice week and as needed throughout the school year.	Principal	MCPS Financial Manual	Fieldtrip Reports Form	Principal / Administrative Secretary: Monthly Financial Status Meeting	Properly completed Fieldtrip Accounting Forms with accompanying documentation
Review form 280-41 to ensure that all funds collected and have been remitted for future trip planning. Sponsors will remit all funds promptly, post all the funds and expenses to for proper accounting and audit purpose and to avoid and delays in locating the discrepancies	Administrative Secretary	MCPS Financial Manual	Form (280-41).	Principal / Administrative Secretary: Monthly Financial Status Meeting	Properly completed Fieldtrip Accounting Forms with accompanying documentation
Funds collected will be turned in daily to the main office accompanied by Form (280-41). Fieldtrip Accounting Form will be submitted with all financial information to the Administrative Secretary at the completion of each fieldtrip.	Administrative Secretary	MCPS Financial Manual	Form (280-41).	Principal / Administrative Secretary: Monthly Financial Status Meeting	Properly completed Fieldtrip Accounting Forms with accompanying documentation
Account History Reports provided and reviewed monthly. Account sponsors verify each transaction and sign, date and return these statements. Ensure all funds collected by sponsors are remitted on the day they were collected using the corresponding remittance form.	Principal / Administrative Secretary	MCPS Financial Manual	Monthly Account History Reports	Principal / Administrative Secretary: Monthly Financial Status Meeting	Account History Reports with principal and sponsor signatures

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

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

Comments:

Director: Michael B. [Signature]      Date: 7/3/18