


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

September 21, 2016

MEMORANDUM

To: Ms. Sundra E. Mann, Principal
Georgian Forest Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
April 1, 2014, through July 31, 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 September 14, 2016, with you and Mrs. Grace V. Barnes, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated May 12, 2014, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2016. 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

Disbursement of the IAF must be controlled in a number of ways. All purchases must be approved in advance and in writing using MCPS Form 280-54: *Independent Activity Funds*

Request for a Purchase. After the purchase is completed, 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 administrative secretary. A check may then be drawn and it must bear two signatures, one of which is that of the principal. We noted instances in which purchases were made prior to receiving the approval of the principal. As noted in our last audit, we once again found instances of receipts not annotated by recipients to indicate purchased goods or services were satisfactorily received. We recommend that IAF purchases comply with MCPS procedures.

In order to properly control receipts, cash and checks collected by sponsors for IAF activities should be remitted promptly to the school administrative secretary. Cash should be counted in the presence of the remitter, and a receipt that is supported by MCPS Form 280-34: *Independent Activity Fund Remittance Slip*, should be issued promptly. Remittances received should, in turn, be promptly deposited into the school's bank account. We found instances in which funds were held by sponsors rather than remitted to the school administrative secretary on a daily basis, 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 to the school administrative secretary daily for prompt deposit (refer to the *MCPS Financial Manual*, chapter 7, 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 signed by the principal, and the director of school support and improvement, when required, should be retained. 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 administrative secretary 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 all sponsors be required to use MCPS Form 280-41: *Field Trip Accounting*, or equivalent, and follow the procedures outlined above.

Summary of Recommendations

- Purchase requests must be approved by the principal prior to procurement.
- Purchaser must confirm receipt of goods or services prior to disbursement (**repeat**).
- Cash handling process must conform to chapter 7 of the *MCPS Finance Manual*.
- 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 your staff. In accordance with MCPS Regulation DIA-RA, *Accounting for*

Financial Operations/Independent Activity Funds, please provide a response to the Internal Audit Unit within 30 calendar days of this report, with a copy to Mrs. Cheryl L. Smith, director of school support and improvement of elementary schools. In your response, please share a detailed plan for addressing these issues including appropriate staff training and support. The Office of School Support and Improvement will follow up on this audit.

RWP:AMB:lsh

Copy to:

Members of the Board of Education

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Dr. Kimball

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Mrs. DeGraba

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MONTGOMERY COUNTY PUBLIC SCHOOLS
Georgian Forest Elementary School




3100 Regina Drive
Silver Spring, MD 20906
Phone: 240-740-0720
Fax: 301-460-2477

November 9, 2016

MEMORANDUM

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

From: Sundra E. Mann, Principal 
Georgian Forest Elementary School

Subject: Response to Audit of Independent Activity Funds for Period May 12, 2014 through July 1, 2016.

Thank you for the recent report on the audit of our Independent Activity Funds (IAF) for the period May 12, 2014 through July 1, 2016. While I was not a member of the school community during the audit period, as a new principal, it is important to establish sound financial practices and procedures that ensure compliance with MCPS policies and regulations. I appreciate the guidance of Internal Audit Office.

In the attached Fiscal Management Action Plan, you will find the steps we will take in response to the recommendations outlined in the report.


Your feedback and guidance regarding our action plan is appreciated. If you have any questions, please do not hesitate to contact me at 240-740-0720.


CC: Ms. Cheryl Smith

Fiscal Management Action Plan

School: Georgian Forest Elementary School

SY: 2016-17

Principal: Ms. Sundra E. Mann Signature: 

Director: Ms. Cheryl L. Smith Signature: 

11/16/2016
11.16.16

Findings and Recommendations of School's Financial Report	Description of Resolution	Timeline and Person(S) Responsible	Evidence of Completion
Purchase request must be approved by the principal prior to procurement.	<p>At the time verbal approval is sought from the principal, MCPS form 280-54 will be prepared and signed by both requesting staff and he principal. The principal will ensure detailed documentation/rationale of the purchase is attached to the request prior to signing. The invoices for the purchase will be signed and dated by the receiver.</p> <p>Staff members who do not secure advance approval will not receive reimbursement for purchases.</p>	<p>New procedure began July 1, 2016</p> <p>Person(s) Responsible: Principal, Administrative Secretary, and Staff requesting purchase</p>	Completed MCPS form 280-54 with documentation of purchase and receipt of purchase, signed by receiver
Purchaser must confirm receipt of goods or services prior to disbursement.	All supporting documentation of MCPS form 280-54 must be attached with reimbursement check. Once check has been signed by the principal and second authorized signer, the administrative secretary will stamp original receipt "paid." Documents will be filed with disbursements for the month.	<p>New procedure began July 1, 2016</p> <p>Person(s) Responsible: Principal, Administrative Secretary, and Staff requesting purchase</p>	Completed MCPS form 280-54 with documentation of purchase and receipt of purchase, signed by receiver AND stamped "paid."
Funds for Sponsored IAF Activities – Check and cash handling process must confirm to Chapter 7 of the MCPS Financial Manual.	<p>Cash and checks collected by sponsors for IAF must be remitted promptly to the administrative secretary. Cash must be counted in the presence of the remitter and a receipt that is supported by MCPS form 280-34 will be issued promptly. Remittances received, in turn,</p>	<p>New procedure began July 1, 2016</p> <p>Daily sponsor submission of funds</p> <p>Immediate receipt of funds (signature and signed copy of form)</p>	<p>Completed MCPS form 280-34</p> <p>Receipt of funds submitted and bank deposit statements</p>

	must be promptly deposited into the school's bank account.	Deposits daily as needed Person(s) Responsible: Principal, Administrative Secretary, and IAF Sponsors	
Field trips must be conducted in accordance with MCPS Regulation IPD-RA and be approved by principal and DSSI (when required). 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.	Sponsors must use MCPS form 280-41 to provide complete class or club roster of students' 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 must be provided to the administrative secretary at the completion of each trip and compared to remittances recorded in the trip account history report.	New procedure began July 1, 2016 As needed Person(s) Responsible: Principal, Administrative Secretary, and Field Trip Sponsors	Completed MCPS form 280-41 and all relevant documentation for each trip Final account balances to verify field trip expense was appropriately calculated
Implementation of MCPS IAF regulations and policies are being met with consistency and fidelity.	The principal and administrative secretary will meet periodically to ensure that MCPS IAF regulations and policies are being met with consistency and fidelity.	New procedure began July 1, 2016 Quarterly review of IAF funds requests and field trip documentation by principal and administrative secretary Bi-annual review of IAF funds request and field trip documentation by principal and administrative secretary with bookkeeper Monthly review of accounts by principal and administrative secretary with bookkeeper	Completed MCPS forms and all relevant documentation to support transactions Final account balances to verify expenditures appropriately calculated along with documentation to support transactions