


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

May 11, 2018

MEMORANDUM

To: Mrs. Carole A. Sample, Principal  
Jones Lane Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
April 1, 2015, through March 31, 2018

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 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 May 9, 2018, meeting with you and Mrs. Jacqueline B. Konkus, acting school administrative secretary, we reviewed our prior audit report dated May 14, 2015, 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 Form 280-54, *Independent Activity Funds Request for a Purchase*, is used to obtain the principal's approval to proceed with an intended purchase. After acquisition, 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. Upon

disbursement, the documentation is to be stamped or marked "paid" to preclude duplicate payment (refer to *MCPS Financial Manual*, chapter 20, page 4). In our sample of disbursements, we noted instances in which purchases were made prior to receiving the approval of the principal. We also noted instances of receipts not annotated by purchasers to indicate that purchased goods or services were satisfactorily received, and invoices supporting purchases were not stamped or marked "paid." We recommend that the IAF purchases comply with MCPS requirements.

To properly control funds, all cash and checks collected by sponsors for IAF activities should be remitted promptly to the school administrative secretary. These funds should then be verified in the presence of the remitter, and a receipt that is supported by MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, should be issued promptly. We found instances in which funds were held by sponsors rather than being remitted in a timely manner 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 daily to the school administrative secretary for prompt deposit (refer to *MCPS Financial Manual*, chapter 7, page 4).

#### 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.
- Purchase invoices must be annotated as "paid" to indicate disbursement was made.
- Funds collected by sponsors must be promptly remitted to the school administrative secretary (repeat).
- Remitted funds must be promptly verified, receipted, and deposited in the bank by 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 Ms. Loretta M. Favret, director of school support and improvement of elementary schools. Based on the audit recommendations, Ms. Favret 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 administrative secretary to support you with developing a well-defined plan to address the findings.

RWP:AMB: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

Ms. Diamond


Ms. Favret

Mr. Reilly

Mr. Tallur

Mr. Ikheloa

Fiscal Management Action Plan

School: Jones Lane Elementary School  
 Approved by director: 

Principal: Carole Sample  
 Date of approval: 6/7/18

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Purchase requests must be approved by the principal prior to procurement.	At the time that verbal approval is sought from the principal, Form 280-54 will be prepared and signed by both requesting staff and the principal. <b>The principal</b> will ensure detailed documentation/rationale of the purchase is attached to the request. The invoices for the purchase will <b>be signed and dated by the receiver.</b>	Daily or whenever there is a purchase request made	Copies of the 280-54 dated for time of request
Purchaser must confirm receipt of goods and services prior to disbursement.	<b>The administrative secretary</b> will assure that all purchasers confirm receipt of goods and services prior to all disbursements.	Daily- Every time there is a purchase of goods and services.	Invoice receipts filed by date received.
Purchase invoices must be annotated as "paid" to indicate disbursement was made.	The administrative secretary will assure that all invoices are annotated as "PAID" to indicate that the disbursement was made. Purchasers will be asked to initial the invoice and the invoice will be kept on file as required.	Whenever disbursements are made.	Annotated invoices marked as "PAID" with the initial of the purchaser kept on file.
Funds collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the administrative secretary and promptly deposited.	Cash collected will be counted in front of the receiver and a receipt will be issued at that time, by the <b>administrative secretary</b> . Cash will be submitted by sponsors on a daily basis, and the <b>administrative secretary</b> will make deposits, to include on the last working day of each month and before each weekend or holiday.	Daily sponsor submission of funds Immediate receipt of funds Deposits daily as needed, last working day of the month, and before holidays and weekends.	Receipts of funds submitted and bank deposit statements.
Remitted funds must be promptly verified, receipted, and deposited in the bank by the administrative secretary.	Administrative secretary will do this daily. In the vent that the secretary is out of the office, a contingency plan for deposit will be initiated. Principal will go to the bank.	Daily	Completed Form 280-54, with documentation of purchase, and receipt of purchase, signed by receiver.

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