


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

November 13, 2015

MEMORANDUM

To: Ms. Laurie C. Jenkins, Supervisor
Outdoor Environmental Education Program

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
April 1, 2013, through September 30, 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 November 6, 2015, with you and Ms. Christine Rogewitz, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated May 23, 2013, 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, *Request for a Purchase*, is used to obtain principal, or in the case of the Outdoor Environmental Education Program (OEEP), supervisor approval to proceed with an intended purchase (see MCPS Financial Manual, p. 20-4). The purpose of each disbursement must be fully explained on this form in order to properly record expenditures in appropriate accounts, and to ensure that expenditures comply with IAF requirements. Invoices for goods or services must be stamped "Paid" and signed by the purchaser to indicate satisfactory receipt. In our sample of disbursements, we found prior approval was not consistently obtained when required. Many

disbursements did not have adequate documentation to fully explain the reason for the expenditure, and invoices were not always signed by the receiver, or stamped "Paid". By requiring prior approval and complete documentation, the principal or supervisor retains control over the expenditure of IAF funds. We recommend that Form 280-54 be prepared by staff and signed by you at the time verbal approval is sought, and that complete documentation be attached to fully explain the reason for the purchase.

During our review of receipts we noted that funds collected by staff and remitted to the administrative secretary were not accompanied by a remittance slip. MCPS Form 280-34, *Remittance Slip*, is required for fees because it identifies the source and purpose of remittances and helps ensure that fees collected have been properly authorized. We also noted that there were no source documents attached to remittances from outside organizations or schools. We found instances in which funds were held, rather than remitted promptly and at times the administrative secretary held funds over allowable amounts. To improve controls, we recommend close adherence to the procedures in the MCPS Financial Manual, pp. 7-3, 7-4.

Summary of Recommendations

- Purchase requests must be approved by the OEEP supervisor prior to procurement;
- Purchase documentation must be adequate to support disbursements;
- Purchaser must confirm receipt of goods or services prior to disbursement;
- Purchase invoices and receipts must be annotated as "Paid" to indicate disbursement was made;
- Funds collected by staff must be promptly remitted with MCPS Form 280-34 to the administrative secretary; and
- Funds remitted must be promptly verified, receipted, and deposited in the bank by the administrative secretary.

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 office within 30 days of this report, with a copy to Dr. Eric Minus, director of secondary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:MJB:sd

Copy to:

Dr. Zuckerman
Dr. Statham
Dr. Navarro

Dr. Williams
Mrs. Chen
Mrs. DeGraba

Mrs. Milwit
Dr. Minus

Fiscal Management Action Plan

School: Outdoor Environmental Education Programs

Supervisor: Laurie C. Jenkins

Approved by director: _____ Date of approval: _____

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Purchase Requests with documentation	All purchases will continue to be approved in advance in writing, by the principal. The purpose of the expenditure will be explicit with appropriate invoices attached prior to approval. (Admin. Secretary, Supervisor)	December 2015	Copies of 280-54 with attachments
Timely remittance of funds by facilitator of the Chesapeake Bay Professional Development summer programs	Facilitator of Bay trips will be reminded that timely deposits are required. All deposits where a delay is suspected will be subject to a review and conference. (Admin Secretary, Supervisor)	December 2015	Ongoing, and increased compliance monitoring. Prompt submission of MCPS Form 280-34. Conference records and administrative follow up as needed.
Confirmation of goods or services prior to disbursement	Designated staff (admin secretary and facilities manager) will open, inspect, and verify contents against purchase order/order placed. (Admin Secretary, Supervisor)	December 2015	Receive items on procurement where appropriate, items received against items ordered on JP Morgan cards
Mark bills PAID stamp once they have been paid	All bills will be marked paid after payment is made (Admin Secretary, Supervisor)	December 2015	All bills be marked PAID after payment

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