MEMORANDUM

To: Mrs. Margaret S. Prin, Principal
Maryvale Elementary School

From: Mary J. Bergstresser, Acting Supervisor, Internal Audit Unit

Subject: Report on Audit of Independent Activity Funds for the Period
July 1, 2016, through June 30, 2019

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 Board of Education policies, MCPS regulations, and procedures.

The IAF audits are conducted regularly to evaluate compliance with 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 any significant errors or omissions in the financial records are detected.

At our July 31, 2019, meeting with you, Mr. Matthew J. Bowerman, assistant principal; and Mrs. Susan J. Nolte, school administrative secretary, we reviewed our prior audit report dated August 17, 2016, 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 6). In our sample of disbursements, we noted instances in which purchases were made prior to receiving the approval of the principal and receipts were not annotated by purchasers to indicate that purchased goods or services were satisfactorily received. We recommend that the IAF purchases comply with MCPS procedures.

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 (refer to MCPS Financial Manual, chapter 7, page 4). We found instances in which funds were held by sponsors rather than being remitted on a daily basis to the school administrative secretary 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.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, Travel-Study Programs, Field Trips, and Student Organization Trips. Trip approval forms should be signed by the principal, and the director of learning, achievement, and administration, when required, and retained for future reference. 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 that 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.
- Remitted funds must be promptly verified, receipted, and deposited in the bank by the school administrative secretary (repeat).
- Field trip records that are 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 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 Dr. Sarah E. Sirgo, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Sirgo 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 school administrative secretary to support you with developing a well-defined plan to address the findings.

RWP:AMB::ls

Attachment

Copy to:
Members of the Board of Education
Dr. Smith
Dr. Navarro
Dr. Statham
Dr. Zuckerman
Mr. Civin
Dr. Johnson
Mrs. Dyson
Mrs. Camp
Mrs. Chen
Ms. Diamond
Mr. Reilly
Mr. Tallur
Dr. Sirgo
Ms. Webb
**FINANCIAL MANAGEMENT ACTION PLAN**

**Report Date:** 2019  
**Fiscal Year:** 2019

**School:** Maryvale ES - 210  
**Principal:** M. Susan Prin

**OSSI**  
**Associate Superintendent:** Mrs. Cheryl Dyson  
**OSSI Director:** Dr. Sarah Sirgo

**Strategic Improvement Focus:**  
As noted in the financial audit for the period 7/1/16-6/3019, strategic improvements are required in the following business processes:

Independent Activity Fund preapproval for purchases, timely remittance and verification of monies to the school financial agent, detailed field trip sponsor records.

<table>
<thead>
<tr>
<th>Action Steps</th>
<th>Person(s) Responsible</th>
<th>Resources Needed</th>
<th>Monitoring Tools / Data Points</th>
<th>Monitoring Who &amp; When</th>
<th>Results/Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purchase requests will be approved by principal prior to procurement. Staff will have easy access to Form 280-54 and be completed prior to approval. Staff without prior approval using Form 280-54 will not be reimbursed.</strong></td>
<td>Principal Requesting Staff Member</td>
<td>MCPS Form 280-54</td>
<td>Review of purchase requests and preapproval with principal and financial agent.</td>
<td>Weekly meeting to review all requests with principal and financial agent.</td>
<td>Completed form 280-54 with documentation of purchase.</td>
</tr>
<tr>
<td><strong>Purchaser will consistently confirm receipt of goods or services prior to disbursement of money including all documentation. Reimbursements will not be made unless receipt of goods or services is noted as satisfactory and complete by Requester.</strong></td>
<td>Principal Financial Agent Purchaser</td>
<td>Documentation of Goods/Services received.</td>
<td>Monthly review of receipts and requests for disbursement.</td>
<td>Weekly meeting to review all disbursements. (principal and financial agent)</td>
<td>Completed form 280-54 with stamp indicating reimbursement occurred.</td>
</tr>
<tr>
<td><strong>Remitted funds will consistently and promptly be verified, receipted and deposited in the bank together with the financial agent and remitter. Bank deposits will be made daily by the financial agent.</strong></td>
<td>Principal Financial Agent Remitter of Funds</td>
<td>MCPS Form 280-34</td>
<td>Review of procedures and practices monthly.</td>
<td>Principal Financial Agent</td>
<td>Form 280-34 with documentation of receipt funds remitted.</td>
</tr>
<tr>
<td><strong>Field Trip Sponsor will provide data to account for all students eligible to participate and reconcile funds collected with costs of the trip. The financial agent will keep all supporting documents for each trip. Documentation will be reviewed by financial agent and principal.</strong></td>
<td>Principal Financial Agent Field Trip Sponsor</td>
<td>MCPS Form 280-41</td>
<td>Financial Agent and Principal review the completed data with feedback to the teacher, as needed, monthly.</td>
<td>Financial Agent Field Trip Sponsor</td>
<td>Form 280-41 Fee Waiver Forms</td>
</tr>
</tbody>
</table>

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<td>Expectations and procedures for fiduciary responsibilities will be discussed during the September Staff Meeting.</td>
<td>Financial Agent Principal</td>
<td>MCPS Forms Procedures/Guidelines</td>
<td>Review of MCPS Forms, Feedback to teachers</td>
<td>Principal and Financial Agent in September</td>
<td>Staff Handbook, Field Trip Packets</td>
</tr>
<tr>
<td>The principal and financial agent will attend the MCPS IAF School Finances training together to ensure compliance of processes and expectations.</td>
<td>Principal Financial Agent</td>
<td>IAF Training</td>
<td>Completion of Course on PDO</td>
<td>Course Completion by Summer 2020 by financial agent and principal.</td>
<td>Certificate of Completion</td>
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</tbody>
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**OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL**

☑ Approved □ Please revise and resubmit plan by ______

Comments: There is evidence of clear structures and routines in place. It is expected these issues will be addressed.

Director: [Signature] Date: 9/13/19