


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

July 28, 2020

MEMORANDUM

To: Dr. Kisha Logan, Principal
Montgomery Village Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
April 1, 2018, through January 31, 2020

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 and 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 09, 2020, virtual meeting with you and Mrs. Angela E. Cosby, school financial specialist, we reviewed our prior audit report dated June 6, 2018, 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 must submit the invoice or documented evidence of purchase, annotated to indicate the satisfactory receipt of the goods or services, to the school financial specialist. Upon disbursement, the documentation is to be stamped or marked "paid" to preclude duplicate payment (refer to the

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, invoices were not annotated by purchasers to indicate that purchased goods or services were satisfactorily received, and documentation supporting purchases were not consistently stamped or marked "paid." All IAF purchases must comply with MCPS procedures.

To properly control funds, all cash and checks collected by sponsors for IAF activities must be remitted promptly to the school financial specialist. These funds must 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*, must be issued promptly (refer to the *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 financial specialist 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, all funds collected must be remitted daily to the school financial specialist for prompt deposit.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips, and Student Organization Trips*. 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, must be provided to the school financial specialist at the completion of each trip and compared to remittances recorded in the trip account history report. In your action plan, you indicated that all field trip completion paper work would conform to the guidelines set forth in MCPS financial manual. 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. All sponsors are required to submit MCPS Form 280-41 *Field Trip Accounting*, or equivalent and follow the procedures outlined above. This data must be reconciled by the school financial specialist with remittances recorded in activity accounts (refer to the *MCPS Financial Manual*, chapter 20, page 10).

Notice of Findings and 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.
- Remitted funds must be promptly verified, receipted, and deposited in the bank by the school financial specialist.
- 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 (**repeat**).

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. Eric A. Wilson, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools. Based on the audit recommendations, Mr. Wilson 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 specialist to support you with developing a well-defined plan to address the findings.

MJB:RCM:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Dr. Johnson

Dr. Wilson

Mrs. Ahn

Mr. Koutsos

Mrs. Camp

Mrs. Chen

Mr. Marella

Mr. Tallur

Mr. Wilson

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY20	Fiscal Year: FY20
School: Montgomery Village MS - 557	Principal: Dr. Kisha Logan
OSSI Associate Superintendent: James Koutsos	OSSI Director: Eric Wilson
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>4/1/18 - 1/31/20</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
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	Principal Financial Specialist (FS) Field trip sponsor	MCPS financial manual MCPS field trip forms	Review of field trip procedures and guidelines with staff on an ongoing basis	FS will monitor records during and after the field trip, will update Principal regularly	All field trip paperwork will conform to the guidelines set forth in the MCPS financial manual
Purchase request must be approved by the principal prior to procurement, receipts must confirm goods or services prior to disbursements, and invoices must be annotated as "paid" to indicate disbursement was made.	Principal Financial Specialist (FS)	MCPS Financial Manual MVMS Financial Procedures	Weekly meeting with FS and Principal to discuss requests	FS will bring requests to Principal for approval prior to purchase	All purchases will conform to guidelines as set forth in the MCPS financial manual
Funds must be promptly verified, receipted and deposited in the bank by the school financial specialist	Principal Financial Specialist	MCPS Financial Manual MVMS Financial Procedures	A sign-in sheet will be created and sponsors will sign indicating when funds are submitted, will be reviewed by the Principal	FS will ensure funds are promptly submitted and deposited	All deposits will conform to guidelines as set forth in the MCPS financial manual

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence


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

Approved

Please revise and resubmit plan by _____

Comments:

Director: _____



Date:

9/17/20