MEMORANDUM

To: Ms. Annette M. Frolkes, Principal
    Roscoe R. Nix Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
         November 1, 2015, through November 30, 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 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 December 27, 2018, meeting with you; Mrs. Linda L. Taylor, school administrative
secretary, and Mrs. Dorothy McGeever, visiting bookkeeper, we reviewed our prior audit report
dated December 4, 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 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 (repeat).
- Purchaser must confirm receipt of goods or services prior to disbursement.
- 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 (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. Mary Jane Q. Ennis, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Ennis 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:ish

Attachment

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

**Report Date:** January 14, 2019  
**Fiscal Year:** January 14, 2019

**School:** Roscoe R. Nix ES - 307  
**Principal:** Annette M. Ffolkes

**OSSI**  
**Associate Superintendent:** Diane Morris  
**OSSI Director:** Mary Jane Ennis

**Strategic Improvement Focus:**
As noted in the financial audit for the period 11/1/15-11/30/18, strategic improvements are required in the following business processes:

- Approval of purchases prior to procurement; prompt remittance of funds to school administrative secretary; prompt deposits of funds; and, field trip record keeping.

<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>1. Purchase requests must be approved by the principal prior to procurement.</td>
<td>Ffolkes</td>
<td>MCPS Form 280-54</td>
<td>Completed MCPS Form 280-54 signed by principal</td>
<td>As needed based on requests for purchases</td>
<td>Completed MCPS Form 280-54, with documentation of purchase, and receipt of purchase, signed by receiver.</td>
</tr>
<tr>
<td>2. Purchaser must confirm receipt of goods or services prior to disbursement.</td>
<td>Taylor Ffolkes</td>
<td>Receipts for goods received</td>
<td>File with dated receipts</td>
<td>As needed based upon delivery of goods or services</td>
<td>Completed MCPS Form 280-54, with documentation of purchase, and receipt of purchase, signed by receiver.</td>
</tr>
<tr>
<td>3. Funds collected by sponsors must be promptly remitted to the school administrative secretary.</td>
<td>RNES Staff Taylor Ffolkes</td>
<td>MCPS Forms 280-41 and 280-34</td>
<td>Completed forms reflecting funds being remitted.</td>
<td>As needed for field trips (daily during those time periods)</td>
<td>Completed and signed MCPS Forms 280-41 and 280-34</td>
</tr>
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<td>4. Remitted funds must be promptly verified, receipted, and deposited in the bank by the school administrative secretary.</td>
<td>Taylor</td>
<td>MCPS Form 280-34</td>
<td>Deposit receipts</td>
<td>Daily or when funds received exceed the amount allowable for school</td>
<td>Receipts of funds submitted and bank deposit statements.</td>
</tr>
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<td>5. Field trips 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.</td>
<td>RNES Staff Taylor Ffolios</td>
<td>MCPS Forms 280-41 and 280-34</td>
<td>Completed MCPS Forms 280-41 and 280-34</td>
<td>As needed for field trips</td>
<td>Completed MCPS Form 280-41 and any additional documents relevant to each trip.</td>
</tr>
<tr>
<td>6. Principal and administrative secretary should attend School Finance training.</td>
<td>Ffolios Taylor</td>
<td>PDO confirmation of enrollment</td>
<td>Attendance confirmation</td>
<td>Principal Upon completion of courses</td>
<td>Transcript showing completion of training.</td>
</tr>
</tbody>
</table>

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

☑ Approved  □ Please revise and resubmit plan by ____________

Comments:

Director: __________________________ Date: 2/14/19

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