


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

February 22, 2016

MEMORANDUM

To: Mr. Jeffrey L. Cline, Principal
Oak View Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
September 1, 2012, through December 31, 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 February 19, 2016, with you and Ms. Wilma Govea, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated November 14, 2012, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2015. 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

Disbursement of IAF must be controlled in a number of ways. All purchases must be approved in advance and in writing using MCPS Form 280-54, *Request for a Purchase*, to obtain principal

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. After the purchase is completed, the purchaser should submit the invoice or documented evidence of purchase, signed to indicate the satisfactory receipt of the goods or services, to the administrative secretary. A check may then be drawn and it must bear two signatures, one of which is that of the principal. Documentation supporting purchases should then be stamped or marked "Paid" and filed. We found instances where purchases were not approved in advance, documentation supporting purchases not stamped or marked "Paid," and invoices were not marked that goods were received. By requiring prior approval and complete documentation, the principal 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 support the purchase.

Cash and checks collected by sponsors and others for IAF activities should be remitted promptly to the administrative secretary together with MCPS Form 280-34, *MCPS Remittance Slip*. These receipts must be deposited promptly (see MCPS Financial Manual, p.7-4). We again found that staff collecting funds were holding rather than remitting them to the administrative secretary on a daily basis. Also, the administrative secretary was not always making timely deposits; holding money in excess of permitted amounts. To minimize the risk of loss and provide assurance that available funds will be fully utilized to meet school needs, all funds collected should be remitted to the administrative secretary daily for prompt deposit. We further recommend using Online School Payments (OSP) in order to reduce the workload of cash handling requirements for sponsors and administrative secretary.

The yearbook sponsor is required to keep detailed records of the number of books sold, the price charged as well as the number of books distributed free of charge (see MCPS Financial Manual, p. 20-11). The records kept by the yearbook sponsor did not enable us to reconcile the number of books purchased with the number sold, given free, and the remaining inventory. We were therefore unable to determine that all funds generated from this activity had been remitted. We recommend the yearbook sponsor be counseled and assisted with the record-keeping required for this activity.

Sponsors of field trips should have a complete class 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. Any parents paying to attend the trip should be listed separately. This data should be provided to the administrative secretary at the completion of each trip to compare to remittances recorded in the trip account history report, and also used to estimate the cost of future trips. We again found that not all sponsors were providing completed data at the conclusion of each trip, and that data was not being compared to the final account history report nor used for planning future trips. We recommend trip sponsors use MCPS Form 280-41, *Field Trip Accounting*, or equivalent, to record trip fees and provide comprehensive data at the completion of each trip. We further recommend trip planning be

reviewed to ensure established fees are commensurate with trip expenses (see MCPS Financial Manual, p. 20-10).

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;
- Purchase invoices and receipts must be annotated as "Paid" to indicate disbursement was made;
- Funds collected by sponsors must be promptly remitted to the administrative secretary and promptly deposited in the bank (repeat);
- Cash handling by sponsors and administrative secretary can be reduced using OSP;
- Yearbook sponsor records must account for the number of books purchased, sold, distributed at no cost, ending inventory; and
- Field trip records 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 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 Mr. Michael Bayewitz, director of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:AMB:sd

Copy to:

Dr. Zuckerman`
Dr. Statham
Dr. Navarro
Dr. Kimball
Mr. Bayewitz
Mrs. Chen
Mrs. DeGraba
Mrs. Milwit

Fiscal Management Action Plan

School: Oak View Elementary School
Approved by community superintendent: _____

Principal: Jeffrey Cline
Date of approval: _____

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 verbal approval is sought from the principal, Form 280-54 will be prepared and signed by both requesting staff and the principal. The principal will ensure detailed documentation/rationale of the purchase is attached to the request. The invoices for the purchase will be signed and dated by the receiver.	As needed	Completed MCPS Form 280-54, with documentation of purchase, and receipt of purchase, signed by receiver
Purchaser must confirm receipt of goods or services prior to disbursement.	At the time of receipt of goods or services, purchasers will sign and submit invoices or other documented evidence of purchase indicating satisfactory receipt of all goods or services to the administrative secretary who will draw a check bearing two signatures of which one is of the principal. Documented supporting purchases will be stamped and filed by the administrative secretary.	As needed	Signed/stamped invoices Signed checks
Funds collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the administrative secretary and promptly deposited in the bank.	Sponsors will submit cash collected on a daily basis with MCPS Form 280-34, and the administrative secretary will make daily deposits, to include on the last working day of each month and before each weekend or holiday.	Daily funds submission, deposits daily as needed, last working day of the month, and before holidays and weekends	Receipts of funds submitted Bank deposit statements
Yearbook sponsor records will account for the number of books purchased, sold, distributed at no cost, and include the ending inventory.	Sponsor of the yearbook, will keep detailed records showing inventory, sales, giveaways, and prices charged. MCPS forms 280-50 and 281-25 will be completed by the sponsor and turned in to the administrative secretary for accounting.	As needed	Completed inventory records Completed MCPS Forms 280-50 and 281-25
Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate, and to reconcile funds collected with costs of trip.	Teachers will provide complete class or club rosters and note how much each student has paid, to include the date, and any waivers or scholarships for students. Sponsors will include if a student is not attending the trip or activity. Sponsors will provide this at the completion of the trip and compare remittance recorded to the trip account history report. Sponsors and the administrative secretary will use the data to plan for future trips. Sponsors will plan carefully to ensure that they do not overcharge or undercharge for a trip for students. Sponsors will use MCPS Form 280-41 to record trip fees and provide complete data at the end of each trip. The principal and	As needed	Completed Form 280-41 and any additional documents relevant to each trip

	administrative secretary will review to ensure that fees are appropriate.		
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Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, Room 11.