MEMORANDUM

To: Ms. Stacey M. Brown, Principal
    William Tyler Page Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
         February 1, 2014, through July 31, 2016

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 the IAFs are administered in accordance with MCPS policies, regulations, and procedures.

The 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 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 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 September 6, 2016, with you and Mrs. Jackie Harris-Dorsey, school administrative secretary, we noted that there were no reported findings in our prior audit report dated March 19, 2014. 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

On the day sponsors collect cash and checks for the IAF activities, they must remit all of the funds collected with MCPS Form 280-34: Independent Activity Fund (IAF) Remittance Slip, to the school administrative secretary. No expenditures may be made from funds collected. After verification of the amount of funds in the presence of remitters, the school administrative
secretary will issue to each remitter a receipt printed from the School Funds Online (SFO) accounting software program, and also print the SFO bank analysis form. Upon return from the bank, the school administrative secretary will attach to the MCPS Forms 280-34, the deposit slip annotated by the bank to acknowledge receipt of the funds, the SFO deposit analysis form and all copies of SFO receipts. This group of documents should be filed in deposit number order. We found instances in which fees for field trips were not promptly remitted, as well as other deviations from this required process (refer to the MCPS Financial Manual, chapter 7, page 4). We recommend compliance with MCPS cash handling procedures.

Review of field trip activities revealed that not all field trip sponsors are providing completed financial information to the school administrative secretary at the completion of a trip. Sponsors should record cost and fee information for each field trip on MCPS Form 280-41: Field Trip Accounting, or equivalent, and submit the data to the school administrative secretary when a trip is completed (refer to the MCPS Financial Manual, chapter 20, page 10). The record of the names of participants and sums collected strengthens internal controls by enabling the reconciliation of receipts to sums recorded in the field trip account. We recommend all sponsors be required to use MCPS Form 280-41, or equivalent, and follow the procedures outlined above.

Summary of Recommendations

- Cash handling process must conform to chapter 7 of the MCPS Finance Manual.
- Field trip sponsors must compile and turn over complete financial information at the conclusion of a 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 Unit within 30 calendar days of this report, with a copy to Ms. Audra M. Fladung, director of school support and improvement of elementary schools. In your response, please share a detailed plan for addressing these issues including appropriate staff training and support. The Office of School Support and Improvement will follow up on this audit.

RWP:LAS:ls
Copy to:
Members of the Board of Education          Mrs. DeGraba
Dr. Smith                                 Ms. Diamond
Dr. Navarro                               Ms. Fladung
Dr. Statham                               Mr. Ikheoa
Dr. Zuckerman                             
Mr. Civin                                 
Dr. Kimball                               
Mrs. Camp                                 
Mrs. Chen
MEMORANDUM

To: Roger Pisha, Supervisor
   Internal Audit Unit

From: Stacey M. Brown
      Principal

Subject: William Tyler Page Elementary School Audit Response

October 3, 2016

Please find the attached W. T. Page Elementary School audit response from February 1, 2014, through July 31, 2016. The response includes a copy of a Fiscal Management Action Plan addressing the specific audit findings. Please let me know if you have any questions or require additional information.

Thank you.

SMB:jhd

Copy to:
   Audra M. Fladung, Director of School Support and Improvement

Attachment
   Fiscal Management Action Plan
<table>
<thead>
<tr>
<th>Findings and Recommendations of School’s Financial Report</th>
<th>Description of Resolution And Person(s) Responsible</th>
<th>Timeline</th>
<th>Evidence of Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash handling process must conform to chapter 7 of the MCPS Finance Manual.</td>
<td>School Administrative Secretary has reviewed chapter 7 of the MCPS Finance Manual and will follow those procedures.</td>
<td>Immediately</td>
<td>School Administrative Secretary has reviewed the revision of chapter 7 and will follow those procedures.</td>
</tr>
<tr>
<td>Field trip sponsors must compile and turn over complete financial information at the conclusion of a trip.</td>
<td>Sponsors 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. Also, sponsors will include if a student is not attending the trip or activity. Sponsors will also provide this at the completion of the trip and compare remittance recorded to the trip account history report. The data will be used by the sponsors and administrative secretary 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. Trip planning will be reviewed by the administrative secretary and the principal to ensure that fees are appropriate.</td>
<td>At the conclusion of each field trip the school administrative secretary will remind sponsors to complete form 280-41. Sponsors who don’t comply, the principal will schedule a conference with individual(s).</td>
<td>Effective for FY17 School Year sponsors will be held accountable for submitting form 280-41. Principal will check with school administrative secretary to ensure the procedures are followed.</td>
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</tbody>
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Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, Room 11.