


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

June 6, 2018

MEMORANDUM

To: Mrs. Khanny Yang, Principal
Parkland Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2016, through March 31, 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 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.

At our May 30, 2018, meeting with you, and Mrs. Celia D. Chavez-Franco, school financial specialist, we reviewed our prior audit report dated December 19, 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

To properly control funds, all cash and checks collected by sponsors for the IAF activities should be remitted promptly to the school financial specialist together with MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*. These funds should then be verified in the presence of the remitter, and a receipt issued. The school financial specialist should then

promptly deposit the funds in the bank (refer to *MCPS Financial Manual*, chapter 7, page 4). We found instances in which funds were held by sponsors rather than being remitted in a timely manner to the school financial specialist on a daily basis, 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 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*. Trip approval forms should be signed by the principal, and the director of school support and improvement, 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 financial specialist 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.

Sixth grade students at each middle school in MCPS participate in a three-day, two-night residential outdoor environmental education program (OEEP) for which they are assessed a \$76 fee to reimburse MCPS for the cost of personal expenses associated with the program. Students unable to pay the OEEP fee receive waivers that must be reported to MCPS so that the total amount of the invoice billed to schools is adjusted accordingly. A school also may charge an activity fee in addition to the OEEP fee. If the combined total amount a student can afford to pay for the OEEP fee plus the school's activity fee equals \$76 or less, the entire combined amount received from the student is to be remitted to OEEP (refer to *OEEP Grade 6 Residential Program Handbook and Planning Information*, page 41). We found that the school did not correctly report all funds collected from students who were identified as needing assistance which then resulted in an underpayment to MCPS. We also noted that you collected funds from more students than for whom you were billed, indicating an inaccurate head count. We recommend that you review the procedures for reporting students needing financial assistance with the OEEP sponsor and that the financial assistance forms are reviewed for accuracy before they are submitted. We also recommend that you reconcile your account to determine that all students who paid and attended were properly reported to MCPS.

Summary of Recommendations

- Funds collected by sponsors must be promptly remitted to the school financial specialist.
- Remitted funds must be promptly verified, receipted, and deposited in the bank by the school financial specialist.
- 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.

- OEEP sponsor records must correctly report funds collected and waivers granted for all participating students.

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. Eric L. Minus, director of school support and improvement of middle schools. Based on the audit recommendations, Dr. Minus 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 financial specialist to support you with developing a well-defined plan to address the findings.

RWP:AMB:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Dr. Williams

Mrs. Camp

Mrs. Chen

Ms. Diamond

Dr. Minus

Mr. Tallur

Mr. Ikheloa

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 2017	Fiscal Year: 2017
School: Parkland MS - 812	Principal: Khanny Yang
OSSI Associate Superintendent: Dr. Darryl Williams	OSSI Director: Dr. Eric Minus
<u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>11/1/16 - 3/31/18</u> , strategic improvements are required in the following business processes :	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Training for all Instructional Leadership Team staff during the summer ILT meeting	Celia Chavez-Franco	Time at summer leadership meeting	Review of audit findings and review of all field trip and collection of funds information as noted in the MCPS Financial Manual and MCPS regulations	Principal and Celia Chavez-Franco	Review of audit findings and MCPS regulations and financial procedures on July 18, 2018 summer leadership meeting
Training for all staff members at pre-service meeting	Celia Chavez-Franco	Time during pre-service meeting with all staff members	Review of audit findings and review of all field trip and collection of funds information as noted in the MCPS Financial Manual and MCPS regulations	Principal and Celia Chavez-Franco	Review of audit findings and MCPS regulations and financial procedures at pre-service meeting in August with all staff members
Meeting with Outdoor Ed coordinator and 6th grade team leader during the summer to review correctly reporting funds and waivers granted for all participating students at outdoor education	Deborah Eskenazi-Perez (Outdoor ed coordinator) and Celia Chavez Franco	Review of OEEP Grade 6 Residential program Handbook and Planning Infor	Procedures for accurately reporting and reviewing students needing financial assistance. Reconciling payment and attendance of students	Deborah Eskenazi-Perez and Celia Chavez-Franco	Accurate reconciliation of payment, attendance and financial assistance for OEEP
Determining an end time for sponsors to turn in their funds and deadline completed data at the end of a trip promptly to the financial specialist.	Celia Chavez-Franco and Principal	MCPS Financial Manual	Time determined for turning in funds everyday Accountability of sponsors regarding completing their data at the end of a trip (e-mail/conference)	Celia Chavez-Franco and principal	Sponsors will turn in their funds in a timely manner and complete data at the end of their trips to the financial specialist

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	
<input checked="" type="checkbox"/> Approved <input type="checkbox"/> Please revise and resubmit plan by _____ Comments: _____ Director: <u></u> Date: <u>7/12/19</u>	