


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

October 2, 2015

MEMORANDUM

To: Ms. Barbara A. Liess, Principal
Kensington Parkwood Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
September 1, 2011, through August 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 September 25, 2015, with you and Mrs. Diane Fioravante, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated October 31, 2011, 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, *Request for a Purchase*, is used to obtain principal approval to proceed with an intended purchase (see MCPS Financial Manual, p. 20-6). 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. Invoices for goods or services must be signed by the purchaser to indicate satisfactory receipt, then marked or stamped "Paid" upon disbursement of funds, and attached to Form 280-54. In our random sample of disbursements, we again found prior approval was not always obtained when required, invoices were not always signed

by the recipient, and invoices were not stamped or marked "Paid." By requiring prior approval, 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, so that purchase orders and invoices bear a date subsequent to the approval date, and that all invoices are stamped or marked "Paid" and properly filed.

If an independent contractor is not currently listed in School Funds Online (SFO) as a districtwide vendor, IRS Form W-9 must first be obtained and forwarded to the Division of Controller (DOC) prior to making any payment. The DOC annually reviews payments made to all districtwide vendors for issuance of IRS Forms 1099 in compliance with federal tax reporting requirement (see MCPS Regulation DIA-RB, *Payment for Personal Services and Reimbursements for Expenses from School IAFs*). Among your disbursements, we found that payments for services to independent contractors did not follow these procedures. We recommend that payments for personal services be made and reported in compliance with the applicable regulations and procedures (see MCPS Financial Manual, p. 20-15).

Cash and checks collected by sponsors and other authorized individuals for IAF activities must be remitted to the administrative secretary on the day they are received, and must be accompanied by MCPS Form 280-34, *Remittance Slip*. We found instances in which staff collecting funds for field trips were holding funds rather than remitting them in a timely manner to the administrative secretary, and staff were not using Form 280-34 (see MCPS Financial Manual, p. 7-3). We recommend that all staff who collect funds for school activities be reminded of remittance requirements.

Review of field trip activities revealed that not all trip sponsors are providing completed financial information to the 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 administrative secretary when a trip is completed. The record of 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 Form 280-41, or equivalent and follow the procedures outlined above (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;
- Independent contractor payments must comply with MCPS Regulation DIA-RB;

- Funds collected by sponsors must be promptly remitted with MCPS Form 280-34 to the administrative secretary; 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 Mrs. Fioravante which greatly facilitated our audit. 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 Dr. LaVerne G. Kimball, associate superintendent of elementary schools. The Office of School Support and Improvement will follow up on this audit.

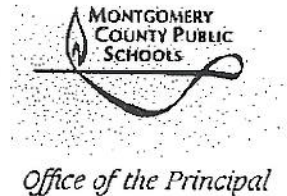
RWP:GB:sd

Copy to:

Dr. Zuckerman
Dr. Statham
Dr. Navarro
Dr. Kimball
Mrs. Chen
Mrs. DeGraba
Mrs. Milwit
Dr. Sirgo


Kensington Parkwood Elementary School

4710 Saul Road
Kensington, Maryland 20895
301-571-6949 Fax: 301-571-6953



November 11, 2015

MEMORANDUM

To: Dr. Sarah Sirgo, Director
From: Ms. Barbara Liess, Principal 
Subject: Response to the Audit of Independent Activity Funds for the period
September 1, 2011, through August 31, 2015

This memorandum is in response to Kensington Parkwood's Audit of Independent Activity Funds for the period September 1, 2011 through August 31, 2015. We have addressed the points raised in the report dated October 2, 2015 as well as in our meeting on November 3, 2015. Attached is a copy of our fiscal management action plan.

As suggested, procedures regarding purchase requests as well as field trip funds have been reviewed with staff members to be implemented with fidelity. The auditor's sample revealed that not all purchase received prior written approval. However, in these cases the purchases were all requested by the principal. In response, form 280-54 will be prepared at the time of verbal approval for all orders.

The audit noted that independent contractor payments must comply with MCPS Regulation DIA-RB. The sample included funds paid to contractors. At the time the audit report was generated, George Beall was unable to find the contractor on the prior approval list. However, at the time of our meeting Mr. Pisha shared that the contractor was on the approved list and changes were made to that effect.

Attachment

Copy to:
Mr. Roger W. Pisha, Supervisor, Internal Audit

Fiscal Management Action Plan

School: Kensington Parkwood Elementary School

Principal: Barbara A. LiessApproved by community superintendent: Sarah SirgoDate of approval: 11/3/15 SLA

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 that 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. Person(s) Responsible: Administrative Secretary, Principal, Requesting Purchaser	As needed	Complete Form 280-54, with documentation of purchase.
Purchaser must confirm receipt of goods or services prior to disbursement.	Purchaser will sign supporting documentation to confirm receipt of goods or services and submit to Administrative Secretary with the pre-approved Form 280-54.	As needed	Signed documentation of purchase.
Purchase invoices and receipts must be annotated as "Paid" to indicate disbursement was made.	Person Responsible: Requesting Purchaser All supporting documentation will be annotated as "Paid" when disbursement is made. Person Responsible: Administrative Secretary	As needed	Receipts/invoices stamped "Paid".
Independent contractor payments must comply with MCPS Regulation D/A-RB.	Prior to authorization of any payments to independent contractors verification will be made to insure that they are on the approved vendor list. Copies of W-9 forms will be required from all independent contractors. Person(s) Responsible: Administrative Secretary, Principal	As needed	Copies of W-9 forms filed with completed Form 280-54.
Funds collected by sponsors must be promptly remitted with MCPS Form 280-34 to the administrative secretary.	Cash collected by sponsors will be submitted to the Administrative Secretary and documented using Form 280-34. Administrative secretary will sign form as documentation of receipt and return a copy of the signed form to the sponsors for their records. Cash will be submitted by sponsors on a daily basis. Person(s) Responsible: Sponsors, Administrative Secretary, Principal	Daily sponsor submission of funds Immediate receipt of funds	Completed Form 280-34 documenting funds submitted and bank deposit receipts.

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.	<p>Sponsors will use Form 280-41 to provide a complete class roster and note how much each student has paid, including the date, any waivers or scholarships for students. Upon completion of the trip, sponsors will check to make sure that funds collected matches the field trip accounting report.</p> <p>The administrative secretary will keep all supporting documentation for each field trip.</p> <p>Person(s) Responsible: Teachers, Field Trip Sponsor, Administrative Secretary, Principal</p>	As needed for field trips	Completed Form 280-41 and any additional documents relevant to each trip.
---	---	---------------------------	---

Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, Room 11.