


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 7, 2016

MEMORANDUM

To: Mrs. Rachel C. DuBois, Principal
Piney Branch Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
July 1, 2013, through October 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 November 30, 2016, with you, Mrs. Cinthea E. Greenberg, assistant principal; Ms. Sarah D. Jimenez, staff development teacher; and Mrs. Victoria M. Welch, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated September 3, 2013, 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

School Funds Online (SFO) receipts are to be filed with their respective remittance slip and a copy of the deposit confirmation received from the bank in sequential order. We noted that receipts were filed with activity records rather than following this process. We recommend that all SFO receipts be filed in sequential order with the appropriate deposit information to ensure control of the receipt process (refer to *MCPS Financial Manual*, chapter 7 page 4).

Sponsors of field trips should have a complete class or club roster of student names to annotate the amount each student paid, eligible students who did not participate in the trip, and students who received waivers, scholarships or reduced fees. This data 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. The data also should be used to estimate the cost of future trips. We found that not all sponsors provided completed data at the conclusion of each trip, and that data was not compared to the final account history report nor used for planning future trips. In addition, we found instances where fees collected exceeded sums needed to pay for a trip. We recommend trip sponsors use MCPS Form 280-41: *Field Trip Accounting*, or its equivalent, for the recording of trip fees and provide complete data at the completion of each trip. We further recommend trip planning be reviewed to ensure established fees are commensurate with trip expenses (refer to *MCPS Financial Manual*, chapter 20 page 10).

Summary of Recommendations

- Controls over the receipt process must comply with the *MCPS Financial Manual*.
- 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.
- Field trip planning should be reviewed to ensure established fees are commensurate with trip expenses.

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 Mr. Eric A. Wilson, 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:CPP:lsh

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Dr. Johnson

Mr. Civin

Dr. Kimball

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Wilson

Mr. Ikheloa

Piney Branch Elementary School

7510 Maple Avenue
Takoma Park, Maryland 20912

December 20, 2016

MEMORANDUM

To: Mr. Roger Pisha, Internal Audit Unit Supervisor
From: Rachel C. DuBois, Principal *RD*
Subject: Response to report on Audit of Independent Activity Funds

Attached are the actions that Piney Branch Elementary School has taken to correct the areas of concern identified by Ms. Carol Parker-Perez, during our internal audit.

Please feel free to contact me at 301-891-8000 or via email at Rachel_C_DuBois@mcpsmd.org with any questions or concerns.

RD:vw

Copy to:
Mr. Eric Wilson
Marla Yoho
Lana Haddad

Fiscal Management Action Plan

School: **Piney Branch Elementary School**
 Approved by OSSI Director: _____

Principal: **Rachel DuBois**
 Date of approval: _____

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p>School Funds Online Receipts Controls over the receipt process must comply with the MCPS Financial Manual.</p>	<p>SFO receipts are to be filed with their respective remittance slip and a copy of the deposit confirmation received from the bank in sequential order, not with activity records.</p> <p>The administrative secretary will provide sponsors with a monthly statement of their accounts and they will verify the transactions, and that they are accurate. The administrative secretary will send an email to sponsors requesting their signature on the statement. She will also provide them with a hard copy of the statement. After resolution of any discrepancies, the statements will be signed and dated by the sponsors and kept on file. The administrative secretary will organize monthly statements in folder to be stored in a file cabinet containing financial documents and agreements</p> <p>Person(s) Responsible: Bookkeeper, administrative secretary and account sponsors.</p>	<p>Once per month. In practice beginning January 2017.</p>	<p>Signed and dated statements.</p>
<p>Funds for Sponsored Activities Funds collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the administrative secretary and promptly deposited.</p>	<p>Cash collected by sponsors will be counted in front of the administrative secretary and documented using form 280-34. Administrative secretary will sign form as documentation of receipt and sponsors will make a copy of the signed form for their records. Cash will be submitted by sponsors on a daily basis. Administrative secretary will make daily deposits.</p> <p>Person Responsible: Administrative secretary, sponsors</p>	<p>Daily sponsor submission of funds. Immediate receipt of funds (signature and signed copy of form) Deposits daily as needed.</p>	<p>Receipts of funds submitted and bank deposit statements.</p>
<p>Field Trip Planning and Funds 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.</p>	<p>Sponsors will use MCPS Form 280-41 to provide complete class or club rosters and note how much each student has paid, include the date, and any waivers or scholarships for students. At the completion of the trip, sponsors will check to make sure that the trip account history report matches with the funds they have collected. Sponsors will plan carefully to ensure that they do not overcharge or undercharge for a trip for students. Sponsors 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.</p> <p>The administrative secretary will keep all supporting documentation for each field trip together.</p> <p>Person(s) Responsible: Administrative secretary, Teachers, sponsors, principal</p>	<p>As needed. In practice beginning January 2017.</p>	<p>Completed Form 280-41 and any additional documents relevant to each trip. Final balances verify that trip expense was appropriately calculated.</p>

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