

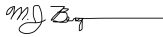
Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 08, 2020

MEMORANDUM

To: Mr. Douglas M. Robbins, Principal
Poolesville Elementary School

From: Mary J. Bergstresser, Supervisor, Internal Audit Unit

Subject: Report on Audit of Independent Activity Funds for the Period 
December 1, 2017, through September 30, 2020

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 fund raisers. They are responsible for ensuring that the IAFs are administered in accordance with Board of Education policies and MCPS regulations and procedures.

The IAF audits are conducted regularly to evaluate compliance with 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 any significant errors or omissions in the financial records are detected.

At our October 30, 2020, meeting with you; Ms. Jessica R. D'Aiutolo, school administrative secretary; and Mrs. Mary J. Phillips, visiting bookkeeper, we reviewed the prior audit report dated February 1, 2018, 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

The school must utilize the standard IAF chart of accounts (refer to the *MCPS Financial Manual*, chapter 20, page 11). We found instances of nonconformity and recommend that the school's accounts be brought into compliance with the latest chart of accounts. We further recommend accounting transactions conform to IAF chart of accounts.

Transfers of funds between general ledger accounts may be made only after MCPS Form 281-46, *Independent Activity Funds–Transfer*, has been executed by both the account sponsor and the principal. Transfers must be fully documented and adhere to MCPS guidelines for allowable uses of funds. In your action plan, you indicated that all transfers would be executed on MCPS form 281-46. We found that transfers of funds were executed without completion of MCPS form 281-46. In addition, we found that descriptions used on transfers did not convey the nature of the funds movement. To improve internal controls, the school administrative secretary must be instructed to execute transfers only according to requests approved by the principal, or acting principal, on MCPS form 281-46 and that transfer descriptions be clear to convey to the sponsor what was transferred (refer to the *MCPS Financial Manual*, chapter 20, page 12).

MCPS Form 281-55, *Restricted Independent Activity Fund (IAF) Purchases (OOF)*, specifies what type of purchases require the Office of Finance (OOF) approval to commit IAFs. During our review of disbursements, we found that prior written approval of the OOF was not requested for permission to use IAF funds to purchase a Promethean (flat panel) board, (refer to the *MCPS Financial Manual*, chapter 20, page 5). We recommend use of Form 281-55, when appropriate, to ensure compliance with MCPS procurement requirements.

Fund raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund Raiser*. We found that there was a lack of adherence to these guidelines. We found not all sponsors were preparing fund-raiser request forms to obtain principal approval prior to the start of an activity and many fund raisers were actually run by the PTA. All school fund-raising activity must be separate from PTA fund raising. We also noted not all sponsors were submitting a completion report when the fund raiser was finalized. Following these internal control procedures provides for accountability of funds raised, as well as the opportunity to evaluate the results at the conclusion of the event. We recommend that each fund raiser be approved in writing by the principal and the approval retained in the school office. Financial activities for each fund-raising activity should be recorded in a separate account in the 7000 series and a completion report prepared that analyzes the results (refer to the *MCPS Financial Manual*, chapter 20, page 13).

Sponsors of field trips must 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, must be provided to the school administrative secretary at the completion of each trip, and compared to remittances recorded in the trip account history report (refer to the *MCPS Financial Manual*, chapter 20, page 10). In your action plan, you indicated that all staff would provide a complete accounting of fees collected on MCPS form 280-41, *Field Trip Accounting*. 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 trip sponsors be required to provide complete data at the conclusion of each trip and this data be reconciled by the school administrative secretary with remittances recorded in activity accounts.

Notice of Findings and Recommendations

- Accounting transactions must conform to the IAF standard districtwide chart of accounts **(repeat)**.
- Transfers between accounts must be fully documented on MCPS form 281-46 **(repeat)**.
- IAF purchase of Promethean (flat panel) boards must be approved using MCPS Form 281-55.
- Fund raising must conform to *Guidelines for Sponsoring an IAF Fund Fund Raiser*.
- Field trip records prepared by sponsors must provide comprehensive data to account for all eligible to participate, including volunteers and chaperones, and to reconcile funds collected with account history report **(repeat)**.

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. Jane Q. Ennis, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools. Based on the audit recommendations, Dr. Ennis will indicate whether she will conduct an electronic review of your action plan or schedule a time to meet in person with you and your school administrative secretary to support you with developing a well-defined plan to address the findings.

MJB:ABP:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Ms. Stratman

Mrs. Williams

Dr. Wilson

Ms. Morris

Mrs. Camp

Mrs. Chen

Dr. Ennis

Mr. Marella

Mr. Reilly

Mr. Tallur

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

DATE: 01/22/21

Report Date: 12/8/20	School: Poolesville ES	Principal: Douglas Robbins	OTLS Director: Dr. Jane Ennis	OTLS Associate Superintendent: Mrs. Diane Morris
Fiscal Year: 12/8/20				

Strategic Improvement Focus: As noted in the financial audit for the period 2017-2020, strategic improvement are required in the following business process:

Action Steps	Person Responsible	Monitoring Tools/Data Points	Monitoring Who/ When	Results/ Evidence
Finding: Accounting Transactions must conform to the IAF standard district wide chart of accounts	Ms. D'Aiutolo will ensure all IAF accounts are compliant with the standard district wide chart of accounts. All accounts have been updated and or corrected.	IAF Accounts	Ms. D'Aiutolo- Effective Immediately Principal, Douglas Robbins (End of Year)	Can be viewed in the next audit.
Finding: Transfers between accounts must be fully documented on MCPS form 281-46	Ms. D'Aiutolo will complete MCPS form 281-46, documenting all transfers between IAF accounts.	IAF Accounts	Ms. D'Aiutolo- Effective Immediately Principal, Douglas Robbins (Monthly)	Can be viewed in the next audit.
Finding: IAF purchase of Promethean board (flat panel) must be approved using MCPS form 281-53	<i>Procurements requiring the principal to obtain prior written authorization from the COO/designee using MCPS Form 281-53, (Promethean Boards)</i> When ordering items that require additional approval, Ms. D'Aiutolo will request required authorization using MCPS form 281-53.	Form 281-53 Used to obtain approval for items Restricted IAF Purchaser Request for COO Approval.	Ms. D'Aiutolo- When needing proper authorization for specific purchases. Principal- Douglas Robbins (if requesting)	Can be viewed in the next audit.

FINANCIAL MANAGEMENT ACTION PLAN

DATE: 01/22/21

<p>Finding: Fundraising must conform to guidelines for Sponsoring and IAF fundraiser.</p>	<p>Ms. D’Aiutolo will ensure that ALL MCPS procedures and guidelines are followed when conducting a school fundraiser.</p> <ul style="list-style-type: none"> ● Fundraiser Request Form ● Fundraiser Completion Report ● MCPS Form 280-50, Tickets and Cash Report of Admissions Manager ● MCPS Form 281-22, Sale of Merchandise Analysis 	<p>Business Section of MYMCPS- <i>FUNDRAISING</i></p>	<p>Ms. D’Aiutolo- When conducting a school fundraiser</p> <p>Principal, Douglas Robbins</p>	<p>Can be viewed in the next audit.</p>
<p>Finding: Field trip records prepared by sponsors must provide comprehensive data to account for all eligible to participate, including volunteers and chaperones and to reconcile funds collected with account history reports.</p>	<p>-Ms. D’Aiutolo will use the <i>field trip calculator</i> to determine the cost for <u>all</u> participating in the field trip.</p> <p>-All required correspondence/ forms will be sent to families with detailed/required information about the field trip.</p> <p>-All sponsors will have access to the field trip accounting spreadsheet to record the receipt of money received.</p> <p>-Ms. D’Aiutolo will have sponsors responsible for the field trip complete ALL SECTIONS of MCPS forms- <i>280-51 (field trip accounting form)</i> <i>280-34 (Remittance Form)</i> before turning in the money to Ms. D’Aiutolo to deposit.</p>	<p>Business Section of MYMCPS- <i>FIELD TRIPS</i></p>	<p>Ms. D’Aiutolo- When scheduling a school field trip.</p> <p>Principal, Douglas Robbins</p> <ul style="list-style-type: none"> - Each trip scheduled 	<p>Can be viewed in the next audit.</p>

FINANCIAL MANAGEMENT ACTION PLAN

DATE: 01/22/21

--	--	--	--	--

Jane Q Ennis

Jane Q Ennis

1-22-2021