


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

June 22, 2015

MEMORANDUM

To: Miss Deena Levine, Principal
Poolesville High School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
July 1, 2013, through March 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 June 12, 2015, with you and Mrs. Susan Krouner, business administrator, we reviewed the status of the conditions described in our prior audit report dated September 24, 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

The senior class sponsor should get documented approval from the class prior to graduation for the disposition of any remaining balance in the class account at the end of the school year. These funds should be transferred to appropriate accounts or expended according to the plan approved

by the class (see MCPS Financial Manual p. 20-11). We found that remaining account balances from two prior graduated senior classes had been transferred from the class accounts to a general IAF class account without documentation to indicate prior student approval for specific purchases. We recommend that the senior class sponsor meet with class officers early in the senior year to approve a spending plan for any funds remaining at the end of the school year after all account activity has been recorded.

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. 20-4). 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. In our random sample of disbursements, we found that some disbursements did not have adequate documentation to fully explain the reason for the expenditure, and invoices were not always signed by the receiver. In addition, recorded transaction descriptions were often too general to be informative, and we found several transactions that were mistakenly posted to the wrong accounts. By requiring complete documentation with the purpose of the disbursement fully described, the financial specialist will have sufficient information to record disbursements in correct accounts, and financial reports will be more meaningful. We recommend that Form 280-54, include complete descriptions of expenditures to ensure that the financial specialist has sufficient information to record transaction in appropriate accounts, and that these descriptions be recorded in the accounting software. In addition, we recommend that complete documentation be attached to fully explain the reason for the purchase.

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 financial specialist 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 future trips. We found that not all sponsors are providing completed data at the conclusion of each trip. We also found some field trip fees were not being remitted in a timely manner. To minimize the risk of loss, all funds collected should be given to the financial specialist daily. We recommend trip sponsors use MCPS Form 280-41, *Field Trip Accounting*, or its equivalent, for recording of trip fees and provide complete data at the completion of each trip (see MCPS Financial Manual, p. 20-10).

Summary of Recommendations

- The senior class should approve expenditures from their IAF account;
- Purchaser must confirm receipt of goods or services prior to disbursement;
- Purchase documentation must be adequate to support disbursements;

- 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; and
- Funds collected by sponsors must be promptly remitted to the financial specialist.

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 office within 30 days of this report, with a copy to Dr. Christopher S. Garran, associate superintendent of high schools. The Office of School Support and Improvement will follow up on this audit.

RWP:DKH:sd

Copy to:

Dr. Zuckerman
Dr. Statham
Dr. Navarro
Dr. Garran
Mr. Sanderson
Mrs. Chen
Mrs. DeGraba
Mrs. Milwit

Fiscal Management Action Plan

School: Poolesville High School

Principal: Deena Levine

Approved by community superintendent: Darryl Williams

Date of approval: 7/1/15

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
The senior class should approve expenditures from their LAF account.	At the beginning of each school year, the senior class sponsor will hold a meeting with the senior class officers to discuss what item(s) will be purchased with the balance of any remaining senior class monies after all activities/accounts have been closed.	ASAP	Minutes from senior class meeting
Purchaser must confirm receipt of goods or services prior to disbursement.	Person Responsible: Senior Class Sponsor Staff will be reminded to confirm receipt of goods or services prior to any disbursement of funds. All pending disbursements will be reviewed by the Financial Specialist when 280-54s are submitted. The Business Administrator will also review information prior to approval.	ASAP	Notation on documentation as received.
Purchase documentation must be adequate to support disbursements.	Person(s) Responsible: Staff, Financial Specialist, Business Administrator All 280-54s will contain accompanying documentation to support disbursements. All documentation will be reviewed by the Financial Specialist when 280-54s are submitted. The Business Administrator will also review information prior to approval.	ASAP	280-54s will not be approved if accompanying documentation is not provided.
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 or the trip.	Person(s) Responsible: Staff, Financial Specialist, Business Administrator Because all of the FY15 field trip accounts were not closed out at the time of audit, those packets did not yet contain all records necessary for account closure. With the establishment of a new email notification system, all field trip accounts will be closed no later than 2 weeks subsequent to the field trip date.	ASAP	Field Trip Completion Reports dated no later than 2 weeks after the field trip date.

Deena Levine

<p>Funds collected by sponsors must be promptly remitted to the Financial Specialist.</p>	<p>We will continue to educate our sponsors regarding the prompt submission of collected monies through emails and individual meetings with sponsors. In addition to providing information to staff during pre-service week, a PowerPoint presentation is posted in T-Shared that contains pertinent financial information. And, as OSP is used more frequently, staff will not be as involved with money collection and submission.</p> <p>Person(s) Responsible: Sponsors, Financial Specialist, Business Administrator</p>	<p>ASAP</p>	<p>OSP utilization, updated PowerPoint in T-Shared, emails to staff.</p>
---	---	-------------	--

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