


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

February 5, 2018

MEMORANDUM

To: Mrs. M Deneise Hammond, Principal  
Rachel Carson Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
January 1, 2015 through December 31, 2017

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 and are 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 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 January 31, 2018, meeting with you and Mrs. Mary B. Foringer, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated January 29, 2015, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2017. 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, *Independent Activity Funds Request for a Purchase*, is used to obtain principal approval to proceed with an intended purchase. 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. A check may then be drawn and it must bear two signatures, one of which is that of the principal or acting principal. The school administrative secretary will mark the documentation as "paid" (refer to *MCPS Financial Manual*, chapter 20, page 4). In our sample of disbursements, we found that documentation supporting purchases was not annotated by the recipient to indicate purchased goods or services were satisfactorily received and documentation was not stamped or marked "paid" after the check was prepared. We recommend that documentation be marked by the recipient to indicate that goods or services were satisfactorily received and that documentation be stamped "paid" once the check has been written.

Fund-raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund Raiser*. Each fund-raiser should be approved by the principal in writing 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). We found that there was a lack of adherence to these guidelines. We recommend following these internal control procedures to provide for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion of the event.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips and Student Organization Trips*. Trip approval forms signed by the principal, and the director of school support and improvement, when required, should be retained. 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 administrative secretary at the completion of each trip, and compared to remittances recorded in the trip account history report (refer to *MCPS Financial Manual*, chapter 20, page 10). We found that data from the sponsors is not being compared to the final account history report. We recommend that the trips be reconciled to ensure that the accounts agree with the sponsor's accounting of the trip.

#### Summary of Recommendations

- Purchaser must confirm receipt of goods or services prior to disbursement.
- Purchase invoices and receipts must be stamped "paid" to indicate disbursement was made.
- Fund-raising must conform to *Guidelines for Sponsoring an IAF Fund Raiser*.
- Field trip records prepared by sponsors must be reconciled to funds collected.

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 Ms. Loretta M. Favret, director of school support and improvement of elementary schools. Based on the audit recommendations, Ms. Favret 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 financial agent to support you with developing a well-defined plan to address the findings.

RWP:SMY:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Dr. Kimball

Mrs. Camp

Mrs. Chen

Ms. Diamond

Ms. Favret

Mr. Reilly

Mr. Tallur

Mr. Ikheloa

## FINANCIAL MANAGEMENT ACTION PLAN

**Report Date:** February 20, 2018

**Fiscal Year:** February 20, 2018

**School:** Rachel Carson ES - 159

**Principal:** Mrs. M. Deneise Hammond

**OSSI**

**Associate Superintendent:** Dr. LaVerne Kimball

**OSSI**

**Director:** Mrs. Loretta Favret

**Strategic Improvement Focus:**

As noted in the financial audit for the period 1/1/15-12/31/17, strategic improvements are required in the following business processes :

disbursements, fund raising and field trips

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Purchasers will highlight items on invoice/packing slips that were not received, sign the slip and return them to Mrs. Foringer. Mrs. Foringer will stamp them as "received." This process will be shared during Summer Leadership Team meetings and included in the Staff Handbook.	Mrs. Hammond Mrs. Foringer	None	Invoice/Packing slips	When items are received or services rendered by purchaser	280-54 and attached documentation marked as received prior to payment
Mrs. Foringer purchased a "Paid" stamp and has been stamping purchase invoices and receipts once the disbursement is made. She will continue this process indefinitely.	Mrs. Hammond Mrs. Foringer	None	All requests (280-54)	Reviewed when making any payments by Mrs. Foringer	280-54 and attached documentation stamped "Paid" once the check has been written
Mrs. Hammond will authorize or deny fundraising activity on a Fund Raiser Request form submitted by the event sponsor. If approved, the event sponsor will meet with Mrs. Foringer to ensure that the Guidelines for Sponsoring an IAF Fund Raiser are followed. This process will be shared during pre-service and included in the Staff Handbook.	Mrs. Hammond Mrs. Foringer	None	Fund Raiser Request forms  Account created for each fund raiser	Approved by Mrs. Hammond and reviewed by Mrs. Foringer once the fund raiser is complete	Fund Raiser Request Form and completion report; account for each fund raiser recorded in a separate account in the 7000 series
Field trip funds will be submitted to the office by 9:30 a.m. daily. Mrs. Foringer will check the records and funds collected and notify Mrs. Hammond and the field trip sponsors of any discrepancies.	Mrs. Hammond Mrs. Foringer	None	Field trip records submitted daily leading up to the trip	Reviewed daily leading up to the field trip by Mrs. Foringer	Class rosters annotated with amount each student paid by cash or check, date paid, eligibility for scholarships attached to a list of all chaperones

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**

☒ Approved      ☐ Please revise and resubmit plan by \_\_\_\_\_

Comments:

Director:

*Louise Lavret*

Date:

*2/20/18*