


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

March 28, 2019

MEMORANDUM

To: Mr. Kevin M. Burns, Principal  
Rock Creek Valley Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
October 1, 2015, through January 31, 2019

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 fundraisers. They are responsible for ensuring that the IAFs are administered in accordance with Board of Education policies, 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 March 18, 2019, meeting with you; Miss Ilana S. Carr, assistant principal; Mrs. Lizbeth C. Roop, school administrative secretary; and Ms. Linda Chrisler, visiting bookkeeper, we reviewed the status of the conditions described in our prior audit report dated November 17, 2015, 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, *Independent Activity Funds Request for a Purchase*, is used to obtain principal approval to proceed with an intended purchase (refer to *MCPS Financial Manual*, chapter 20, page 4). After the purchase is completed, the purchaser needs to submit the invoice or receipt as evidence of the purchase to the school administrative secretary to support the disbursement. We found

instances where purchases were not approved in advance and documentation was missing or not adequate to support the purchase. We recommend that MCPS Form 280-54 be completed by staff for principal approval prior to procurement and that adequate purchase documentation be submitted to the school administrative secretary to support disbursements.

Use of the MCPS purchasing card must be in accordance with the requirements of the MCPS *Purchasing Card User's Guide*. By the fifth business day of the following month, cardholders must use the online reconciliation program to identify, describe, and review transactions. Monthly statements must be printed and provided to the principal, with all purchase receipts and invoices attached. The principal must approve cardholder's transactions within ten business days after the cardholder has reviewed their transactions. The principal's card transactions are to be reviewed and approved by the respective director of learning, achievement, and administration, Office of School Support and Improvement. We found cardholders had not promptly prepared their monthly statements or provided purchase receipts. We also found outstanding approvals for the principal's purchases. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Fund-raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund-Raiser*. We found improved efforts to follow the guidelines for fund-raiser approvals, but the completion reports for fund-raisers are not being reviewed and contained incorrect data. Unrelated expenditures also were found in fund-raiser accounts. We recommend a completion report be prepared and reviewed to determine if entries in the fund-raiser account are correct in order to improve accurate analysis of the results for future decisions related to fund-raisers (refer to *MCPS Financial Manual*, chapter 20, page 12).

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips, and Other Student Organization Trips*. We found improvement in organizing field trip files, obtaining approvals, and using the field trip cost calculator; however, field trip sponsors are not providing MCPS Form 280-41, *Field Trip Accounting*, or equivalent, to the school administrative secretary on a consistent basis when a trip is completed (refer to *MCPS Financial Manual*, chapter 20, page 10). We recommend that sponsors be required to use Form 280-41, or equivalent, and with the assistance of the school administrative secretary, prepare a reconciliation of field trip accounts that are reviewed to ensure established fees are commensurate with trip expenses.

### Summary of Recommendations

- Purchase requests must be approved by the principal prior to procurement (**repeat**).
- Purchase documentation must be adequate to support disbursements (**repeat**).
- Purchase card activity must comply with the MCPS *Purchasing Card User's Guide*.
- Fund-raisers must follow MCPS *Guidelines for Sponsoring an Independent Activity Fund Fund-Raiser* (**repeat**).
- Field trip records must provide comprehensive data to account for all students eligible to participate and to reconcile funds collected with costs of the trip (**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. Sarah E. Sirgo, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Sirgo 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.

RWP:KMH:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Mrs. Dyson

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Reilly

Dr. Sirgo

Mr. Tallur

Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> 2019	<b>Fiscal Year:</b> 2019
<b>School:</b> Rock Creek Valley ES - 819	<b>Principal:</b> Mr. Kevin Burns
<b>OSSI Associate Superintendent:</b> Ms. Cheryl Dyson	<b>OSSI Director:</b> Dr. Sarah Sirgo
<b>Strategic Improvement Focus:</b> As noted in the financial audit for the period <u>10/1/15-1/31/19</u> , strategic improvements are required in the following business processes :	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
<b>Purchase Request Approval</b> At the time that verbal approval is sought from the principal, Form 280-54 will be prepared and signed by both requesting staff and principal. The principal will ensure detailed documentation of the purchase is attached to the request prior to signing.	Administration Administrative Secretary Staff requesting purchase	Completed Form 280-54	Staff members who do not secure advance approval will not receive purchases	Administrative Secretary Principal Procedure began February 1, 2019	Completed form 280-54, with documentation of purchase, and receipt of purchase, signed by receiver
<b>Documenting Reimbursements</b> All supporting documentation, 280-54, must be attached with reimbursement check. Once a check as been signed, the administrative secretary will stamp original receipt "paid."	Administrative Secretary	Completed Form 280-54	Administrative secretary will keep all supporting documentation	Administrative Secretary  Procedure began February 1, 2019	Completed Form, 280-54 with documentation of purchase and receipt of purchase (stamped as "paid").
<b>Field Trip Planning and Funds</b> Sponsors will use form 280-41 to provide complete class or club rosters and note how much each student has paid and include the date. At the completion of the trip, sponsors will check to make sure the account history report matches with the funds they have collected.	Administrative secretary Sponsors Teachers Principal	Form 280-41	Administrative secretary will keep all supporting documentation for each field trip together	Administrative secretary  Procedure began February 1, 2019	Completed Form 280-41 and any additional documents relevant to each trip.
<b>Fundraising Activities</b> All fundraisers will be preapproved using form created by administrative secretary. All fundraisers will have their own sub account in the SFO accounting system.	Administrative secretary Sponsors Teachers Principal	SFO subaccount	Administrative secretary will keep all supporting documentation	Administrative secretary  Procedure began February 1, 2019	Signed approval form for fundraiser and supporting document

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Purchase Card Reconciliation of monthly statement will be completed within 5 working days of the statement notification each month.	Administrative Secretary Principal	Monthly reports	Monthly report with the receipts submitted to the OSSI Director by Administrative Secretary	Administrative secretary  Procedure began February 1, 2019	Completed monthly log with signature by OSSI Director

OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL	
<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments:	
Director: <u>John Jago</u>	Date: <u>4/26/19</u>