


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

October 2, 2019

MEMORANDUM

To: Ms. Jennifer Redden, Acting Principal  
Ritchie Park Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
August 1, 2017, through July 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 September 23, 2019, meeting with you and Ms. Melissa M. Sander, school administrative secretary, we reviewed our prior audit report dated September 20, 2017, and the status of present conditions. It should be noted that your appointment as acting principal was effective on July 15, 2019. 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 the principal's approval to proceed with an intended purchase. After acquisition, the purchaser should submit the invoice or documented evidence of purchase, annotated to indicate the

satisfactory receipt of the goods or services, to the school administrative secretary. Upon disbursement, the documentation is to be stamped or marked "paid" to preclude duplicate payment (refer to *MCPS Financial Manual*, chapter 20, page 6). In our sample of disbursements, we noted instances in which purchases were made prior to receiving the approval of the principal, invoices were not annotated by purchasers to indicate that purchased goods or services were satisfactorily received, and documents supporting purchases were not consistently stamped or marked "paid." All IAF purchases must comply with MCPS procedures.

To properly control funds, all cash and checks collected by sponsors for IAF activities need to be remitted promptly to the school administrative secretary. These funds should then be verified in the presence of the remitter and a receipt that is supported by MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, be issued promptly (refer to *MCPS Financial Manual*, chapter 7, page 4). We found instances in which funds were held by sponsors rather than being remitted on a daily basis to the school administrative secretary and not always promptly deposited into the school's bank account. To minimize the risk of loss and provide availability of funds to meet school needs, we recommend that all funds collected be remitted daily to the school administrative secretary for prompt deposit.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips, and Student Organization Trips*. Trip approval forms should be signed by the principal, and the director of learning, achievement, and administration, when required, and retained for future reference. 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. 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 all sponsors be required to use MCPS Form 280-41, *Field Trip Accounting*, or equivalent and follow the procedures outlined above.

### Summary of Recommendations

- Purchase requests must be approved by the principal prior to procurement.
- Purchaser must confirm receipt of goods or services prior to disbursement.
- Purchase invoices/receipts must be annotated as "paid" to indicate disbursement was made.
- Remitted funds must be promptly verified, receipted, and deposited in the bank by the school administrative secretary.
- Field trip records that are 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.

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. Peter O. Moran, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Moran will indicate whether he 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:AMB:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Mrs. Dyson

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Reilly

Mr. Tallur

Dr. Moran

Mr. Marella

Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> 10/2/19-FY 20	<b>Fiscal Year:</b> 10/2/19-FY 20
<b>School:</b> Ritchie Park ES - 227	<b>Principal:</b> Ms. Jennifer Redden
<b>OSSI Associate Superintendent:</b> Mrs. Cheryl Dyson	<b>OSSI Director:</b> Dr. Peter Moran
<p><b>Strategic Improvement Focus:</b>          As noted in the financial audit for the period <u>8/1/17-7/31/19</u>, strategic improvements are required in the following business processes :</p> <p>Independent Activity Funds (Request for Purchases and Field Trips)</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
MCPS form 280-54 will be completed and approved by principal before proceeding with intended purchase. The purchaser will indicate satisfactory of goods or services to the administrative school secretary. Will continue to ensure all receipts and invoices are marked received and paid.	Administrative Secretary	MCPS Financial manual; Form 280-54	FMS iReceivables	Principal and administrative secretary weekly check of iReceivables	FY20 and forward will show evidence of principal's approval on the 280-54. All receipts will be marked received and paid before disbursement.
Staff has been reminded to turn in remittance forms/money daily. Funds will be verified in front of remitter and receipt issued promptly (MCPS form 280-34). Administrative secretary will continue to deposit funds daily into the school account.	Administrative Secretary  School Staff	Financial manual; Form 280-34; IAF reminders for sponsors	Monthly IAF reconciliation report	Principal and admin. secretary will remind sponsors monthly (or as needed) regarding deposits.	FY20 and forward will show evidence of timely deposits by sponsors.
Sponsors will ensure MCPS form 280-41 shows a complete student roster annotating the amount each student paid, date paid, eligible students who did not attend the trip, student waivers, scholarships, and reduced fees. Data will include chaperones and volunteers, and submitted at completion of each trip and compared to final account history report.	Field trip sponsors	Field trip guidelines	Field trip completion report	Principal and administrative secretary will review completion report at the end of the field trip.	FY20 and forward will show evidence of improved and accurate field trip data.

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**OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL**

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

Comments:

Director:  \_\_\_\_\_ Date: 10/10/17