

Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

July 10, 2020

MEMORANDUM

To: Dr. Joey N. Jones, Principal
Robert Frost Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2018, through February 29, 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 fundraisers. 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 April 23, 2020, virtual meeting with you and Ms. Debra L. Yamada, school financial specialist, we reviewed the prior audit report dated December 27, 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

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 the *MCPS Financial Manual*, chapter 20, page 6). 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. In our sample of disbursements, prior approval was not

consistently obtained and supporting documentation was not always marked to indicate satisfactory receipt of the goods or services. By requiring prior approval, the principal retains control over the expenditure of IAF funds. MCPS Form 280-54 must be prepared by staff with an estimate of expected expenditure and signed by the principal at the time verbal approval is sought. In addition, invoices need to show written indication that goods and services are received in the quantity and quality requested.

Notice of Findings and Recommendations

- Purchase requests must be approved by the principal prior to procurement.
- Purchaser must confirm receipt of goods or services prior to disbursement.

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 Mrs. Jennifer L. Webster, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools. Based on the audit recommendations, Mrs. Webster 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:HT:sh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Dr. Johnson

Mr. Turner

Dr. Wilson

Mrs. Ahn

Mrs. Morris

Mrs. Camp

Mrs. Chen

Mr. Marella

Ms. McGuire

Mr. Tallur

Mrs. Webster

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 8/17/2020

Fiscal Year: 8/17/2020

School: Robert Frost MS - 237

Principal: Joey N. Jones

OSSI

Associate Superintendent: Diane D. Morris

OSSI

Director: Jennifer L. Webster

Strategic Improvement Focus:

As noted in the financial audit for the period 11/1/18 - 2/29/20, strategic improvements are required in the following business processes :

- 1) Prior approval of purchase requests and 2) Purchaser confirmation of receipt of goods or services prior to disbursement

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Inform staff, consistently (in writing and verbally) of written prior approval via use of MCPS Form 280-54, before funds are disbursed	Principal Financial Specialist Department & Team Leaders	Pre-Service Agenda & MCPS Form 280-54	Review purchases monthly to monitor compliance of prior approval process	Principal & Fin Sp remind staff during Pre-Service Week, Staff Meetings, & Weekly Bulletin	
Inform purchaser, consistently (in writing and verbally) of requirement to document satisfactory receipt of goods and services. Develop a form to capture this information.	Financial Specialist Principal	MCPS Financial Manual	Review purchases bi-weekly to monitor compliance of documentation of receivables	Principal & Fin Sp remind staff during Pre-Service Week, Staff Meetings, & Weekly Bulletin	

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	
<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____	
Director: <u>Jennifer Webster</u>	Date: <u>8/17/20</u>