MEMORANDUM

To: Mrs. Sherilyn R. Moses, Principal
    Ronald McNair Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
        December 1, 2014, through October 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 December 4, 2017, meeting with you and Mrs. Sherrin L. Patterson, school administrative
secretary, we reviewed the status of the conditions described in our prior audit report dated
December 8, 2014, 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). 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 they comply with
IAF requirements. In our sample of disbursements, we noted that prior approval was not consistently obtained. By requiring prior approval, the principal retains control over the expenditure of IAF funds. We recommend that MCPS Form 280-54 be prepared by staff and signed by the principal at the time verbal approval is sought.

To minimize the risk of loss and provide assurance that funds will be available to meet school needs, all funds collected should be remitted together with MCPS Form 280-34, Independent Activity Fund (IAF) Remittance Slip, to the school administrative secretary daily for prompt deposit in the bank (refer to the MCPS Financial Manual, chapter 7, page 4). We noted that staff collecting funds for field trips were holding rather than remitting them timely to the school administrative secretary. We recommend that sponsors remit funds collected promptly to the school administrative secretary.

**Summary of Recommendations**

- Purchase requests must be approved by the principal prior to procurement.
- Funds collected by sponsors must be promptly remitted to the school administrative secretary.

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 Mr. Gregory S. Edmundson, director of school support and improvement of elementary schools. Based on the audit recommendations, Mr. Edmundson 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:GWB:lhs

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
Mr. Edmundson
Mr. Reilly
Mr. Tallur
Mr. Ikheloa
# FINANCIAL MANAGEMENT ACTION PLAN

**Report Date:** 2017  
**Fiscal Year:** 2017  
**School:** Ronald A. McNair ES - 158  
**Principal:** Mrs. Sharilyn R. Moses  
**OSSI:**  
**Associate Superintendent:** Dr. LaVerne Kimball  
**OSSI Director:** Mr. Gregory Edmundson  

## Strategic Improvement Focus:

As noted in the financial audit for the period 12/1/16-10/31/17, strategic improvements are required in the following business processes:

Purchase requests must be approved by the principal prior to procurement and funds collected by sponsors must be promptly remitted to the school administrative secretary.

<table>
<thead>
<tr>
<th>Action Steps</th>
<th>Person(s) Responsible</th>
<th>Resources Needed</th>
<th>Monitoring Tools / Data Points</th>
<th>Monitoring: Who &amp; When</th>
<th>Results/Evidence</th>
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<tbody>
<tr>
<td>Staff will receive a reminder about processes for purchasing forms requiring reimbursement at the beginning of the year, in January and in April.</td>
<td>Principal Assistant Principal Administrative Secretary</td>
<td>Access to staff bulletin</td>
<td>August Handbook Review January and April Staff Bulletin Form 280-54</td>
<td>Principal Administrative Secretary Ongoing</td>
<td>With the increased reminders, it is expected that staff will follow the guidelines for reimbursement: 100% of the time.</td>
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<tr>
<td>Independent Activity Funds Request for a Purchase Forms (Form 280-54) will now be marked &quot;Prior Approval Provided&quot; to document verbal pre-approval for purchases.</td>
<td>Principal Assistant Principal Administrative Secretary</td>
<td>Independent Activity Funds Request for a Purchase Forms (Form 280-54)</td>
<td>Independent Activity Funds Request for a Purchase Forms (Form 280-54)</td>
<td>Principal Administrative Secretary Ongoing</td>
<td>100% of Independent Activity Funds Request for a Purchase Form (280-54) will document verbal prior approval for purchases.</td>
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<td>All Independent Activity Funds Request for a Purchase Forms (Form 280-54) will be submitted in adherence with the established MCPS guidelines.</td>
<td>Principal Assistant Principal Administrative Secretary</td>
<td>Independent Activity Funds Request for a Purchase Forms (Form 280-54)</td>
<td>Independent Activity Funds Request for a Purchase Forms (Form 280-54)</td>
<td>Principal Administrative Secretary Ongoing</td>
<td>100% of Independent Activity Funds Request for a Purchase Form (280-54) will completed and submitted prior to purchasing.</td>
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<td>In addition to the review of processes at the start of every field trip period about the 2:30 pm daily collection deadline, all staff will receive a daily Outlook reminder during the entire collection window.</td>
<td>Principal Assistant Principal Administrative Secretary</td>
<td>Outlook</td>
<td>IAF Remittance Slip (Form 280-34)</td>
<td>Principal Administrative Secretary Ongoing</td>
<td>100% of money collected will be submitted daily by the 2:30 pm deadline.</td>
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OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL

☐ Approved    ☐ Please revise and resubmit plan by __________

Comments:

Director: ___________________________ Date: 1/3/18