


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 12, 2017

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: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
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. Sherilyn R. Moses
OSSI Associate Superintendent: Dr. LaVerne Kimball	OSSI Director: Mr. Gregory Edmundson
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>12/1/14-10/31/17</u>, strategic improvements are required in the following business processes :</p> <p>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.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Staff will receive a reminder about processes for purchasing items requiring reimbursement at the beginning of the year, in January and in April.	Principal Assistant Principal Administrative Secretary	Access to staff bulletin	August Handbook Review January and April Staff Bulletin Form 280-54	Principal Administrative Secretary Ongoing	With the increased reminders, it is expected that staff will follow the guidelines for reimbursement 100% of the time.
Independent Activity Funds Request for a Purchase Forms (Form 280-54) will now be marked "Prior Approval Provided" to document verbal pre-approval for purchases.	Principal Assistant Principal Administrative Secretary	Independent Activity Funds Request for a Purchase Forms (Form 280-54)	Independent Activity Funds Request for a Purchase Forms (Form 280-54)	Principal Administrative Secretary Ongoing	100% of Independent Activity Funds Request for a Purchase Form (280-54) will document verbal prior approval for purchases.
All Independent Activity Funds Request for a Purchase Forms (Form 280-54) will be submitted in adherence with the established MCPS guidelines.	Principal Assistant Principal Administrative Secretary	Independent Activity Funds Request for a Purchase Forms (Form	Independent Activity Funds Request for a Purchase Forms (Form 280-54)	Principal Administrative Secretary Ongoing	100% of Independent Activity Funds Request for a Purchase Form (280-54) will be completed and submitted prior to purchasing.
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.	Principal Assistant Principal Administrative Secretary	Outlook	IAF Remittance Slip (Form 280-34)	Principal Administrative Secretary Ongoing	100% of money collected will be submitted daily by the 2:30 pm deadline.

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: 

Date: 1/3/18