


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

January 27, 2016

MEMORANDUM

To: Mrs. Keely R. Cooke, Principal Intern
Rosemont Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
October 1, 2012, through November 30, 2015

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. 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 IAFs are administered in accordance with MCPS policies, regulations, and procedures.

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 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.

In our meeting on January 21, 2016, with you and Mrs. Nancy Senft, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated December 7, 2012, 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

Disbursement of IAF must be controlled in a number of ways. All purchases must be approved in advance and in writing using MCPS Form 280-54, *Request for a Purchase*, to obtain principal approval to proceed with an intended purchase (see MCPS Financial Manual, p. 20-4). 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 expenditures comply with IAF requirements. After the purchase is completed, the purchaser should submit the invoice or documented evidence of purchase, signed to indicate the satisfactory receipt of the goods or services, to the administrative secretary. A check may then be drawn and it must bear two signatures, one of which is that of the principal or acting principal. Documentation supporting purchases should then be stamped or marked "Paid" and filed. We found instances where purchases were not approved in advance, and invoices were not marked that goods were received. By requiring prior approval and complete documentation, the principal retains control over the expenditure of IAF funds. We recommend that Form 280-54 be prepared by staff and signed by you at the time verbal approval is sought, and that complete documentation be attached to fully explain the reason for the purchase.

Cash and checks collected by sponsors and others for IAF activities should be remitted promptly to the administrative secretary along with MCPS Form 280-34, *MCPS Remittance Slip*. These receipts must be deposited promptly, and all receipts must be deposited on the last working day of each month and before each weekend or holiday (see MCPS Financial Manual, p.7-4). We again found that staff collecting funds were holding rather than remitting them to the administrative secretary on a daily basis. To minimize the risk of loss and provide assurance that available funds will be fully utilized to meet school needs, all funds collected should be remitted to the administrative secretary daily for prompt deposit. We further recommend using the Online School Payments (OSP) in order to reduce the workload of cash handling requirements for sponsors and administrative secretary.

Use of the MCPS purchasing card must be in accordance with the requirements of the MCPS *Purchasing Card Users Guide*. By the fifth 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 review each cardholder's transactions and approve them by the tenth of the following month, using the online reconciliation program. Transactions on the principal's cards are to be reviewed and approved by the associate superintendent. We found that some cardholders had not promptly prepared their monthly statements, provided their purchase receipts, or reviewed their transactions in the online reconciliation program. Action is needed to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

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;

- Funds collected by sponsors must be promptly remitted with MCPS Form 280-34 to the administrative secretary (repeat);
- Cash handling by sponsors and administrative secretary can be reduced using OSP; and
- Purchase card activity must comply with the MCPS *Purchasing Card User's Guide* (repeat).

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff. In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, please provide a response to the Internal Audit office within 30 days of this report, with a copy to Mr. Eric Wilson, director of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:AMB:sd

Copy to:

Dr. Zuckerman
Dr. Statham
Dr. Navarro
Dr. Kimball
Mrs. Chen
Mrs. DeGraba
Mrs. Milwit
Mr. Sweeney
Mr. Wilson

Rosemont Elementary School

16400 Alden Avenue
Gaithersburg, Maryland 20877
301-840-7123



Office of the Principal

January 29, 2016

MEMORANDUM

To: Mr. Roger Pisha, Supervisor, Internal Audit Unit

From: Jimmy Sweeney, Principal
Keely R. Cooke, Principal Intern

Subject: Response to Auditor's Report of Independent Activity Funds for the Period
October 1, 2012 through November 30, 2015

The following is in response to the above-mentioned audit memorandum.

MCPS Form 280-54 Independent Activity Funds Request For A Purchase – Staff will be notified via email and again during pre-service that purchase requests must be approved by the principal prior to procurement. It will be required that MCPS Form 280-54 Independent Activity Funds Request For A Purchase be prepared by staff and signed by the principal at the time of the verbal request. Staff will also be required to attach complete documentation to fully explain the reason for the purchase.

MCPS Purchase Card - All receipts are kept in a notebook in the principal's office. Logs for July, August, and December were submitted to OSSI for approval and approval was granted. OSSI was also informed that there were no monthly statements available for February, March, April, May, September, October, and November because no purchases were made. Administrators will continue to complete the online reconciliation program to comply with the *MCPS Purchasing Card User's Guide* requirements.

MCPS Form 280-34, Remittance Slip – All sponsors and other authorized individuals that collect money for IAF activities have been informed of the requirement of the need to promptly submit money and checks daily to the administrative secretary in the office and are not to hold on to money for any reason.

Copy to:
Mr. Wilson

Fiscal Management Action Plan

School: Rosemont Elementary School
 Approved by director: 

Principal: Jimmy Sweeney
 Date of approval: _____

Response to Auditor's Report of Independent Activity Funds for the Period October 1, 2012 through November 30, 2015

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p>MCPS Form 280-54 Independent Activity Funds Request For A Purchase</p> <p>Purchase requests must be approved by the principal prior to procurement.</p>	<p>Staff will be notified via email and again during pre-service that purchase requests must be approved by the principal prior to procurement. It will be required that MCPS Form 280-54 Independent Activity Funds Request For A Purchase be prepared by staff and signed by the principal at the time of the verbal request. Staff will also be required to attach complete documentation to fully explain the reason for the purchase.</p> <p>Person(s) Responsible: Administrative secretary, principal, staff requesting purchase</p>	<p>February 2016, On-going Pre-service (August 2016)</p>	<p>Completed Form 280-54, with documentation of purchase, and receipt of purchase, signed by receiver.</p>
<p>MCPS Purchase Card</p> <p>Purchase card activity must comply with MCPS Purchasing Card User's Guide</p>	<p>All receipts are kept in a notebook in the principal's office. Logs for July, August, and December were submitted to OSSI for approval and approval was granted. OSSI was also informed that there were no monthly statements available for February, March, April, May, September, October, and November because no purchases were made.</p> <p>Person Responsible: Administrative secretary, principal, assistant principal</p>	<p>Monthly, As needed</p>	<p>Receipts and Logs Submitted to OSSI Completion of online reconciliation program to comply with the <i>MCPS Purchasing Card User's Guide</i> requirements.</p>
<p>MCPS Form 280-34, Remittance Slip</p> <p>Funds collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the administrative secretary and promptly deposited.</p>	<p>All sponsors and other authorized individuals that collect money for IAF activities have been informed of the requirement of the need to promptly submit money and checks daily to the administrative secretary in the office and are not to hold on to money for any reason</p> <p>Persons Responsible: Administrative secretary, sponsors</p>	<p>February 2016, On-going Pre-service (August 2016)</p> <p>Daily sponsor submission of funds Immediate receipt of funds (signature and signed copy of form) Deposits daily as needed</p>	<p>Daily receipts of funds submitted and bank deposit statements.</p>

Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, Room 11.