


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

May 14, 2019

MEMORANDUM

To: Dr. Barbara A. Jasper, Principal
Sequoyah Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
April 1, 2016, through March 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 April 30, 2019, meeting with you and Mrs. Mary C. Hoponick, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated May 10, 2016, 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

Unless prohibited, a principal may delegate in writing the authority to transact financial business and sign checks to school employees. Any delegation impacting IAF actions shall be updated each fiscal year and filed in the school financial office (refer to *MCPS Financial Manual*, chapter 20, pp. 4 and 6). Although we found no annually updated written delegation of authority on file, we noted IAF disbursement approvals on MCPS Form 280-54, *Independent Activity Funds Request*

for a Purchase, signed by an assistant principal and checks signed by an assistant principal and school administrative secretary. We recommend that the principal sign, at the beginning of each fiscal year, a memorandum delegating staff with authority to approve disbursements and to sign checks.

Prior to the disbursement of any IAF, the school administrative secretary will ensure that she has received the appropriate authorization documentation to support the procurement of the goods and services for which the disbursement is to be made, as well as an original itemized receipt or invoice. In our sample of disbursements, we found instances in which controls over purchases were weakened that included missing documentation for IAF disbursements. By requiring complete documentation, the principal retains control over the expenditure of IAF funds. We recommend that original receipts and/or invoices be attached to MCPS Form 280-54, in order to support the reason for the purchase and verify accuracy of the check amount.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips, and Other Student Organization Trips*. Trip approval forms, signed by the principal, must contain all expense information, any subsidy information, and the field trip cost to be charged per student. Field trip sponsors should record student payment information on MCPS Form 280-41, *Field Trip Accounting*, or equivalent (refer to *MCPS Financial Manual*, Chapter 20, page 10). We found field trip approval forms with different amounts than what was charged to students and missing field trip accounting forms. We recommend that all sponsors adhere to the approved amount to charge students and provide field trip accounting forms, or an equivalent, to the school administrative secretary at the completion of a trip.

Summary of Recommendations

- Written delegations of the principal's authority to approve IAF disbursements and sign checks, updated for each fiscal year, shall be filed with the IAF records
- Purchase documentation must be adequate to support disbursements
- Field trip final approval of student costs must agree with the actual amount collected from students and records prepared by sponsors must provide comprehensive data to reconcile funds collected with the 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. Sarah E. Sirgo, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Sirgo 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.

RWP:KMH:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Mrs. Dyson

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Reilly

Dr. Sirgo

Mr. Tallur

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY19

Fiscal Year: FY19

School: Sequoyah ES - 565

Principal: Dr. Bobbi Jasper

OSSI

OSSI

Associate Superintendent: Mrs. Cheryl Dyson

Director: Dr. Sarah Sirgo

Strategic Improvement Focus:

As noted in the financial audit for the period FY17 - FY19, strategic improvements are required in the following business processes :

Memorandum on file giving AP authority to approve disbursements and sign checks; purchase documentation to support disbursements; accurate field trip accounting

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Written delegations of the principal's authority to approve IAF disbursements and sign checks, update for each fiscal year, shall be filed with the IAF records	Dr. Jasper, Principal Mrs. Hopenick, Administrative Secretary	Memorandum on file	Memorandum giving assistant principal permission to approve IAF disbursements and sign checks	Dr. Jasper, monitoring Mrs. Hopenick	Memorandum is on file; completed on April 30, 2019.
Purchase documentation must be adequate to support disbursement.	Dr. Jasper, Principal Mrs. Hopenick, Administrative Secretary	MCPS 280-54 completed for all purchased and disbursements	MCPS form 280-54, Request for Purchase, with original "receipt date" stamped	Dr. Jasper, monitoring Mrs. Hopenick	Original receipts will be attached to MCPS Form 280-54, Request for Purchase; will be stamped with "Received Date".
Field trip final approval of student cost must agree with the actual amount collected from students and records prepared by sponsors must provide comprehensive data to reconcile funds collected with the cost of the trip.	Dr. Jasper, Principal Mrs. Hopenick, Administrative Secretary, Field Trip Sponsors	MCPS Field Trip Accounting Form 280-41	MCPS Field Trip Accounting Form 280-41 and MCPS IAF Admittance Slip 280-34	Dr. Jasper, monitoring Mrs. Hopenick	Cost of field trip will be consistent with MCPS form 280-41. Any changes to cost will be approved by Dr. Jasper. Completed Form, 280-41, will be
					turned in by sponsor at the completion of each field trip.

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: Sam Wilson Date: 7/9/19