


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

October 18, 2018

MEMORANDUM

To: Dr. Amy J. Alonso, Principal
Washington Grove Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
July 1, 2016, through June 30, 2018

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 there is compliance with policies, regulations, and procedures, and that any significant errors or omissions in the financial records are detected.

At our October 3, 2018, meeting with you and Mrs. Michelle A. Robey, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated August 5, 2016, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2018. 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. 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 (refer to *MCPS Financial Manual*, chapter 20, page 6). In our sample of disbursements, we found instances in which controls over purchases were weakened that included missing documentation, MCPS Form 280-54 not prepared and signed by the principal, documentation supporting purchases not stamped or marked "paid," and documentation not annotated by the purchaser to indicate goods or services were satisfactorily received. By requiring prior approval and complete documentation, the principal retains control over the expenditure of IAFs. We recommend that MCPS Form 280-54 be prepared by staff with an estimate of expected expenditures and signed by the principal at the time verbal approval is sought. We also recommend that purchasers indicate receipt of goods or services on invoices and documentation be marked "paid" upon disbursement to preclude duplicate payment.

Cash and checks collected by sponsors for IAF activities should be remitted promptly to the school administrative secretary. 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 (refer to *MCPS Financial Manual*, chapter 7, pp. 4-5). We found that field trip sponsors were holding funds collected rather than remitting them to the school administrative secretary on a daily basis. To minimize the risk of loss, we recommend that all funds collected be remitted promptly to the school administrative secretary for prompt deposit to the bank.

Review of field trip activities revealed that not all field trip sponsors are providing completed financial information to the school administrative secretary at the completion of a trip. Sponsors should record cost and fee information for each field trip on MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and submit the data to the administrative secretary when a trip is completed (refer to *MCPS Financial Manual*, chapter 20, page 10). The record of the names of participants and sums collected strengthens internal controls by enabling the reconciliation of receipts to sums recorded in the field trip account. We recommend that all sponsors be required to use MCPS Form 280-41, or equivalent, to document fees collected and that the school administrative secretary uses this information to reconcile each trip.

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.
- Purchase invoices and receipts must be stamped paid to indicate disbursement was made.
- Funds collected by sponsors must be promptly remitted with MCPS Form 280-34 to the school administrative secretary.
- Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate and to reconcile funds collected with 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. Adrienne L. Morrow, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Morrow 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:GWB:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Dr. Williams

Mrs. Camp

Mrs. Chen

Ms. Diamond

Dr. Morrow

Mr. Reilly

Mr. Tallur

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 2019	Fiscal Year: 2019
School: Washington Grove ES - 552	Principal: Dr. Amy J. Alonso
OSSI Associate Superintendent: Dr. Darryl Williams	OSSI Director: Dr. Adrienne Morrow
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>7/2016 - 6/2018</u>, strategic improvements are required in the following business processes :</p> <p>Prior approval for IAF expenditures & accurate follow-up documentation; Remittance of all monies daily following MCPS protocols; Completion of Form 280-41- Field Trips</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
IAF - Principal will remind all staff about prior approval of all the expenditures of the IAF funds periodically throughout the year: Pre-service, Mid-year and Spring staff meetings.	Dr. Alonso	Written protocol	MCPS Form 280 - 54	October, January, March and May Dr. Alonso	
IAF - Administrative secretary makes sure that all staff complete the request for a purchase MCPS Form 280-54 before making a purchase. After principal's approval, staff make the purchase, bring receipts and get reimbursed. Administrative secretary stamps "paid" in all documentation upon the disbursement of funds.	All Staff Mrs. Robey Dr. Alonso	Written protocol; MCPS Form 280 - 54; Receipts	Completed MCPS Form 280-54; Original receipts marked "paid" and bank statements.	October, January, March and May Dr. Alonso Mrs. Chrisler	
FT - Funds collected by sponsors must be submitted on a daily basis using MCPS Form 280-34 and the administrative secretary will deposit the money on the same day.	Field Trip Sponsors Mrs. Robey	Written protocol; MCPS Form 280 - 34	Completed MCPS Form 280-34; Receipts of funds submitted and bank deposit statements.	December and May Dr. Alonso Mrs. Chrisler	
FT - • Teachers will provide class rosters and note how much each student has paid, including the date. They will note any waivers or scholarships for students. Teachers will include if a student is not attending the trip or activity. Teachers will provide the administrative secretary MCPS Form 280 - 41 at the completion of the trip.		Written protocol; MCPS Form 280 - 41	Field trip records prepared by sponsors must provide comprehensive data to account for all students and to reconcile funds collected with costs of trip.	December and May Dr. Alonso Mrs. Chrisler	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
FT - Trip planning will be reviewed by the administrative secretary and the principal to ensure that fees are appropriate.	Mrs. Robey Dr. Alonso	Completed MCPS Forms 280 - 34 and 280 - 41	All documentation is included in field trip packet (including approval form, bus forms, and MCPS Forms 280 - 34 and 280 - 41).	December and May Dr. Alonso Mrs. Robey Mrs. Chrisler	

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>Adrienne L. Morrow</u>	Date: <u>4/29/19</u>