


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

April 18, 2019

MEMORANDUM

To: Ms. Srelyne A. Harris, Principal  
Waters Landing Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
February 1, 2016, through February 28, 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 any significant errors or omissions in the financial records are detected.

At our April 11, 2019, meeting with you and Mrs. Lisa L. Gruber, school administrative secretary, we reviewed our prior audit report dated February 26, 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**

Use of the MCPS purchasing card must be in accordance with the requirements of the MCPS *Purchasing Card User's Guide*. By the 5th business day 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. The principal's card transactions are to be reviewed and approved by the respective director of learning, achievement, and administration, Office of School Support and Improvement. 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. We also found that the principal had not approved all transactions online. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips, and Student Organization Trips*. Trip approval forms signed by the principal, and the director of school support and improvement when required, should be retained. Sponsors of field trips should have a complete class or club roster of student names to annotate the amount each student paid, date paid, eligible students who did not participate in the trip, and students who received waivers, scholarships, or reduced fees. This data together with a list of all chaperones and volunteers should be provided to the school administrative secretary at the completion of each trip and compared to remittances recorded in the trip account history report (refer to *MCPS Financial Manual*, chapter 20, page 10). We found that not all sponsors are providing completed data at the conclusion of each trip and that data is not being compared to the final account history report. We recommend that all sponsors be required to use MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and follow the procedures outlined above.

#### Summary of Recommendations

- Purchase card activity must comply with the *MCPS Purchasing Card User's Guide*.
- Purchase card transactions must be documented, reviewed, and approved by the principal.
- Field trip records that are 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 (**repeat**).

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 Mrs. Michelle E. Schultze, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Mrs. Schultze 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:BK: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

Mr. Reilly

Mrs. Schultze

Mr. Tallur

Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

|  |   |
|--|---|
| <b>Report Date:</b> 2019   | <b>Fiscal Year:</b> 2019                          |
| <b>School:</b> Waters Landing ES - 109   | <b>Principal:</b> Srelyne Harris                  |
| <b>OSSI</b><br><b>Associate Superintendent:</b> Dr. Darryl Williams  | <b>OSSI</b><br><b>Director:</b> Michelle Schultze |
| <p><b>Strategic Improvement Focus:</b><br/>As noted in the financial audit for the period <u>2/1/16-2/28/19</u>, strategic improvements are required in the following business processes :</p> |   |

| Action Steps   | Person(s) Responsible        | Resources Needed | Monitoring Tools / Data Points             | Monitoring: Who & When                                  | Results/Evidence                           |
|--|------------------------------|------------------|--|---|--|
| To review, document and approve JP Morgan Card purchases, within 10 days<br>Reconciliation of monthly statements within 5 working days of the statement notification each month.<br>Monthly landscape report with receipts will be submitted to principal.                     | Principal<br>Admin secretary |                  | monthly reminder<br>JP Morgan statements   | 5th day of every month<br>Principal<br>Admin. Secretary | JP Morgan Statements                       |
| Sponsors will use MCPS Accounting Form online to provide complete class rosters and how much each student has paid, include the date (which corresponds with from 280-34) and any waivers or scholarships and submit at end of the field trip.                                 | Sponsors/teacher             | Accounting Forms | On-going                                   | Teacher-daily<br>Admin. Secretary                       | Accounting Forms                           |
| Admin Secretary will will perform a reconciliation at then end of the activity to match sponsors collected amounts are matching with the SFO report.   | Admin secretary              | SFO Reports      | SFO Reports                                | Admin secretary-when field trip ends<br>Principal       | SFO Reports                                |
| Sponsors will fill out 280-34 each day they collect money and ensure that the form is fill out completely and turn in daily in a timely manner.<br>The admin secretary will receipt money daily and verify that form 280-34 is filled out correctly and take funds to the bank | Sponsors/Admin Secretary     | Form 280-34      | Receipts<br>Form 280-34<br>Bank Statements | Admin. Secretary  | Receipts<br>Form 280-34<br>Bank Statements |

| Action Steps | Person(s) Responsible | Resources Needed | Monitoring Tools / Data Points | Monitoring: Who & When | Results/Evidence |
|--------------|-----------------------|------------------|--------------------------------|------------------------|------------------|
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**OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSE) REVIEW & APPROVAL**

**Approved**       **Please revise and resubmit plan by \_\_\_\_\_**

Comments:

Director: 

Date: 6-3-19