


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

December 20, 2013

MEMORANDUM

To: Mrs. Shoua F. Moua, Principal
Woodlin Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2009, through October 31, 2013

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 December 12, 2013, with you, and Mrs. Rosemarie Jenkins, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated January 13, 2010, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2013, and that Mrs. Jenkins assumed her position as of August 7, 2013. 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, *Request for a Purchase*, is used to obtain principal approval to proceed with an intended purchase (see MCPS Financial Manual, p. 20-5). 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. In our random sample of disbursements, we again found that prior approval was not consistently obtained. By requiring prior approval, the

principal retains control over the expenditure of IAF funds. We recommend that Form 280-54, be prepared by staff and signed by the principal at the time verbal approval is sought so that purchase orders and invoices bear a date subsequent to the approval date. Also, documentation supporting purchases must be stamped or marked "paid" to avoid duplicate payment, and marked by recipient to indicate purchased goods or services were satisfactorily received.

MCPS purchasing card members must record purchases on transaction logs and submit them monthly with invoices and receipts attached for review and approval by the principal. Monthly summary reports from American Express are to be reviewed, signed and dated by the principal to ensure that purchases are appropriate and within established limits. We found logs were not signed by the principal and monthly summary reports were not on file for review. In addition, not all card members had signed their logs, including the principal, and the principal's log had not been submitted to the appropriate official for approval. We recommend purchasing card members be required to comply with the requirements of the MCPS *Purchasing Card User's Guide*.

Review of field trip activities revealed that not all field trip sponsors are providing completed financial information to the 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 (see MCPS Financial Manual, p. 20-9). 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 all sponsors be required to use Form 280-41, or equivalent, and follow the procedures outlined above. In addition, we noted instances in which several field trip sponsors continued to hold fees collected rather than remitting them timely to the administrative secretary. We recommend that all staff who collect funds for school activities be reminded of remittance requirements (see MCPS Financial Manual, p. 7-4).

Summary of Recommendations

- Expenditure of funds must be approved by the principal prior to procurement (repeat);
- Invoices and receipts must be annotated as paid to indicate disbursement was made;
- Purchase card activity must be in compliance with the MCPS *Purchasing Card User's Guide*;
- 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; and
- Funds collected must be promptly remitted by sponsors to the administrative secretary.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of Mrs. Jenkins, which greatly facilitated our audit. 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 Ms. Bronda L. Mills, associate superintendent of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:GB:sd

Copy to:

Mr. Bowers

Dr. Statham

Dr. Schiavino-Narvaez

Mr. Sanderson

Ms. Mills

Mrs. DeGraba

Mrs. Milwit

Mrs. Chen



Woodlin Elementary School
2101 Luzerne Avenue
Silver Spring, Maryland 20910
301-650-6440



Shoua Moua, Principal
Troy Clarke, Assistant Principal

OFFICE OF THE PRINCIPAL

December 31, 2013

MEMORANDUM

To: Ms. Bronda Mills, Associate Superintendent for Elementary Schools

From: Ms. Shoua Moua, Principal *SM*

Subject: Response to Audit Report of Independent Activity Funds for the
Period November 1, 2009 through October 31, 2013

This memorandum is in response to Woodlin's Audit of Independent Activity Funds for period November 1, 2009, through October 31, 2013. Please note that I began my appointment as principal on July 1st, 2013 and Rosemarie Jenkins began her appointment as administrative secretary on August 7, 2013. As new employees of MCPS during the first three months we were learning how to use SFO and followed the guidelines of current practices that was in place. Since the audit, Ms. Jenkins has requested and has been assigned a mentor and I will be attending the SFO training. We have also made the changes as listed below that are needed to be in compliance with MCPS's Independent Activity Funds. Please let me know if you have any questions or need additional information.

1. Expenditure of funds must be approved by the principal prior to procurement.
I have directed staff to use the "Request for Purchase" form to get pre-approval for purchases.
2. Invoices and receipts must be annotated as paid to indicate disbursement was made.
Ms. Jenkins had added this step to her process to ensure invoices paid will not be duplicated.
3. Purchase card activity must be in compliance with the MCPS Purchasing Card User Guide.
Items purchased thus far under the cards have been in compliance however we were not using the "Purchasing Card Member Transaction Log". Since the audit we have begun to use the log as part of our process.
4. 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 and funds collected must be promptly remitted by sponsors to the administrative secretary.
Ms. Jenkins has recreated her filing system to track individual field trips and use the "Field trip Accounting" form (280-41) and works closely with staff to ensure funds are remitted in a timely manner.

Copy to:

Mr. Roger W. Pisha, Supervisor, Internal Audit
Ms. Rosemarie Jenkins, Administrative Secretary