MEMORANDUM

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

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

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2013, through November 30, 2016

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 fund-raisers. They are responsible for ensuring that the IAFs are administered in accordance with MCPS policies, regulations, and procedures.

The 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 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 MCPS policies, regulations, and procedures and that any significant errors or omissions in the financial records are detected.

At our meeting January 24, 2017 with you and Mrs. Mercedes I. Alvarado, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated December 20, 2013, 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

MCPS Form 280-54: Independent Activity Funds Request For A Purchase, must be used to obtain principal approval to proceed with an intended purchase (refer to MCPS Financial Manual, chapte: 20, page 4). The purpose of each disbursement must be fully explained on MCPS Form 280-54 in order to properly record expenditures in appropriate accounts and to ensure that expenditures comply with IAF requirements. Invoices for goods or services must be signed by the purchaser to
indicate satisfactory receipt. The school administrative secretary will mark the documentation as “paid” upon disbursement to preclude duplicate payment. In our sample of disbursements, we found instances in which controls over purchases were weakened including MCPS Form 280-54 not always being signed by the principal, documentation not annotated by the purchaser to indicate purchased goods or services were satisfactorily received, and documentation supporting purchases were not stamped or marked “paid.” By requiring prior approval and complete documentation, the principal retains control over the expenditure of IAF funds. We recommend controls over purchasing be brought into compliance with MCPS procedures as indicated above.

In addition, controls over cash receipts need improvement. Staff collecting funds for activities were holding rather than remitting them in a timely manner to the school administrative secretary, e.g., field trips and fund-raisers. Also, the school administrative secretary was not making timely deposits. Large and infrequent deposits increase the possibility of a loss of funds, diminishes the school’s ability to fund activities, and are contrary to the MCPS Financial Manual. To minimize the risk of loss and provide assurance that funds will be available for school needs, we recommend that all funds collected should be remitted to the school administrative secretary daily and deposited promptly (refer to MCPS Financial Manual, chapter 7, page 4).

Sponsors of field trips should keep records of the names of trip participants with the amount collected from each, and provide this information to the school administrative secretary when all fees have been collected. MCPS Form 280-41: Field Trip Accounting, or an equivalent accounting form, should be used for this purpose. We found that the data required to enable reconciliation of field trip accounts was not always provided. We recommend MCPS Form 280-41, or equivalent, be provided to the school administrative secretary when all fees have been collected (refer to the MCPS Financial Manual, Chapter 20, page 10), and that the school administrative secretary perform a final analysis for each activity to ensure all funds have been remitted and all expenses have been paid.

Summary of Recommendations

- Purchase requests must be approved by the principal prior to procurement (repeat).
- Purchaser must confirm receipt of goods or services prior to disbursement.
- Purchase invoices and receipts must be annotated as paid to indicate disbursement was made (repeat).
- Funds collected by sponsors must be promptly remitted to the school administrative secretary (repeat).
- Funds remitted by sponsors must be verified, receipted, and deposited in the bank by the school administrative secretary.
- A final analysis of field trip activities must be conducted by the school administrative secretary at the conclusion of each activity.

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, please provide a response to the Internal Audit Unit within
30 calendar days of this report, with a copy to Mr. Eric A. Wilson, director of school support and improvement of elementary schools. In your response, please share a detailed plan for addressing these issues including appropriate staff training and support. The Office of School Support and Improvement will follow up on this audit.

RWP:CAP:Ish

Copy to:
Members of the Board of Education
Dr. Smith
Dr. Navarro
Dr. Statham
Dr. Zuckerman
Mr. Civin
Dr. Johnson
Dr. Kimball
Mrs. Camp
Mrs. Chen
Ms. Diamond Mr. Tallur
Mr. Wilson
Mr. Ikheloa
MEMORANDUM

To: Mr. Eric Wilson, Director of Elementary Schools
   Office of School Support and Improvement

From: Ms. Shoua Moua, Principal

Subject: Response to Audit Report of Independent Activity Funds for the Period November 1, 2013 through November 30, 2016

This memorandum is in response to Woodlin's Audit of Independent Activity Funds for the period November 1, 2013, through November 30, 2016. In addition to the attached Fiscal Management Action Plan, Ms. Mercedes Alvarado and I will complete the SFO training by March 14, 2017. Below are the action steps that will address the areas for improvement:

1. Expenditure of funds must be approved by the principal prior to procurement.
2. Invoices and receipts must be annotated as paid to indicate disbursement was made.
3. 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.

Please let me know if you have any questions or need additional information.

Copy to:
Mr. Roger W. Pisha, Supervisor, Internal Audit
Dr. LaVerne Kimball, Associate Superintendent of Elementary Schools
Ms. Mercedes Alvarado, Administrative Secretary
### Fiscal Management Action Plan

**School:** Woodlin Elementary School  
**Principal:** Shona Mouna  
**Date of approval:** 3/10/17

<table>
<thead>
<tr>
<th>Findings and Recommendations of School’s Financial Report</th>
<th>Description of Resolution And Person(s) Responsible</th>
<th>Timeline</th>
<th>Evidence of Completion</th>
</tr>
</thead>
</table>
| Purchase Request Approval  
Purchase requests must be approved by the principal prior to procurement. | At the time that verbal approval is sought from the principal, Form 280-54 will be prepared and signed by both requesting staff and the principal. The principal will ensure detailed documentation/rationale of the purchase is attached to the request prior to signing. The invoices for the purchase will be signed and dated by the receiver.  
Staff members who do not secure advance approval, will not receive reimbursement for purchases.  
Person(s) Responsible: Administrative secretary, principal, staff requesting purchase | As needed | Completed Form 280-54, with documentation of purchase, and receipt of purchase, signed by receiver. |
| Documenting Reimbursements  
Invoices and receipts must be annotated as paid to indicate disbursement was made | All supporting documentation 280-54 must be attached with reimbursement check. Once check has been signed, the administrative secretary will stamp original receipt “paid.”  
Documents will be filed with disbursements for the month.  
Person Responsible: Administrative secretary | As needed | Completed Form 280-54, with documentation of purchase, and receipt of purchase (stamped as “paid”) |
| Funds for Sponsored Activities  
Funds collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the administrative secretary and promptly deposited. | Cash collected by sponsors will be counted in front of the administrative secretary and documented using form 280-34.  
Administrative secretary will sign form as documentation of receipt and sponsors will make a copy of the signed form for their records. Cash will be submitted by sponsors on a daily basis. Administrative secretary will make daily deposits.  
Person Responsible: Administrative secretary, sponsors | Daily sponsor submission of funds  
Immediate receipt of funds (signature and signed copy of form)  
Deposits daily as needed.  
Reviewed procedure with staff via-Principal memo on January 27, 2017 and conducted followed-up with additional face-to-face volunteered meeting with staff on Jan. 31, 2017 | Receipts of funds submitted and bank deposit statements. |
| Field Trip Planning and Funds  
Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate, and to reconcile funds | Sponsors will use MCPS Form: Field Trip Account Spreadsheet FY 2017 to provide complete class or club rosters and note how much each student has paid, include the date, and any waivers or scholarships for students. At the completion of the trip, sponsors will check to make sure that the trip account | As needed | Completed MCPS Form MCPS Field Trip Account Spreadsheet FY 2017 and any additional documents relevant to each trip. |
<table>
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<tr>
<th>Additional Support Identified by Principal:</th>
<th>Administrative secretary and Principal will attend SFO training during Spring 2017 sessions.</th>
<th>Completed 1 of 2 sessions on February 1, 2017</th>
<th>PDO Completion Certificates</th>
</tr>
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<tbody>
<tr>
<td>1. SFO Refresher Course</td>
<td>Person(s) Responsible: Administrative secretary and Principal</td>
<td>Second session will take place on March 14, 2017</td>
<td></td>
</tr>
</tbody>
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| Additional Support Identified by Principal: | Principal request that at the end of MP 3 and MP 4, a staff member from the Internal Audit Office come and conduct a follow-up visit to give additional feedback to administrative secretary to ensure process are in place. | End of April 2017 and June 2017 | Informal reports/feedback given by Internal Audit Office staff member reflecting satisfactory improvements. |
|------------------------------------------| Person(s) Responsible: Administrative secretary, principal and staff from Internal Audit Office. |                             |                             |

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