


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

December 16, 2013

MEMORANDUM

To: Mrs. Stacey F. Rogovoy, Principal
College Gardens Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2010, 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. Constance Boorstein, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated February 1, 2011, and the status of present conditions. It should be noted that your appointment as principal was effective October 1, 2012. 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. After the purchase is completed, the purchaser should submit the invoice or documented evidence of purchase, annotated to indicate the satisfactory receipt of the goods or services, to the administrative secretary. Documentation supporting purchases should be stamped or marked "paid" when check is written. In our sample of disbursements, we again found that prior approval was not consistently obtained, and invoices were not stamped paid or marked that items were received satisfactorily. 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, and that all invoices be stamped "paid" and marked that items or services received satisfactorily.

Sponsors of field trips should have a complete class or club roster of student names and annotate how much each student paid, students who did not participate in the trip, and students who received waivers, scholarships or reduced fees. MCPS Form 280-41, *Field Trip Accounting*, or an equivalent accounting form, should be used for this purpose. This data should be turned in to the administrative secretary at the completion of each trip, and reconciled with remittances recorded in activity accounts. We again found not all sponsors are turning in completed data at the conclusion of each trip, and that data is not being compared to the final account reconciliation report. We also noted many field trips where fees collected exceeded the cost of the trips. We recommend the pricing of trips be more closely monitored (see MCPS Financial Manual, p. 20-9).

Cash and checks collected by sponsors and others for IAF activities should be remitted promptly to the administrative secretary along with MCPS Form 280-34, *MCPS Remittance slip*. 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 (see MCPS Financial Manual, p.7-4). As previously reported, many field trip sponsors continue to hold fees collected rather than remitting them to the administrative secretary on a daily basis. In addition, we found sponsors of fundraisers and media center were also holding funds, rather than making routine deposits. We also noted that the administrative secretary was not always making deposits on the last working day of each month and before each weekend or holiday. To minimize the risk of loss, all funds collected should be remitted daily. We recommend staff be encouraged to submit cash and checks collected for IAF activities to the administrative secretary for prompt deposit in accordance with MCPS policy and procedures.

Fund-raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund Raiser*. We found that there was a lack of adherence to these guidelines. Following these internal control procedures provides for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion of the event. Each fund-raiser should be approved by the principal in writing and the approval retained in the school office. Financial activities for each fund-raising activity should be recorded in a separate account and a completion report prepared that analyzes the results. Following internal control procedures

provides for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion of the event (see MCPS Financial Manual, p. 20-12).

Summary of Recommendations

- Purchase requests must be approved by the principal prior to procurement (repeat);
- Receipt of goods or services must be confirmed prior to disbursement (repeat);
- Invoices and receipts must be annotated as paid to indicate disbursement was made;
- Adequate documentation must be provided to support disbursements;
- 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 (repeat);
- Field trip planning should be reviewed to ensure established fees are commensurate with trip expenses;
- Funds collected by sponsors must be promptly remitted using MCPS Form 280-34 to the administrative secretary for timely deposit to the bank (repeat); and
- Fund-raiser documentation must include both approval form and completion report.

Other matters were discussed and satisfactorily resolved. We appreciated 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 office within 30 days of this report, with a copy to Dr. Donna S. Hollingshead, associate superintendent of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:MJB:sd

Copy to:

Mr. Bowers
Dr. Statham
Dr. Schiavino-Narvaez
Mr. Sanderson
Dr. Hollingshead
Mrs. DeGraba
Mrs. Milwit
Mrs. Chen



College Gardens Elementary School

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Stacey Rogovoy, Principal

January 14, 2014

MEMORANDUM

To: Dr. Donna Hollingshead, Community Superintendent
From: Stacey Rogovoy, Principal
Subject: Audit of Independent Activity Funds

The purpose of this memorandum is to address the issues raised within the audit completed for the period of November 1, 2010 through October 31, 2013. The following actions have been taken to comply.

Staff has been notified during pre-service week meetings that no purchases may be reimbursed unless prior authorization has been received from me. A reminder of this policy was delivered to staff on January 6, 2014. Staff members must fill out MCPS form 280-54, *Request for a Purchase*, to be signed by me prior to purchase. Adherence to this standard will be enforced in all purchases using the appropriate form.

In addition, all supporting documents will be stamped or marked "paid" when a check is written.

I am aware the purchases over \$7,500 need COO approval.

Field Trip costs will be calculated by the administrative secretary and me based on the myMCPS calculator. All field trips will be calculated based upon the expected number of students attending. A fund has been established for parents who wish to donate money to cover the cost of field trips for students who are unable to pay. Field trip accounting forms(280-34) will be used by teachers and collected by the administrative secretary to document the receipts. All teachers have been reminded that they are to turn in field trip monies daily with the appropriate accounting form and to turn in a completed accounting form at the end of every field trip. Money will be deposited into the school bank account in a timely manner.

Future fundraising efforts will be led by the PTA to support the needs of the school. School sponsored fundraisers will have a staff sponsor. This staff sponsor will follow the established *Guidelines for Sponsoring and Independent Activity Fund Raiser*.

If you have any questions, please contact me.

Copy to:
Philip McGaughey, Internal Audit