


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

December 2, 2013

MEMORANDUM

To: Mr. Brent T. Mascott, Principal  
Dufief Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
July 1, 2010, through September 30, 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 November 14, 2013, with you, and Mrs. Kimberly McWilliams, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated August 20, 2010, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 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). In our random sample of

disbursements, we found that prior approval was not consistently obtained. By requiring prior approval, the principal retains control over the expenditures 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 should be marked by the recipient to indicate goods or services were satisfactorily received.

We noted several checks that had been issued to staff for making purchases that had been signed by the principal prior to a dollar amount being entered on them. No checks will be signed prior to completion of date, payee, and amount entered on them (see MCPS Financial Manual, p. 20-5). Use of the school purchasing card, with its pre-approved limits, would improve controls over such purchases.

Cash and checks collected by sponsors and others for IAF activities should be remitted promptly to the administrative secretary. We again noted instances in which several field trip sponsors continued to hold fees collected rather than remit them on daily basis. To minimize the risk of loss, all funds collected should be remitted daily. We recommend staff be required to submit cash and checks collected for IAF activities to the administrative secretary for prompt deposit in accordance with MCPS policy and procedures.

Review of field trip activities again 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.

#### Summary of Recommendations

- Expenditure of funds must be approved by the principal prior to procurement;
- Receipt of goods or services must be confirmed prior to disbursement;
- Checks must be fully completed before being signed;
- Funds collected must be promptly remitted by sponsors to the administrative secretary (repeat); and
- 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).



Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of Mrs. McWilliams, 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 Dr. Donna S. Hollingshead, 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  
Dr. Hollingshead  
Mrs. DeGraba  
Mrs. Milwit  
Mrs. Chen



**DuFief Elementary School  
15001 DuFief Drive  
Gaithersburg, MD 20878**

December 9, 2013

**MEMORANDUM**

To: Mr. Roger Pisha  
Dr. Donna Hollingshead

From: Brent Mascott

Subject: IAF Response to Audit

The purpose of this communication is to respond to the Internal Audit office and the Office of School Support and Improvement regarding the report on Audit of IAF for the Period of July 1, 2010, through September 30, 2013.

- Will review the use of the IAF Request for a Purchase, form 280-54 with all staff for purchases above \$100 which require Principal's approval. This information will also be available in the current Staff Handbook. Reimbursements will be made to staff when form 280-54 is submitted with purchase receipt.
- Will use the school purchasing card when possible.
- All checks will be completed and signed by Principal and one other authorized signer prior to purchase.
- Sponsors will promptly remit all funds collected to the office using the IAF Remittance slip, form 280-34.
- Sponsors will promptly reconcile funds collected then submit the Fieldtrip Accounting form, 280-41 for all fieldtrips.
- Principal will continue to work closely with Administrative Secretary regarding all financial matters.