


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

November 23, 2015

MEMORANDUM

To: Ms. Erica W. Williams, Principal
Fields Road Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
April 1, 2012, through October 31, 2015

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 20, 2015, with you and Ms. Marjorie Vanterpool, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated May 9, 2012, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2015. 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

In order to properly control receipts, cash and checks collected by sponsors for IAF activities should be recorded on MCPS Form 280-34, *Remittance Slip*, and remitted promptly to the

administrative secretary. Funds should be counted in the presence of the remitter, and a receipt that is supported by the remittance slip should be issued promptly. We found instances in which dates on remittance slips, receipts, and bank deposit slips indicate these requirements were not always met. To improve controls, we recommend adoption of the procedures in the MCPS Financial Manual (see MCPS Financial Manual, p. 7-4).

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. 20-4). 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. Invoices for goods or services must be signed by the purchaser to indicate satisfactory receipt. In our random sample of disbursements, we could not always determine whether prior approval had been obtained. Many disbursements did not have adequate documentation to fully explain the reason for the expenditure, and invoices were not always signed by the receiver. By requiring prior approval and complete documentation, the principal retains control over the expenditure of IAF funds. We recommend that Form 280-54 be prepared by staff and signed by you at the time verbal approval is sought, and that complete documentation be attached to fully explain the reason for the purchase.

Sponsors of field trips should have a complete class or club roster of student names to annotate the amount each student paid, eligible students who did not participate in the trip, and students who received waivers, scholarships or reduced fees. This data should be provided to the financial agent at the completion of each trip, and compared to remittances recorded in the trip account history report. The data also should be used to estimate future trips. We again 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 nor used for planning future trips. We recommend trip sponsors use MCPS Form 280-41, *Field Trip Accounting*, or its equivalent, for recording of trip fees and provide complete data at the completion of each trip. We further recommend trip planning be reviewed to ensure established fees are commensurate with trip expenses (see MCPS Financial Manual, p. 20-10).

Summary of Recommendations

- Cash handling procedures should conform to the requirement of Chapter 7 of the MCPS Financial Manual;
- Controls over disbursement need to be strengthened and conform to Chapter 20 of the MCPS Financial Manual (repeat); and
- Field trip sponsors must provide complete financial information at the conclusion of each trip (repeat).

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 Mr. Pat Abrunzo, director of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:LS:sd

Copy to:

Dr. Zuckerman
Dr. Statham
Dr. Navarro
Dr. Kimball
Mr. Abrunzo
Mrs. Chen
Mrs. DeGraba
Mrs. Milwit

Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

December 23, 2015

MEMORANDUM

To: Roger W. Pisha, Supervisor
Internal Audit Unit

From: Erica Williams, Principal
Fields Road Elementary School

Subject: Response to Audit of Independent Activity Funds for the Period of
April 1, 2012, through October 31, 2015

On November 20, 2015, I met with the auditor and administrative secretary to review the status of the conditions described in the prior audit report dated May 9, 2012, and the status of present conditions.

The following summary of recommendations was provided at the meeting.

- Cash handling procedures should conform to the requirement of Chapter 7 of the MCPS Financial Manual.
- Controls over disbursement need to be strengthened and conform to Chapter 20 of the MCPS Financial Manual.
- Field trip sponsors must provide complete financial information at the conclusion of each trip.

In accordance with MCPS Regulation DIA-RA, Accounting for Financial Operations/Independent Activity Funds, this memo serves as a response to the Internal Audit. The following chart outlines the audit findings, and the steps that will be taken to address the areas of concern.

Fields Road Elementary School
Response to Audit Findings 11/23/15

Area of Concern		Findings	Action Items/Next Steps
Cash Receipts		Dates on remittance slips, receipts, and bank deposit slips indicate that the proper cash handling procedures were not always met	All staff members collecting funds will record the funds on MCPS Form 280-34, Remittance Slip, and remit to admin secretary each day received. Staff will get a copy of receipt from the admin secretary that same day.
Disbursements		<p>Disbursements did not always have adequate documentation to fully explain the reason for the expenditure.</p> <p>Could not always determine if prior approval was obtained.</p> <p>Invoices not always signed by the receiver.</p>	<p>Ensure Form 280-54 is prepared by staff and signed by principal for prior approval.</p> <p>Make sure complete documentation is attached to fully explain the reason for the purchase.</p> <p>Make sure the invoices for goods or services are signed by the purchaser to indicate satisfactory receipt.</p>
Field Trips		<p>Not all sponsors are providing completed data at the end of each trip.</p> <p>The data is not being compared to the final account history report nor used for planning future trips.</p>	<p>Trip sponsors will use MCPS Form 280-41, Field Trip Accounting, to record trip fees and provide complete data at the end of each trip and return it to the admin secretary.</p> <p>Trip planning will be reviewed to ensure fees are commensurate with trip expenses.</p>

Copy to:
 Mr. Abrunzo