


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

February 22, 2013

MEMORANDUM

To: Dr. Joanne Smith, Principal
Glen Haven Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2010, through December 31, 2012

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 February 14, 2013, with you, and Mrs. Mercedes Alvarado, administrative secretary, we reviewed conditions described in our previous report dated February 26, 2010, 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*, 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, 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 invoices or receipts bear a date subsequent to the approval date.

Sponsor 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. This data should be submitted to the administrative secretary at the completion of each trip, and compared to remittances recorded in the trip account reconciliation report. The data should also be used to estimate future trips. We again found not all sponsors are submitting completed data at the conclusion of each trip, and therefore is not available to compare to the final account reconciliation report or to be 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 a completion of each trip (see MCPS Financial Manual, p. 20-9).

Fund raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund Raiser*. 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. We found that there was inconsistency with adherence to these guidelines. We recommend that completion reports for each fund raising activity should have sufficient detail of revenue and expense to be able to analyze the results (see MCPS Financial Manual, p. 20-11).

Admission receipts for events should be controlled in accordance with MCPS Regulation DMB-RA, *Control of Admission Receipts*. The school has few such events but it would be advisable to follow the required process. We found that MCPS Form 280-50, *Tickets and Cash Report of Admissions Manager*, was not being used to document the accounting for sales of admission tickets. We recommend that all admission events be controlled in accordance with the above cited regulation.

Summary of Recommendations

- Expenditure of funds must be approved by the principal prior to procurement (repeat);
- 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);
- Fundraiser completion reports prepared by sponsors must provide sufficient information to analyze results; and

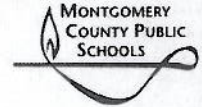
- Admission events must be conducted in accordance with MCPS Regulation DMB-RA (repeat).

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 Ms. Bronda L. Mills, community superintendent. The Office of School Support and Improvement will follow up on this audit.

RWP:RM:sd

Copy to:

Mr. Bowers
Dr. Statham
Dr. Schiavino-Narvaez
Dr. Marks
Ms. Mills
Mrs. DeGraba
Mrs. Milwit
Mrs. Chen



Glen Haven Elementary School

"Where Little Eagles Soar!"

To: Mr. Roger Pisha, Supervisor, Internal Audit
From: Dr. Joanne Smith, Principal
Glen Haven Elementary School
Date: March 5, 2013
Subject: Response to Report of Independent Activity Funds for the Period
January 1, 2010 through December 31, 2012

This memorandum in response to the results of the examination of the financial records, reports, and internal accounting controls relating to the Independent Activity Funds (IAF) for Glen Haven Elementary School for the period January 1, 2010 through December 31, 2012.

Findings and Recommendations to Strengthen Internal Controls:

1. During this period of time, Glen Haven Elementary has had three administrative secretaries. All expenditure of funds by staff is approved through the principal; however, prior submission of Form 280-54, *Request for a Purchase*, to the administrative secretary was noted as not consistently submitted. The administrative secretary will follow established guidelines per IAF manual, p. 20-5 and staff will be provided with an updated memo to reinforce previous memos regarding submitting the appropriate IAF form prior to making purchases.
2. The administrative secretary will ensure that field trip sponsors provide financial information to the administrative secretary at the completion of a trip. Sponsors of field trips will provide 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 student who received waivers, scholarships or reduced fees. The administrative secretary will require sponsors to record fees collected for each field trip on MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and will follow up with sponsors to ensure that when a trip is completed that established guidelines per IAF manual are followed, p. 20-9.
3. Glen Haven Elementary School hosts few fundraising events; however, it was noted that there was inconsistency with adherence of *Guidelines for Sponsoring an Independent Activity Fund Fundraiser*. The administrative secretary and principal will collaborate with fundraising sponsors to ensure that completion reports for each fund raising activity have sufficient detail of revenue and expense, so that we are able to analyze the results, p. 20-11.
4. Glen Haven Elementary School hosts few events requiring admission tickets; however, the auditor reviewed the pertinent procedures that should be followed with the administrative secretary regarding admission receipts for events that should be controlled in accordance with MCPS Regulation DMB-RA, *Control of Admission Receipts* and the proper use of Form 280-50, *Tickets and Cash Report of Admissions Manager*, to document the accounting for sales of admission tickets.
5. The administrative secretary completed MCPS' IAF PDO training within the last six months, so that she would be able to effectively follow and adhere to IAF guidelines. Additionally, during this visit, the auditor collaborated with the administrative secretary on proper use of necessary accounting forms relating to IAF expenditures and receipts.

We appreciate the total and very positive demeanor, as well as professionalism, demonstrated by your representative during this audit of Independent Activity Funds.

Cc: Ms. Bronda Mills, Community Superintendent
Ms. Mercedes Alvarado, Administrative Secretary
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