


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

December 16, 2014

MEMORANDUM

To: Mrs. Cheryl A. Bunyan, Principal
Greenwood Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2011, through October 31, 2014

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 10, 2014, with you, and Mrs. Dorothy Hagler, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated February 16, 2011, 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

In order to properly control receipts, cash and checks should be remitted promptly to the administrative secretary together with MCPS Form 280-34, *MCPS Remittance slip*. The administrative secretary should promptly complete each receipt, attach it to Form 280-34, and

file it in sequential order with a copy of the deposit analysis and deposit slip receipted by the bank. We found most remittances were submitted on a form that was developed at the school together with Form 280-34. Form 280-34 was then returned to sponsors together with their receipt and not retained by administrative secretary or filed properly. We also found instances in which funds were held by sponsors rather than remitted promptly. Also, the administrative secretary was not always making timely deposits to the bank. Large and infrequent deposits increase the possibility of loss of funds, diminish the schools ability to fund activities, and are contrary to the MCPS Financial Manual. To improve cash handling procedures, all funds collected should be remitted to the administrative secretary daily for prompt deposit (see MCPS Financial Manual, p. 7-4).

Sponsors of school activities which involve the collection or disbursement of IAF should be provided an account history report for each month in which the account has a balance or transactions have been recorded. We found this essential internal control procedure was not being used. We recommend sponsors be given a monthly statement to verify that all transactions affecting their accounts have been correctly recorded. After any discrepancies are resolved, sponsors should attest to the accuracy of these statement by signing, dating, and returning them to the administrative secretary. A procedure should be established to ensure that all statements are reviewed and returned (see MCPS Financial Manual, p. 20-9).

Sponsors of field trips should have a complete class roster of student names and annotate how much each student paid, date 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 history report. The data should also be used to estimate future trips. 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 history report. We recommend trip sponsors use MCPS Form 280-41, *Field Trip Accounting*, or its equivalent, and provide complete data at the conclusion of each trip for reconciliation with remittances recorded in activity accounts (see MCPS Financial Manual, p. 20-9).

Summary of Recommendations

- Funds collected by sponsors must be promptly remitted with MCPS Form 280-34 to the administrative secretary to verify, receipt, and promptly deposit in the bank;
- Monthly account history statements must be provided to sponsors for affirmation of transaction correctness and returned to the administrative secretary; 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 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. Myra J. Smith, associate superintendent of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:WKH:sd

Copy to:

Mr. Bowers
Dr. Navarro
Dr. Statham
Mr. Sanderson
Dr. Smith
Mrs. DeGraba
Mrs. Milwit
Mrs. Chen

Fiscal Management Action Plan

School: Greenwood Elementary

Principal: Cheryl A. Bunyan

Approved by associate superintendent: _____ **Date of approval:** _____

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p><u>Sponsor Reports:</u> We noted that the VB printed sponsor reports each month in FY 14 and current but admin secretary was not giving to sponsors. Each month reports must be run and distributed to account managers. You need a system to verify all reports have been returned and file in a binder or monthly folder.</p>	<p>Account reports are printed monthly in SFO by the administrative secretary, distributed to Sponsors, signed and returned to administrative secretary. Questions and comments are addressed and reports are signed and then filed.</p>	<p>Currently activated and working efficiently.</p>	<p>Filed in School IAF Monthly Reports.</p>
<p><u>Field Trips:</u> Review of field trips we found that not all staff were turning in a completed field trip accounting form or equivalent at the end of trip. Many turned in form with each remittance but no final listing of all eligible students. Not all sponsors filled in date paid on field trip form. Some accounts kept open from year to year making it difficult to notice when a trip actually lost money. Staff were not using field trip calculator to price trip and no approval for out of area trip was on file. We did not see admin secretary reconciling trips to determine all funds collected were turned. Sponsors need to turn in money collected with a remittance slip and record payments on master field trip accounting form. At completion of the trip, not end of year, sponsors turn in final, complete field trip accounting form and admin reconciles account to forms. Admin needs to have approval form in folder of trip and show how cost of trip was calculated. Accounts need to be closed each year and balance transferred to general FT.</p>	<p>Staff have been made aware of omissions in completing forms and submitting them properly. Administrative secretary does not accept and returns submissions that are not completed correctly. Additionally, staff have been reminded by the administrative secretary to use the field trip calculator as they were instructed to do in meetings with the principal and all staff during pre-service meetings. All accounts that are completed and have a zero balance are being inactivated by the administrative secretary. The institution of SFO has transferred almost entirely all tasks previously performed by the VB to the administrative secretary and are still being learned and implemented. Accounts that are completed always have been and continue to be balanced by transfers from and to the Field Trips General Account. Administrative Secretary will endeavor to accomplish this in a more timely manner.</p>	<p>Corrections are being currently implemented and staff have been reminded of correct procedures. The field trip calculator is being used.</p>	<p>School Financial files and SFO accounts.</p>

<p>Cash Receipts: The 280-34 is not retained by the administrative secretary when funds are remitted by sponsors. The 280-34 should be signed acknowledging receipt of the funds, attached to the SFO receipt and deposit summary with the validated deposit slip from the bank. Funds should be deposited in a timely manner and not held. Funds should not be receipted and held for deposit or deposited and receipted. The 280-34 should be receipted by the sponsor and administrative secretary when funds are collected and remitted to the administrative secretary for deposit. All funds should be counted and receipted to avoid errors.</p>	<p>All funds submitted to the administrative secretary are returned to the sponsor if the 280-34 has not been completed, signed by the sponsor and submitted with the funds. The administrative secretary counts all money submitted and creates a receipt on SFO for the sponsor. The difference in this process has been changed by the administrative secretary retaining the 280-34 when submitted in lieu of at the end of the school year. SFO training is ongoing.</p> <p>The administrative secretary endeavors to deposit all checks and cash on a daily basis. Sometimes other priorities prevent this, but every effort will be made to accomplish this.</p>	<p>The administrative secretary has currently instituted the procedure of retaining the 280-34 when it is submitted and not at the end of the year.</p>	<p>SFO Registers and Reports and monthly financial files.</p>

Note: A copy of the approved plan is to be sent to the Internal Audit Office, URSC suite 3380