


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

July 30, 2013

MEMORANDUM

To: Dr. Peter H. Bray, Principal
Broad Acres Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2011, through June 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 July 19, 2013, with you and Mrs. Tam Nguyen, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated February 14, 2011, 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

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips and Other Student Organization Trips*. Trip approval forms signed by the principal should be retained. 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 noted a lack of advance written principal approval of field trips.

MCPS purchasing card members must record purchases on transaction logs and submit logs monthly with invoices and receipts attached for review and approval by the principal. Monthly summary reports from American Express are to be reviewed, signed and dated by the principal to ensure that purchases are appropriate and within established limits. In addition, principals must forward their monthly procurement logs electronically to their respective associate superintendent. We found that logs and summary reports were not reviewed in accordance with procedures, and that some transactions were not supported by receipts. We recommend purchasing card members be required to comply with the requirements of the MCPS *Purchasing Card Users Guide*.

Summary of Recommendations

- Field trips must be conducted in accordance with MCPS Regulation IPD-RA; and
- Purchase card transactions must be documented, reviewed, and approved in accordance with MCPS procedures.

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:RM:sd

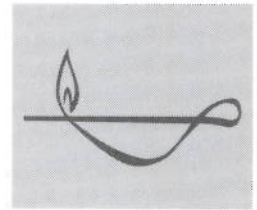
Copy to:

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

Broad Acres Elementary School

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Office of the Principal



To: Dr. Myra Smith

From: Dr. Peter H. Bray

Peter H. Bray

Re: Audit Response

Date: August 1, 2013

After reviewing the recommendations of the IAF Audit, we will be reviewing both the field trip information and the purchase card transactions each semester to ensure that they are both in compliance with MCPS regulations.