


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

June 28, 2013

MEMORANDUM

To: Mr. Leroy C. Evans, Principal
Magruder High School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2011, through April 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 June 27, 2013, with you, Miss Joyce Offutt, business administrator, and Ms. Kristie Hughes, financial specialist, we reviewed the status of the conditions described in our prior audit report dated January 4, 2012, and the status of present conditions. We commended you for the progress made that included having documented written delegations of authority, completion reports for fund raisers that meaningfully analyzed results, and complete field trip records provided to and reconciled by the financial specialist. 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 for IAF activities should be remitted daily to the financial specialist. Some staff collecting funds were holding rather than remitting them promptly. In order to minimize the risk of loss and provide assurance that available funds will be fully utilized to meet school needs, all funds collected should be remitted to the financial specialist daily (see MCPS Financial Manual, p. 7-4).

Sponsors of school activities which involve the collection or disbursement of IAF were provided an account statement for each month in which transactions have been recorded in their accounts, and are required to verify that transactions have been correctly recorded. We found some sponsors did not return these statements. We recommend stronger enforcement of established procedures to ensure that all statements are reviewed, any discrepancies resolved, signed, and returned to the financial specialist in a timely manner (see MCPS Financial Manual, p. 20-9).

Summary of Recommendations

- Funds collected must be promptly remitted to the financial specialist; and
- Monthly account transaction statements provided to sponsors must be affirmed for correctness and returned to the financial specialist.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff, especially Miss Offutt and Ms. Hughes. 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. Christopher S. Garran, associate superintendent of high schools. The Office of School Support and Improvement will follow up on this audit.

RWP:VAD:sd

Copy to:

Mr. Bowers
Dr. Statham
Dr. Schiavino-Narvaez
Mr. Sanderson
Dr. Garran
Mrs. DeGraba
Mrs. Milwit
Mrs. Chen

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JUL 12 2013

Fiscal Management Action Plan

Attachment

School: Col. Zadok Magruder High School

Principal: Leroy C. Evans



Approved by community superintendent: 

Date of approval: 7/11/13

Date of approval: 7/19/13

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p>Finding: In order to properly control receipts, cash and checks collected for IAF activities should be remitted daily to the financial specialist. Some staff collecting funds were holding rather than remitting them promptly. In order to minimize the risk of loss and provide assurance that available funds will be fully utilized to meet school needs, all funds collected should be remitted to the financial specialist daily (see MCPS Financial Manual, p. 7-4).</p> <p>Recommendation: Funds collected must be promptly remitted to the financial specialist.</p>	<ul style="list-style-type: none"> Email has been sent to both the Counseling Services Department and Media Center staff advising that they are to make more frequent deposits to the finance office for funds collected for transcripts and printing costs, respectively. <p>With audit's approval, the following process has been implemented for the beginning of the school year. Both offices will make deposits at least once a week or as soon as they have accumulated \$50.00 - whichever comes first. Funds will be locked up until the deposits are made.</p> <p>Action by: Roxanne Plummer & Stephanie Schwinn</p>	08/13	Weekly receipts

<p>Finding: Sponsors of school activities which involve the collection or disbursement of IAF were provided an account statement for each month in which transactions have been recorded in their accounts, and are required to verify that transactions have been correctly recorded. We found some sponsors did not return these statements. We recommend stronger enforcement of established procedures to ensure that all statements are reviewed, any discrepancies resolved, signed, and returned to the financial specialist in a timely manner (see MCPS Financial Manual, p. 20-9)</p> <p><i>Recommendation: Monthly account transaction statements provided to sponsors must be affirmed for correctness and returned to the financial specialist.</i></p>	<ul style="list-style-type: none"> We have gathered information and compiled a list of the sponsors that have not turned in the reconciliation reports during the audit time period (11/2011 through 04/2013). A meeting will be scheduled with Mr. Evans and each sponsor on the list to reinforce the sponsor's fiduciary responsibility for these accounts and the requirement to review and return the reports in a timely manner. Mr. Evans will also meet in the future with any sponsor that does not respond to the finance office's repeated requests for these reports. <p>Action by: Leroy Evans</p> <p><i>Leroy Evans</i> 7/9/13</p>	<p>08/13</p>	<p>Reconciliation reports filed in the binder</p>
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Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, Room 11.