


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

January 12, 2016

MEMORANDUM

To: Mrs. Wanda P. Coates, Principal  
S. Christa McAuliffe Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
June 1, 2012, through November 30, 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 January 11, 2016, with you and Veronica Palleres, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated August 16, 2012, 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

Disbursement of IAF must be controlled in a number of ways. All purchases must be approved in advance and in writing using MCPS Form 280-54, *Request for a Purchase*. After the purchase is completed, the purchaser should submit the invoice or documented evidence of purchase,

annotated to indicate the satisfactory receipt of the goods or services, to the administrative secretary. A check may then be drawn and it must bear two signatures, one of which is that of the principal. Although we noted progress for obtaining prior approval, further improvement is needed to document purchases. We found numerous instances in which controls over purchases were weakened. These included documentation missing or not adequate to assure the school benefited from the purchase, documentation supporting purchases not stamped or marked "Paid," and documentation not annotated by recipient to indicate purchased goods or services were satisfactorily received. Action is needed to correct these conditions and bring purchasing into conformity with MCPS requirements (see MCPS Financial Manual, p. 20-4).

The yearbook sponsor is required to keep detailed records of the number of books sold, the price charged as well as the number of books distributed free of charge (see MCPS Financial Manual, p. 20-13). The records kept by the yearbook sponsor did not enable us to reconcile the number of books purchased with the number sold, given free, and the remaining inventory. We were therefore unable to determine that all funds generated from this activity had been remitted. We recommend the yearbook sponsor be counseled and assisted with the record-keeping required for this activity.

Sponsors of field trips should keep records of the names of trip participants with the amount collected from each, and provide this information to the administrative secretary when all fees have been collected. MCPS Form 280-41, *Field Trip Accounting*, or an equivalent accounting form, should be used for this purpose. Although we noted progress with compliance for most trips, we found one trip for which three of the four sponsors did not provide this information. We recommend Form 280-41, or its electronic equivalent, be provided to the administrative secretary when all fees have been collected (see MCPS Financial Manual, p. 20-10).

#### Summary of Recommendations

- Purchase documentation must be adequate to support disbursements;
- Purchaser must confirm receipt of goods or services prior to disbursement;
- Purchase invoices and receipts must be annotated as "Paid" to indicate disbursement was made;
- Yearbook sponsor records must account for the number of books purchased, sold, distributed at no cost, and ending inventory; and
- Sponsors of field trips must provide complete financial information at the conclusion of a 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. Gregory Edmundson, 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  
Mrs. Chen  
Mrs. DeGraba  
Mr. Edmundson  
Mrs. Milwit

Fiscal Management Action Plan

School: S. Christa McAuliffe Elementary School

Principal: Wanda Coates

Approved by director: 

Date of approval: 2-11-14

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p><b>Disbursement of IAF funds</b> All purchases must be approved in advance and in writing using form 280-54, <i>Request for a Purchase</i>. After the purchase, purchaser should submit the invoice or documented evidence of purchase, annotated to indicate the satisfactory receipt of goods or services, to the administrative secretary.</p> <p><b>Yearbook sponsor</b> The yearbook sponsor is required to keep detailed records of the number of books sold, the price charged, as well as the number of books distributed free of charge.</p>	<p>At the time that verbal approval is sought from the principal, Form 280-54 will be prepared and signed by both requesting staff and the principal. The principal will ensure detailed documentation/rationale of the purchase is attached to the request. The invoices for the purchase will be signed and dated by the receiver and given to the administrative secretary.</p> <p>It is likely that the photography company will take over the yearbook sales for the school and parents will be asked to pay using online school payments. In the event that this does not occur, yearbook sponsor (when applicable) will attend a mandatory training for how to account for yearbook sales in terms of record keeping through the use of an excel worksheet. Records will be reviewed biweekly with the yearbook sponsor, principal, and administrative secretary.</p>	<p>As needed</p> <p>Yearly-March through June</p>	<p>Completed Form 280-54, with documentation of purchase, and receipt of purchase, signed by receiver.</p> <p>Detailed records of the number of yearbooks sold, the price charged, as well as the number of books distributed free of charge.</p>
<p><b>End of field trip reconciliation</b> Field trip sponsors must provide complete financial information at the conclusion of a 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 trip.</p>	<p>Field trip sponsors will be provided with field trip checklist which outlines the expected procedures for conducting a field trip. Field trip sponsors will provide complete class rosters and note how much each student has paid at the completion of the trip and compare remittance recorded to the trip account history report. Sponsors will use MCPS Form 280-41 to record trip fees and provide complete data at the end of each trip to the administrative secretary.</p>	<p>Each field trip</p>	<p>Completed Form 280-41 and any additional documents relevant to each trip, such as field trip checklist.</p>

Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, Room 11.