


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

October 9, 2013

MEMORANDUM

To: Ms. Vicky Lake-Parcan, Principal
Neelsville Middle School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
February 1, 2012, through August 31, 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 October 8, 2013, with you, and Mrs. Irene Holt, financial specialist, we reviewed the status of the conditions described in our prior audit report dated April 24, 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

Cash and checks collected for IAF activities by sponsors and other authorized individuals must be remitted to the financial specialist together with MCPS Form 280-34, *Remittance Slip*, on the day the funds are received. We again found staff collecting funds were holding rather than remitting them timely to the financial specialist. 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 and promptly deposited (see MCPS Financial Manual, p. 7-4). In addition, all remittances on hand must be deposited before each weekend or holiday.

Review of field trip activities revealed that although sponsors are providing cost and fee information as funds are collected and remitted, not all field trip sponsors are providing comprehensive financial information to the financial specialist at the completion of a trip. Sponsors of field trips should have a complete class or club roster of student names and annotate how much each student paid, date paid, eligible students who did not participate in the trip, and students who received waivers, scholarships or reduced fees. The record of the names of participants and sums collected provides assurance that all field trip fees have been remitted. We recommend all sponsors be required to use Form 280-41, or equivalent, and follow the procedures outlined above. We also noted a few field trips where fees collected exceeded the cost of the trips. We recommend monitoring field trips in an effort to more closely align their costs with fees charged to students (see MCPS Financial Manual, p. 20-9).

Use of the MCPS purchasing card must be in accordance with the requirements of the MCPS *Purchasing Card Users Guide*. Card members must record purchases on transaction logs, sign them to certify completeness and compliance, and submit the logs monthly with invoices and receipts attached for timely review and approval by the principal. We found some logs were not prepared in a timely manner, and principal review was not always performed in a timely manner. We also noted the purchase of gift cards which is strictly prohibited as well as a few items purchased with the IAF card that were recorded incorrectly. Action is needed to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Summary of Recommendations

- Funds collected must be promptly remitted by sponsors to the financial specialist (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;
- Field trip planning should be reviewed to ensure established fees are commensurate with trip expenses; and
- Purchase card activity must be in compliance with the MCPS *Purchasing Card User's Guide*.

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. Darryl L. Williams, associate superintendent of middle schools. The Office of School Support and Improvement will follow up on this audit.

RWP:MJB:sd

Copy to:

Mr. Bowers
Dr. Statham

Dr. Schiavino-Narvaez
Mr. Sanderson

Dr. Williams
Mrs. DeGraba

Mrs. Milwit
Mrs. Chen

Fiscal Management Action Plan

School: Neelsville Middle School

Approved by Associate ~~community~~ superintendent: Dr. Darryl L. Williams

Principal: Vicky Parcan

Date of approval: 11/17/13



Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Funds collected must be promptly remitted by sponsors to the financial specialist.	Staff will be reminded to make deposits daily and as early in the day as possible so that the financial specialist can make deposits promptly.	Since, the audit report sponsors have been making daily deposits.	FY 14 and forward will show evidence of timely deposits by sponsors, improved field trip data, field trip fees will be closely aligned with the cost of the trip and purchase card activity will be in compliance with the MCPS Purchasing Card User's Guide.
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.	Field trip sponsors will include accurate data on all eligible students including financial aid and student waiver information on MCPS Form 280-41 "Field Trip Accounting" to ensure accurate field trip accounting.	Field trip accounting procedures have been reiterated and have improved in FY 14. The field trip sponsors will include accurate data on all eligible students and will reconcile funds collected with costs of the trip.	
Field trip planning should be reviewed to ensure established fees are commensurate with trip expenses.	Field trip sponsors will use the FY 14 field trip calculator to ensure that the fees collected do not exceed the cost of the trip.	Field trip sponsors are using the FY14 field trip calculator and the trip fees are not exceeding the cost of the trip.	
Purchase card activity must be in compliance with the MCPS Purchasing Card User's Guide.	Card members will record purchases on the transaction logs, sign and submit with receipts attached for timely review and approval by principal. We will not purchase gift cards and	Card members from date of audit report forward have been submitting the	

	make sure that all purchases are recorded correctly.	transaction logs in a timely manner and the principal has been approving them in a timely manner.	

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