


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

January 5, 2012

MEMORANDUM

To: Mrs. Linda Z. Goldberg, Principal
Potomac Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2009, through October 31, 2011

This audit report presents the results of our examination of the financial records, reports, and internal accounting controls relating to the Independent Activity Funds (IAF) for your school for the period designated above. The examination was made to evaluate the adequacy of accountability over these funds, compliance with applicable Montgomery County Public Schools (MCPS) policies and procedures, and effectiveness of IAF management.

In our meeting on December 9, 2011, with you and Ms. Debra Taylor-Miller, administrative secretary, we reviewed conditions described in our previous report dated March 6, 2009, and the status of present conditions. Our findings and recommendations appear below.

Findings and Recommendations

Cash and checks collected by sponsors and other authorized individuals for IAF activities must be remitted to the administrative secretary on the day they are received, and must be accompanied by MCPS Form 280-34, *Remittance Slip*. Sponsors require orientation in the correct use of the remittance slip so that the school is compliant in this respect. The manual reference that follows below has explicit information as to what is required and should be followed. We also noted instances in which staff collecting funds for trips were holding funds rather than remitting them timely to the administrative secretary (see MCPS Financial Manual, p. 7-3). We recommend that all staff who collect funds for school activities be reminded of remittance requirements.

Controls over deposits need improvement. Funds in excess of allowable amounts were frequently locked in the office overnight rather than deposited daily. This increases the possibility of loss. Deposit frequency should comply with MCPS requirements that funds in excess of \$250 must be deposited at the end of the school day, and all receipts must be deposited on the last working day of the month (see MCPS Financial Manual, p. 7-4).

Review of field trip activities revealed that not all trip sponsors are providing completed financial information to the administrative secretary at the completion of a trip. 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. 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 recommend all sponsors be required to use

Form 280-41, or equivalent, and follow the procedures outlined above (see MCPS Financial Manual, p. 20-9).

Sponsors of school activities which involve the collection or disbursement of IAF should be provided an account statement for each month in which transactions have been recorded in their account. We recommend sponsors be given a monthly statement of their accounts, and be required to verify that all transactions affecting the account have been correctly recorded. After any discrepancies are resolved, the statements should be signed and dated by the sponsors to attest to their accuracy. A procedure should be established to ensure that all statements are reviewed and returned (see MCPS Financial Manual, p. 20-9).

Aggregate expenditures for staff meetings and staff appreciation which exceed \$45 per FTE require prior authorization from the chief operating officer. We noted that for fiscal year 2010 and 2011, expenditures of \$3,173 and \$3,073 respectively were recorded whereas the amount authorized was \$2,214. Requesting approval to exceed an expenditure guideline provides the opportunity for evaluation as to prudent use of IAF funds. We suggest that a budget for these expenditures be developed, and if the authorized amount is to be exceeded, that an advance request for approval be submitted for consideration of the chief operating officer (see MCPS Financial Manual, p. 20-4).

Summary of Recommendations

- Funds collected must be promptly remitted by sponsors to the administrative secretary using MCPS Form 280-34;
- Funds received from sponsors must be promptly verified and deposited by the administrative secretary;
- 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;
- Monthly account transaction statements must be provided to sponsors for affirmation of correctness and returned to the administrative secretary; and
- Staff appreciation and meeting expenditures should not exceed \$45 per FTE per fiscal year without prior authorization from the chief operating officer (repeat).

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff, especially Ms. Taylor-Miller. 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. Donna S. Hollingshead, community superintendent. The Office of School Performance will follow up on this audit.

RWP:HK:sd

Copy to:

Mr. Bowers
Dr. Lacey

Mr. Talley
Dr. Hollingshead

Mrs. DeGraba
Mrs. Milwit

Mr. Doody

POTOMAC ELEMENTARY SCHOOL
10311 RIVER ROAD
POTOMAC, MD 20854.
301-469-1042

January 9, 2012

MEMORANDUM

TO: Mr. Roger Pisha, Supervisor
Internal Audit

FROM: Linda Z. Goldberg *LZG*
Principal

SUBJECT: Response to Audit Findings



The following items will be addressed:

1. *Fund collected must be promptly remitted by sponsors to the administrative secretary using MCPS form 280-34*

Training will be provided to all staff members at their weekly team meetings on the proper use of MCPS form 280-34. Teachers will be made aware that it is mandatory that funds be remitted to the office on a daily basis and that funds may not be kept in their rooms.

2. *Funds received from sponsors must be promptly verified and deposited by the administrative secretary.*

The administrative secretary will make every effort to make bank deposits on a more regular basis. Uninterrupted time will be provided for her to count and prepare bank deposits.

3. *Field trip records prepared by sponsors must provide comprehensive data top account for all students eligible to participate, and to reconcile funds collected with costs of the trip*

Training will be provided to all staff members at their weekly team meetings on the proper use of MCPS form 280-41.

4. *Monthly account transaction statements must be provided to sponsors for affirmation of correctness and returned to the administrative secretary*

The administrative secretary will work with the visiting bookkeeper to print out category reports regularly/monthly. They will be given to sponsors to review for accuracy. Second notices will be issued if the category report is not returned in a timely fashion.

5. *Staff appreciation and meeting expenditures should not exceed \$45 per FTE per fiscal year without prior authorization from the chief operating officer*

While we have decreased the expenditures on staff appreciation, we will continue to monitor the expenditures more closely. At the beginning of each year, as well as the current year, we will transfer the budgeted allotment into the staff appreciation account in Quicken to ensure that there is no over-spending. The PTA will continue to help out as well.

Please let me know if you need any further information.

LG:ltm

Copy to:
Dr. Hollingshead