


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

December 7, 2012

MEMORANDUM

To: Mr. James Sweeney, Principal
Rosemont Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
March 1, 2009, through September 30, 2012

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 November 30, 2012, with you, Mr. Chris Ricchini, assistant principal, and Mrs. Nancy Senft, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated May 18, 2009, 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

Payments to independent contractors may be made only after IRS Form W-9 has been obtained. Such payments must be reported monthly to the Division of Controller (DOC) using MCPS Form 280-47A, *Independent Activity Funds*, as described in MCPS Regulation DIA-RB, *Payments for Personal Services and Reimbursements for Expenses from School Independent Activity Funds (IAFs)*. Among your disbursements, we found that payments for services to an independent contractor were not reported to the DOC. We recommend that payments for personal services be made and reported in compliance with the applicable regulations and procedures (see MCPS Financial Manual, p. 20-13).

MCPS purchasing card members must record purchases on transaction logs with invoices and receipts attached for submission to the appropriate official for review and approval. We found the school does not maintain monthly American Express logs for the principal's card purchases. We recommend purchasing card members be required to comply with the requirements of the MCPS *Purchasing Card Users Guide*.

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*. We found that sponsors were using a remittance slip developed at the school rather than Form 280-34, and that the administrative secretary does not sign, date, and indicate receipt numbers on these remittance slips. In addition, we found instances in which staff collecting funds for fund raiser were holding funds rather than remitting them timely to the administrative secretary (see MCPS Financial Manual p. 7-4).

Summary of Recommendations

- Independent contractor payments must be reported monthly to the Division of Controller;
- Purchase card activity must be in compliance with the MCPS *Purchasing Card User's Guide* (repeat);
- Funds must be remitted by sponsors to the administrative secretary using MCPS Form 280-34; and
- Funds collected must be promptly remitted by sponsors to the administrative secretary.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of Mrs. Senft which greatly facilitated our audit. 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, community superintendent. The Office of School Support and Improvement will follow up on this audit.

RWP:GB:sd

Copy to:

Mr. Bowers
Dr. Statham
Dr. Schiavino-Narvaez
Dr. Marks
Dr. Williams
Mrs. DeGraba
Mrs. Milwit
Mrs. Chen

Rosemont Elementary School

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Gaithersburg, Maryland 20877
301-840-7123



Office of the Principal

January 7, 2013

MEMORANDUM

To: Mr. Roger Pisha, Supervisor, Internal Audit Unit

From: Jimmy Sweeney, Principal

Subject: Response to Auditor's Report of Independent Activity Funds for the Period March 1, 2009, through September 30, 2012

The following is in response to the above-mentioned audit memorandum.

MCPS Regulation DIA-RB, Payments for Personal Services and Reimbursements for Expenses for School Independent Activity Funds (IAFs)- The administrative secretary, principal, and school counselor are now aware that independent contractors must be reported to the Division of Controller using this form. This form will be completed and sent to that office when independent contractors are hired to perform services.

MCPS Purchase Card- A log is now being kept in the principal's office of all purchases being made. A copy of the logs is saved into the Admin shared folder and printed at the end of the month. All receipts are kept in a notebook in the principal's office. Logs for October, November, and December were submitted to OSSI for approval and approval was granted.

MCPS Form 280-34, Remittance Slip – All sponsors and other authorized individuals that collect money for IAF activities have been informed of the requirement to use this form in lieu of the in-house form that had been used. Staff were also informed of the need to deposit money and checks daily with the administrative secretary in the office using this form and are not to hold on to money for any reason.

Copy to:
Dr. Williams