


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

November 17, 2014

MEMORANDUM

To: Ms. Michaela O. Simmons, Principal
Weller Road Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
September 1, 2010, through September 30, 2014

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 13, 2014 with you, and Mrs. Constance Lieder, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated November 19, 2010, 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 by sponsors and others for IAF activities should be remitted promptly to the administrative secretary. These receipts must be deposited promptly, and all receipts must be deposited on the last working day of each month and before each weekend or holiday (see MCPS Financial Manual, p.7-4). We found sponsors were holding fees collected rather than

remitting them to the administrative secretary on a daily basis. To minimize the risk of loss, all funds collected should be remitted daily. We recommend staff be encouraged to submit cash and checks collected for IAF activities to the administrative secretary for prompt deposit in accordance with MCPS policy and procedures.

Fund-raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund-Raiser*. Although the sponsors are submitting fund-raiser requests and either the completion reports or MCPS Form 281-25, *Statement of Profit or Loss on Sales of Merchandise*, a few forms were not properly completed so that results could be evaluated. The reports did not include the total number of items for sale, selling prices, or remaining inventories, thus it was not possible to determine whether all sums collected were remitted to the administrative secretary. In addition, chief operating officer approval was not obtained prior to contracting for a fund-raising activity having the potential to cause liability claims against MCPS. We recommend the school adhere to the fund-raising guidelines to ensure accountability of funds and the opportunity to evaluate the results at the conclusion of the event, as well as to address the safety concerns of fund-raising activities.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips and Other Student Organization Trips*. Trip approval forms signed by the principal should be retained. The administrative secretary should establish a separate account in the IAF for each 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 (see MCPS Financial Manual, p. 20-9). 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. In some cases, the final comprehensive financial information prepared by sponsors was incomplete, and some did not appear to have been analyzed by the administrative secretary. We recommend all sponsors be required to use Form 280-41, or equivalent, and follow the procedures outlined above. In addition, we recommend the administrative secretary complete a reconciliation of field trip activity as soon as the final comprehensive data is received from the sponsor (see MCPS Financial Manual, p. 20-9).

Summary of Recommendations

- Funds collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the administrative secretary;
- Fund-raiser completion reports prepared by sponsors must provide sufficient information to analyze results, and all fund-raising activities must conform to *Guidelines for Sponsoring an IAF Fund-Raiser*; and
- 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.

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 Ms. Bronda L. Mills, associate superintendent of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:AB:sd

Copy to:

Mr. Bowers
Dr. Navarro
Dr. Statham
Mr. Sanderson
Ms. Mills
Mrs. DeGraba
Mrs. Milwit
Mrs. Chen

WELLER ROAD ELEMENTARY SCHOOL

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Michaele Simmons
Principal

Lisa Henry
Assistant Principal

January 13, 2015

MEMORANDUM

To: Roger W. Pisha, Supervisor, Internal Audit

From: Michaele O. Simmons, Principal
Constance W. Lieder, Administrative Secretary

Subject: Response to the Report on Audit of Independent Activity Funds for the
Period September 1, 2010 through September 30, 2014

This memorandum is a response to the auditor's report dated November 17, 2014. Each finding has been addressed in the order it was raised.

Finding 1:

Sponsors were holding fees collected rather than remitting them to the administrative secretary on a daily basis. To minimize the risk of loss, all funds collected should be remitted daily.

Action:

In accordance with MCPS policy, sponsors shall be required to submit funds daily using MCPS Form 280-34 *Independent Activity Fund (IAF) Remittance Slip* to minimize the risk of loss. At the beginning of each event the administrative secretary will send a reminder email with the MCPS policy to the sponsors. In addition, to minimize the amount of money the sponsors have to handle, we will begin using the Online School Payments (OSP) for the next school year, which will allow time for training of parents and staff.

Finding 2:

A few fundraiser forms were not properly completed so that results could be evaluated. The reports did not include the total number of items for sale, selling prices, or remaining inventories, thus it was not possible to determine whether all sums collected were remitted to the administrative secretary. In addition, chief operating officer approval was not obtained prior to contracting for a fund-raising activity having the potential to cause liability claims against MCPS.

Action:

The administrative secretary will require that all fundraiser sponsors submit MCPS Form 281-22 *Physical Inventory of Salable School Merchandise* and MCPS Form 281-25 *Statement of Profit and Loss on Sale of Merchandise* for all fundraisers to ensure that all salable merchandise is captured and analyzed. Fundraisers with no merchandise can simply include the form with "None" written on it. Also, all sponsors will be required to complete all sections of all forms to the best of their knowledge to give more opportunity for complete evaluations.

As to requesting prior approval from the chief operating officer for activities which could result in liability claims, I am now aware of the policy and will adhere accordingly in the future.

Finding 3:

In regards to field trips, there were some cases where the final comprehensive financial information prepared by sponsors was incomplete, and some did not appear to have been analyzed by the administrative secretary.

Action:

The administrative secretary will make adjustments to the Weller Road Financial Packet to clarify how the MCPS Form 280-41 *Field Trip Accounting* should be completed, how the remittance forms and accounting form need to match and the necessity for accountability. The use of OSP next year will allow reports to be printed by sponsors and the administrative secretary to ensure integrity of funds. Then after completion, each field trip will be analyzed by the administrative secretary in a timely manner to provide data for making adjustments for future field trips.

Please feel free to contact me or the administrative secretary with any further questions or concerns.

Copy: Ms. Bronda L. Mills, Associate Superintendent