


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

January 30, 2015

MEMORANDUM

To: Ms. Barbara J. Leister, Principal
Wyngate Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
October 1, 2010 through December 31, 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 January 29, 2015, with you, and Mrs. Deborah Teicher, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated December 21, 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

MCPS Form 280-54, *Request for a Purchase*, is used to obtain principal approval to proceed with an intended purchase (see MCPS Financial Manual, p. 20-5). The purpose of each disbursement must be fully explained on this form in order to properly record expenditures in appropriate accounts and to ensure that they comply with IAF requirements. In our sample of

disbursements, we found that prior approval was not consistently obtained, and invoices were not always annotated by the purchaser to acknowledge receipt of goods or services. By requiring prior approval, the principal retains control over the expenditure of IAF funds. We recommend that Form 280-54 be prepared by staff and signed by you at the time verbal approval is sought, and purchasers indicate receipt of goods or services on invoices.

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 funds 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.

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. A review of field trip activities disclosed that although the trip approval forms were prepared by staff, none of them had signature approval of the principal. In several cases, the final comprehensive financial information was not prepared by sponsors, and most reports did not appear to have been analyzed by the administrative secretary. As previously reported in our prior audit, we again 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

- Purchase requests must be approved by the principal prior to procurement, and purchasers must indicate receipt of goods or services prior to disbursement (repeat);
- Funds must be promptly remitted by sponsors and promptly verified, receipted and deposited in the bank by the administrative secretary; 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 (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 Dr. Donna S. Hollingshead, 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
Dr. Hollingshead
Mrs. DeGraba
Mrs. Milwit
Mrs. Chen

WYNGATE ELEMENTARY SCHOOL
9300 Wadsworth Drive
Bethesda, MD 20817

To: Internal Audit Office

From: Barbara J. Leister 

Date: February 19, 2015

Re: Internal Audit Response – Wyngate Elementary School

The following changes have been made in response to the January 30, 2015 memorandum regarding "Report on Audit of Independent Activity Funds for the Period of October 1, 2010 through December 31, 2014".

- *Purchase requests must be approved by the principal prior to procurement:* The school leadership team was convened on February 18th. A copy of financial guidelines for purchases was distributed and team leaders were instructed to share this information with their team.
- *Funds must be promptly remitted by sponsors and verified, receipted and deposited in the bank by the administrative secretary:* At the February 18th meeting team leaders were informed that staff members will be required to be present with the secretary while money is being counted and receipted. If the secretary is not available, the money will be sealed in an envelope, signed by the teacher and placed in a locked cabinet. We are in the process of investigating the purchase of a safe.
- *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:* At the February 18th meeting team leaders were given copies of the record keeping form for field trips and reminded that after all money is collected the form must be turned into the secretary, who will then reconcile the field trip account.

cc: Dr. Donna Hollingshead