


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

June 11, 2014

MEMORANDUM

To: Mr. Andrew J. Winter, Principal  
Lucy V. Barnsley Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
August 1, 2010, through April 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 June 4, 2014, with you, and Miss. Monika Roberts, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated October 11, 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 ensure compliance with IAF requirements. In our random sample of disbursements, we again found that prior approval was not consistently obtained. 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 the principal at the time verbal approval is sought so that purchase orders and invoices bear a date subsequent to the approval date. Also, documentation supporting purchases must be marked by the recipient to indicate purchased goods or services were satisfactorily received, and marked "paid" to avoid duplicate payment.

MCPS purchasing card members must record purchases on transaction logs and submit them monthly with invoices and receipts attached for review and approval by the principal. Monthly summary reports from American Express are to be reviewed, signed and dated by the principal to ensure that purchases are appropriate and within established limits. We found that logs were not maintained on a monthly basis, receipts and invoices were not attached, and monthly card member statements and monthly summary reports from American Express had not been signed and dated by the principal. 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 together with MCPS Form 280-34, *Remittance Slip*. We again found instances in which staff collecting funds for field trips were holding funds rather than remitting them timely to the administrative secretary. We recommend that all staff who collect funds for school activities be reminded of remittance requirements (see MCPS Financial Manual, p. 7-4).

Fund-raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund-Raiser*. We found a lack of adherence to these guidelines. Following the internal control procedures provides accountability of funds raised and the opportunity to evaluate the results at the conclusion of the activity. Each fund-raiser should have written principal approval prior to advertising or conducting the activity as well as a separate account to record its transactions, and a completion report prepared at the conclusion of the activity that analyzes the results (see MCPS Financial Manual p. 20-11).

Review of field trip activities again revealed that not all field 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 (see MCPS Financial Manual, p. 20-9). The record of 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.

Summary of Recommendations

- Purchase requests must be approved by the principal prior to procurement (repeat);
- Invoices and receipts must be annotated as paid to indicate disbursement was made;
- Purchase card activity must be in compliance with the MCPS *Purchasing Card User's Guide*;
- Funds collected by sponsors must be promptly remitted with MCPS Form 280-34 to the administrative secretary;
- Fund-raising 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 Miss. Roberts, 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. Donna S. Hollingshead, associate superintendent of elementary schools. 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  
Mr. Sanderson  
Dr. Hollingshead  
Mrs. DeGraba  
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Mrs. Chen



## LUCY V. BARNSELEY ELEMENTARY SCHOOL

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July 2, 2014

### MEMORANDUM

To: Mr. Roger W. Pisha, Supervisor, Internal Audit  
Dr. Donna Hollingshead, Community Superintendent

From: Andrew J. Winter, Principal

Subject: Lucy V. Barnsley Audit of Independent Activity Funds

The purpose of this memorandum is to respond to the findings of Mr. Pisha, Internal Audit Supervisor, during the recent audit of Independent Activity Funds at Lucy V. Barnsley Elementary School. The following steps are in place to address Mr. Pisha's findings and recommendations:

- Staff will be advised during pre-service of the procedures to be followed in using MCPS Form 280-54, *Request for a Purchase*.
- Documentation supporting purchases are routinely being stamped "paid" as per the audit recommendation.
- Mrs. Roberts, administrative secretary, will oversee that the purchase card activity is in compliance with MCPS Purchase Card User Guide expectations and will meet with myself monthly to review purchases.
- A process has been determined, and will be reviewed with all staff during pre-service about the necessity to turn in funds collected daily with accompanying required paperwork (i.e. MCPS Form 280-34).
- Future school fundraisers will adhere to Guidelines for Sponsoring an IAF Fundraiser with fidelity.
- Field Trips will constitute better record keeping to reconcile attendance and funds collected for each trip.

I have been in contact with the aforementioned items with Ms. Monika Roberts, administrative secretary for Barnsley. We will work in unison to make sure items of concern are addressed and the recommendations from the report are followed. We have discussed the audit findings and have scheduled several meetings to discuss new procedures to ensure improved fiscal controls. I am confident that the steps outlined in this memorandum will ensure the necessary improvements with fiscal responsibility at Barnsley.