


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

June 12, 2012

MEMORANDUM

To: Mr. Elliot M. Alter, Principal  
Beall Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
October 1, 2009, through March 31, 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 June 7, 2012, with you and Mrs. Lori Sokolowski, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated November 19, 2009, and discussed further actions needed to strengthen the accountability for IAF resources. 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. It should be noted that 21 months of the audit period under review were prior to your appointment as principal on July 8, 2011.

Findings and Recommendations

The monthly general ledger report and bank reconciliation should be prepared and submitted to you by the visiting bookkeeper. Your review of these items with the administrative secretary and visiting bookkeeper provides an overview of IAF activity that will alert you to matters warranting further inquiry. In addition, you should review the checking account statement to ensure that the balance reconciles with the general ledger and check register balances. These

monthly reports should then be signed and dated to indicate your review (see MCPS Financial Manual p. 20-8).

The principal shall designate, in writing, school employees who are authorized to sign checks. Their signatures and that of the principal's shall be entered on a signature card retained by the financial institution with a copy on file at the school. All checks issued will bear two signatures, one of which must be that of the principal. We found that the principal had not recorded his signature with the financial institution maintaining school's checking account, and that all checks issued were signed by the assistant principal and the administrative secretary. We recommend the principal take immediate action to add his name to the financial institution's signature card and sign all future school checks (see MCPS Financial Manual p. 20-5).

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 again found instances in which staff collecting funds for trips were holding funds rather than remitting them timely to the administrative secretary. We recommend that all staff who collected funds for school activities be reminded of remittance requirements (see MCPS Financial Manual p. 7-4).

Review of field trip activities again 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 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).

#### Summary of Recommendations

- Monthly financial reports must be signed and dated by the principal to indicate review (repeat);
- Checks will bear two signatures, one of which must be that of the principal;
- Funds collected must be promptly remitted by sponsors to the administrative secretary (repeat); 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 Mrs. Sokolowski. 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 Support and Improvement will follow up on this audit.

RWP:GB:sd

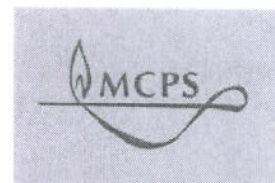
Copy to:

Mr. Bowers  
Dr. Lacey  
Mr. Talley  
Dr. Hollingshead  
Mrs. DeGraba  
Mrs. Milwit  
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# Beall Elementary School

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Office of the Principal

June 26, 2012

## MEMORANDUM

To: Roger W. Pisha, Supervisor, Internal Audit

From: Elliot Alter, Principal, Beall Elementary School

Subject: Response to Audit of Independent Activity Funds for the Period  
October 1, 2009, through March 31, 2012

- The principal's signature will be on all future checks
- Administrative Secretary will follow up with field trip sponsors to ensure that all paperwork and money related to field trips will be turned in
- Monthly financial reports will be signed and dated by the principal

EA:ls

Copy to:  
Dr. Hollingshead