


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

October 8, 2013

MEMORANDUM

To: Mr. Shahid A. Muhammad, Principal
Brookhaven Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
March 1, 2010, through June 30, 2013

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 September 27, 2013, with you, and Mrs. Isabel Vidal, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated June 4, 2010, and discussed further actions needed to strengthen the accountability for IAF resources. It should be noted that the audit period under review was prior to your appointment as principal on July 3, 2013. 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

We noted several checks that had been issued to staff for making purchases that had been signed by the principal prior to a dollar amount being entered on them. No checks will be signed prior to completion of date, payee, and amount entered on them (see MCPS Financial Manual, p. 20-5). Use of the MCPS purchasing card, with its pre-approved limits, would improve controls over such purchases.

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

Review of field trip activities 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 the 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

- Checks must be fully completed before being signed and must bear two signatures;
- Funds collected must be promptly remitted by sponsors to 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.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of Mrs. Vidal, 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 Ms. Bronda L. Mills, 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
Ms. Mills
Mrs. DeGraba
Mrs. Milwit
Mrs. Chen

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November 21, 2013

MEMORANDUM

To: Mr. Roger Pisha, Internal Audit Office

From: Shahid Muhammad, Principal

Subject: Response to Audit Report March 1, 2010-June 30, 2013

I have reviewed the Report on Audit of Independent Activity Funds for the Period March 1, 2010, through June 30, 2013 for Brookhaven Elementary School and submit the following responses to the findings and recommendations contained within that report.

Recommendation 1: Checks must be fully completed before signed by principal and must bear two signatures.

This was addressed with all staff members during pre-service days in August, 2013. Staff will complete MCPS Form 280-54 to request purchases for which reimbursement is expected. All checks will bear two signatures. Evidence can be seen with inspection of request forms and school check book.

Recommendation 2: Cash and checks collected by sponsors or teachers for IAF activities must be remitted to the administrative secretary on the day funds are received. Funds must be accompanied by MCPS Form 280-34.

This issue was addressed with all staff in writing (staff handbook) and via email in September. I have communicated also the liability of lost funds rests with the employee who does not follow the expectation. To alleviate the worry of holding cash and check amounts over \$25.00 over night in school, we have purchased a safe to lock up funds until the next day when the administrative secretary can make a trip to the bank for deposit.

Recommendation 3: 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.

This issue was addressed by the administrative secretary, Mrs. Vidal completing a correct model of form 280-41 and giving it to all teachers with a narrative regarding what must be completed

prior to turning in to her. Instances of not following the proper procedure are reported to the principal for follow-up with appropriate staff.

Please let me know if any further response is needed regarding the audit recommendations. Thank you for providing this service to Brookhaven Elementary School.

Copy to: Mrs. Mills, Associate Superintendent
Mrs. Vidal, Administrative Secretary, Brookhaven ES