


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

May 21, 2014

MEMORANDUM

To: Mrs. Holly A. Steel, Principal
Clearspring Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
August 1, 2010, through March 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 May 14, 2014, with you, and Mrs. Mary Ahearn, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated November 9, 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 purchasing card members must record purchases on transaction logs, sign and submit them monthly with invoices and receipts attached for review and approval by the principal. Monthly summary reports from American Express are also to be reviewed, signed and dated by the principal to ensure that purchases are appropriate and within established limits. We found logs not signed by the principal as well as monthly summary reports not signed and dated by the principal. In addition, not all card members had signed their logs, including the principal, prior to submission to the

appropriate official for approval. We recommend purchasing card members be required to comply with the requirements of the MCPS *Purchasing Card User's Guide*.

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 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

- Purchase card transactions must be signed for review and approval by the principal;
- Purchase card transactions of the principal must be reviewed and approved by the respective associate superintendent; 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. Ahearn 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. LaVerne G. Kimball, 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. Kimball
Mrs. DeGraba
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May 30, 2014

MEMORANDUM

To: Internal Audit Office

Cc: LaVerne Kimball

From: Ms. Holly Steel, Principal *Holly Steel*

Subject: Response to internal audit

This memo is to clarify the actions to be taken following the findings to the internal audit completed and delivered to Clearspring Elementary on May 21, 2014. The summary stated the following:

- Purchase card transactions must be signed for review and approval by the principal
- Purchase card transactions of the principal must be reviewed and approved by the respective associate superintendent
- 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

In order to meet these findings, the principal will meet weekly with the administrative secretary in order to ensure these actions are followed through with fidelity by:

- Reviewing all paperwork and requests for purchase prior to any checks being disbursed
- Signing all purchase card transaction logs and forwarding to the associate superintendent at the end of the month
- Meeting with the teachers during pre-service to explicitly share the process for field trip records including the processing of money transactions