


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

April 28, 2015

MEMORANDUM

To: Mrs. Nora G. Dietz, Principal
Capt. James Daly Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
July 1, 2011, through February 28, 2015

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 April 14, 2015, with you, and Mrs. Julie Carlton, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated September 19, 2011, 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

Controls over cash receipts need improvement. We again found that staff collecting funds for field trips were holding rather than remitting them timely to the administrative secretary. To minimize the risk of loss and provide assurance that available funds will be fully utilized to meet

school needs, all funds collected should be remitted to the administrative secretary daily for prompt deposit (see MCPS Financial Manual, pp. 7-2 through 7-5). In addition, all remittances on hand must be deposited before each weekend or holiday.

Fund-raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund-Raiser*. We again found that there was a lack of adherence to the approval and completion reporting guidelines. Following these internal control procedures provides for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion of the event. Each fund-raiser should be approved by the principal in writing. Financial activities for each fund-raising activity should be recorded in a separate account and a completion report prepared that analyzes the results. Both approvals and completion reports should be retained in the school office (see MCPS Financial Manual, p. 20, 12-13).

Summary of Recommendations

- Funds collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the financial agent (repeat); and
- Fund-raising must conform to *Guidelines for Sponsoring an IAF Fund Raiser* (repeat).

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of Mrs. Carlton, 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:

Dr. Zuckerman
Dr. Statham
Dr. Navarro
Dr. Kimball
Mr. Sanderson
Mrs. Chen
Mrs. DeGraba
Mrs. Milwit

Fiscal Management Action Plan

School: Capt. James E Daly Elementary School Principal: Nora Dietz
 Approved by community superintendent: [Signature] Date of approval: 6/25/15

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p>Funds collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the administrative secretary in a timely manner.</p>	<p>Cash collected will be counted in front of the receiver and a receipt will be issued at that time, by the administrative secretary. Cash will be submitted by sponsors on a daily basis, and the administrative secretary will make deposits, to include on the last working day of each month and before each weekend or holiday. Administrative secretary will email each teacher daily if they have not submitted money by lunch time.</p>	<p>Daily sponsor submission of funds. Immediate receipt of funds. Deposits daily as needed, last working day of the month, and before holidays and weekends.</p>	<p>Receipts of funds submitted and bank deposit statements and emails.</p>
<p>Fund-raising must conform to the Guidelines for Sponsoring and Independent Activity Fund Fund-raiser. A lack of adherence to the approval and completion reporting guidelines was found.</p>	<p>Prior to a fund-raiser, the sponsor will request permission and obtain the principals signature of approval. Cash collected will be counted in front of the receiver and a receipt will be issued at that time, by the administrative secretary. Cash will be submitted by sponsors on a daily basis, and the administrative secretary will make deposits, to include on the last working day of each month and before each weekend or holiday. The sponsor will prepare the profit and loss report and submit to the administrative secretary upon completion of the event.</p>	<p>Daily sponsor submission of funds. Immediate receipt of funds. Deposits daily as needed, last working day of the month, and before holidays and weekends.</p>	<p>Receipts of funds submitted, bank deposit statements and submission Fund-raising completion report.</p>

Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, Room 11.