


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

May 9, 2012

MEMORANDUM

To: Mrs. Kathryn S. Rupp, Principal
Fields Road Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2008, through March 31, 2012

This audit report presents the results of our examination of the financial records, reports, and internal accounting controls relating to the Independent Activity Funds (IAF) for your school for the period designated above. The examination was made to evaluate the adequacy of accountability over these funds, compliance with applicable Montgomery County Public Schools (MCPS) policies and procedures, and effectiveness of IAF management.

In our meeting on April 27, 2012, with you and Ms. Marjorie Vanterpool, administrative secretary, we reviewed conditions described in our previous report dated February 3, 2009, and the status of present conditions. Our findings and recommendations appear below.

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 to record expenditures in appropriate accounts, and to ensure that expenditures comply 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 expenditures 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 should be marked by the recipient to indicate goods or services were satisfactorily received.

Payments to independent contractors may be made only after IRS Form W-9 has been obtained. Such payments must be reported monthly to the Division of Controller (DOC) using MCPS Form 280-47A, *Independent Activity Funds*, as described in MCPS Regulation DIA-RB, *Payments for Personal Services and Reimbursements for Expenses from School Independent Activity Funds (IAFs)*. Among your disbursements, we found payment for services to a contractor that was not reported to the DOC. We recommend that payments for personal services be made and reported in compliance with the applicable regulations and procedures (see MCPS Financial Manual, p. 20-13).

Sponsors of school activities which involve the collection or disbursement of IAF should be provided an account statement for each month in which transactions have been recorded in their accounts, and be required to verify that transactions have been correctly recorded. We found some sponsors did not return these statements. We recommend a procedure be established to ensure that all sponsors be required to review and resolve any discrepancies in their accounts and return the signed statements to the administrative secretary (see MCPS Financial Manual, p. 20-9).

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 the approval reporting guideline. Prior to initiating any activity, each fund raiser shall be approved by the principal in writing. Financial activities for each fund raising activity should be recorded in a separate account in the 800 series and a completion report prepared to analyze the results. Both fund raising approval form and completion report should be retained in the school office (see MCPS Financial Manual, p. 20-11).

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 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 (see MCPS Financial Manual, p. 20-9).

Summary of Recommendations

- Purchase requests must be approved by the principal prior to procurement (repeat);
- Receipt of goods or services must be confirmed prior to disbursement;
- Independent contractor payments must be reported monthly to the Division of Controller;
- Monthly account transaction statements provided to sponsors must be affirmed for correctness and returned 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 (repeat).

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of Ms. Vanterpool, 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, community superintendent. The Office of School Performance will follow up on this audit.

RWP:GB:sd

Copy to:

Mr. Bowers
Dr. Lacey
Mr. Talley
Dr. Kimball
Mrs. DeGraba
Mrs. Milwit
Mr. Doody

Fields Road Elementary School

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Office of the Principal

June 11, 2012

MEMORANDUM

To: Roger W. Pisha, Supervisor
Office of Internal Audit

From: Kathryn S. Rupp
Principal 

Subject: Response to Report on Audit of Independent Activity Funds for the Period
November 1, 2008 through March 31, 2012

During this three-year audit, three invoices were found to be dated before the principal's written approval on the *Request for a Purchase* form. We will continue to remind staff that, in addition to receiving verbal approval from the principal, Form 280-54 must be completed and signed before any purchase arrangements are made so the invoice date follows the *Request for a Purchase* approval date (e.g., telephone calls to secure field trips, etc.).

Over the past three years, Fields Road Elementary School conducted one (1) assembly hosted by an Independent Contractor. The administrative secretary was not aware of this situation when the check request was made. In the future we will adhere to the compliance regulations as outlined by the auditor.

Sponsors of school activities are routinely provided with an account statement for each month with directions from the administrative secretary to review, sign, and return this document. While the majority of our staff complies with this request, a few forms were missing. In response, the administrative secretary has developed a tracking system to identify missing reports. Increased monitoring of staff compliance will also be implemented.

Fundraising activity guidelines are normally followed by sponsors. In one instance, all requested supporting receipts were not available. The sponsor utilized her personal funds for purchases, submitted all proceeds to the school and had retired. Future fundraising activity documentation will be monitored to ensure total compliance over the next three-year period.

Staff is provided with training on field trip procedures during the August Pre-Service every year. Financial procedures are also included in the Staff Handbook, which is distributed to all Professional and Support Staff at Pre-Service. Increased monitoring of staff compliance will be implemented going forward to ensure the submission of documentation after every field trip. In addition, the administrative secretary will continue to provide written reminders to staff and conduct one-on-one training sessions with individuals as needed to ensure future compliance.

KSR:mv

Copy to:

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