MEMORANDUM

To: Ms. Carol L. Goddard, Principal
Gaithersburg Middle School

From: Roger W. Pisha, Supervisor, Internal Audit

Subject: Report on Audit of Independent Activity Funds for the Period
February 1, 2010, through February 29, 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 20, 2012, with you and Mrs. Deborah Delore, financial specialist, we advised you that the financial records and finances were complete, orderly, and in good condition. We reviewed the status of the conditions stated in the prior report dated May 10, 2010, and discussed further actions needed to strengthen the accountability for IAF resources. The conditions and our recommendations appear below.

Findings and Recommendations

Some staff collecting funds were holding rather than remitting them timely to the financial specialist. Remittances received should, in turn, be promptly deposited into the school’s bank account. The maximum amount of remittances that may remain on school premises depends on whether they are secured in a combination safe or locked cabinet. Large and infrequent deposits increase the possibility of loss of funds as well as decrease the school’s ability to fund activities. 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 financial specialist daily and promptly deposited (see MCPS Financial Manual, p. 7-4). In addition, all remittances on hand must be deposited before each weekend or holiday.

Sponsors of field trips should have a complete class or club roster of student names and annotate how much each student paid, students who did not participate in the trip, and students who received waivers, scholarships or reduced fees. This data should be turned in to the financial specialist at the completion of each trip, and compared to remittances recorded in the trip account. We again found not all sponsors are turning in completed data at the conclusion of each trip. We recommend trip sponsors use MCPS Form 280-41, Field Trip Accounting, or its
equivalent, for recording of trip fees and provide complete data at the completion of each trip (see MCPS financial manual, p. 20-9).

**Summary of Recommendations**

- Funds collected must be promptly remitted by sponsors to the financial agent;

- Funds received from sponsors must be promptly verified and deposited by the financial agent; 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. Delore, 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. Darryl L. Williams, community superintendent. The Office of School Performance will follow up on this audit.

RWP:sd

Copy to:
Mr. Bowers
Dr. Lacey
Mr. Talley
Dr. Williams
Mrs. DeGraba
Mrs. Milwit
Mr. Doody
### Findings and Recommendations of School's Financial Report

- Funds collected must be promptly remitted by sponsors to the financial specialist.
- Funds received from sponsors must be promptly verified and deposited by the financial specialist.
- 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.

### Description of Resolution And Person(s) Responsible

- Field trip sponsors will refer to MCPS Financial Manual regarding field trip accountability before planning field trip.
- Staff will be reminded to make field trip deposits daily and as early in the day as possible. Often, due to sponsor's schedule, field trip deposits are made late in the day to the financial specialist, causing bank deposits to be made on the next business day. Funds are secured in a locked combination safe located in financial office.
- Field trip sponsors will include accurate data on all eligible students including financial aid and student waiver information on MCPS Form 280-41, "Field Trip Accounting" to ensure accurate field trip accounting. Copies of this data will be filed in field trip account folder.

### Timeline

- Field trip accounting procedures were reiterated at the beginning of the FY12 school year and have improved significantly. Field trip sponsors are making deposits earlier in the day to the financial specialist which enables the financial specialist to make bank deposits on the same day funds are received.

### Evidence of Completion

- FY12 and forward will show evidence of improved Field Trip data and timely deposits by sponsors. Bank deposits will be made daily as well as a result.