


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

May 10, 2017

MEMORANDUM

To: Mrs. Dorothea A. Fuller, Principal
Galway Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2014, through March 31, 2017

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 fund-raisers. They are responsible for ensuring that the IAFs are administered in accordance with MCPS policies, regulations, and procedures.

The 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 the 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.

At our meeting on April 21, 2017, with you and Ms. Debbie A. Hill, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated February 25, 2014, 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

On the day sponsors collect cash and checks for IAF activities, they must be promptly remitted with MCPS Form 280-34: *Independent Activity Fund (IAF) Remittance Slip*, to the school administrative secretary. After verification of the funds, the school administrative secretary will issue to each purchaser a receipt and then will promptly deposit the funds into the bank. We noted that some

sponsors were not remitting funds to the school administrative secretary on the day collected, and that the school administrative secretary was not always making timely deposits. To minimize the risk of loss, we recommend funds be remitted to the school administrative secretary on the day collected and that they be promptly deposited into the bank (refer to *MCPS Financial Manual*, chapter 7, page 4).

Fund-raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund-Raiser*. Following these internal control procedures provide for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion of the event. We noted that some fund-raisers were not approved by the principal in writing and that no completion report was prepared to analyze the results (refer to *MCPS Financial Manual*, chapter 20, page 13). We found that there was a lack of adherence to these guidelines.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips and Student Organization Trips*. Trip approval forms signed by the principal, and the director of school support and improvement, when required, should be retained. Sponsors of field trips should have a complete class or club roster of student names to annotate the amount each student paid, date paid, eligible students who did not participate in the trip, and students who received waivers, scholarships, or reduced fees. This data together with a list of all chaperones and volunteers should be provided to the school administrative secretary at the completion of each trip, and compared to remittances recorded in the trip account history report (refer to *MCPS Financial Manual*, chapter 20, page 10). We found that not all sponsors are providing completed data at the conclusion of each trip, and that data is not being compared to the final account history report. We recommend that all sponsors be required to use MCPS Form 280-41: *Field Trip Accounting*, or equivalent, and follow the procedures outlined above.

Summary of Recommendations

- Funds collected by sponsors must be promptly remitted with MCPS Form 280-34 to the school administrative secretary.
- Funds remitted by sponsors must be promptly verified and deposited in the bank by the school administrative secretary.
- Fund-raising activity must comply with *Guidelines for Sponsoring an Independent Activity Fund Fund-Raiser*.
- 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 appreciate the cooperation and assistance of your staff. In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, please provide a response to the Internal Audit Unit within 30 calendar days of this report through Ms. Audra M. Fladung, director of school support and improvement of elementary schools. In your response, please share a detailed plan for addressing these issues including appropriate staff training and support. The Office of School Support and Improvement will follow up on this audit.

RWP:CAP:lsh

Copy to:

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Ms. Diamond

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Fiscal Management Action Plan

School: Galway Elementary SchoolPrincipal: Dorothea FullerApproved by Director of School Support and Improvement: Date of approval: 6/12/17

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Funds collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the administrative secretary and promptly deposited.	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 daily, and the administrative secretary will make deposits, to include on the last working day of each month and before each weekend or holiday.	Daily sponsor submission of funds Immediate receipt of funds Deposits daily as needed, last working day of the month, and before holidays and weekends.	-Receipts of funds submitted and bank deposit statements. -Agenda of staff training
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 trip.	Sponsors will provide complete class or club rosters and note how much each student has paid, to include the date, and any waivers or scholarships for students. Also, sponsors will include if a student is not attending the trip or activity. Sponsors will also provide this at the completion of the trip and compare remittance recorded to the trip account history report. The data will be used by the sponsors and administrative secretary to plan for future trips. Sponsors will plan carefully to ensure that they do not overcharge or undercharge for a trip for students. Sponsors will use MCPS Form 280-41 to record trip fees and provide complete data at the end of each trip. Trip planning will be reviewed by the administrative secretary and the principal to ensure that fees are appropriate.	As needed for field trips	-Completed Form 280-41 and any additional documents relevant to each trip. -Agenda of staff training

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Monthly Account history reports must be provided to sponsors for affirmation of transaction correctness and returned to the administrative secretary.	The administrative secretary will provide sponsors with a monthly statement of their accounts and they will verify the transactions, and that they are accurate. After resolution of any discrepancies, the statements will be signed and dated by the sponsors and kept on file.	Once per month	-Signed and dated statements. -Agenda of staff training
Fund-raiser activities must have written principal approval and a fund-raiser completion report and returned to the administrative secretary.	The administrative secretary will provide fund-raiser sponsors with a statement of their accounts and they will verify the transactions, and that they are accurate. After resolution of any discrepancies, the statements will be signed and dated by the sponsors and kept on file.	As needed for fund-raisers	-Fund-raiser Approval Form -Fund-Raiser Analysis Form -Agenda of staff training
Audit Review identifies inconsistent completion of required policy documents for field trip and fund-raiser records by the administrative secretary.	Principal will hold monthly meetings with the administrative secretary to review completion of field trip forms and fund-raising documents.	Once a month	-Notes from Administrative Secretary Meetings

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