


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

July 24, 2012

MEMORANDUM

To: Mr. Peter Moran, Principal
Glenallan Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
February 1, 2011, through April 30, 2012

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 June 27, 2012, with you, and Mrs. Jennifer Hirst, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated April 5, 2011, and discussed further actions needed to strengthen the accountability for IAF resources. 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. It should be noted that five months of the audit period under review were prior to your appointment as principal on July 1, 2011.

Findings and Recommendations

Cash and checks collected for IAF activities by sponsors and other authorized individuals must be remitted to the administrative secretary together with MCPS Form 280-34, *Remittance Slip*, on the day the funds are received. We found instances in which staff collecting funds for trips were holding funds rather than remitting them timely to the administrative secretary. We recommend that all staff who collect funds for school activities be reminded of remittance requirements (see MCPS Financial Manual p. 7-4).

Review of field trip activities 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 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

- Funds collected must be promptly remitted by sponsors to the administrative secretary; 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.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of Mrs. Hirst, 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 Ms. Bronda Mills, community superintendent. The Office of School Support and Improvement will follow up on this audit.

RWP:GB:sd

Copy to:

Mr. Bowers

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To: Mr. Roger Pisha, Supervisor, Internal Audit

From: Peter Moran,
Principal, Glenallan Elementary School

Subject: Response to Audit of IAF Funds – February 1, 2011 through April 30, 2012

The audit process presented very helpful and constructive feedback that Glenallan will be using to put procedures in place to ensure the most effective financial management process possible. After reviewing field trip procedures with Mr. Beale, we developed a process to support trip sponsors collection and remittance of forms and finances. This process was reviewed with staff during pre-service with the importance of recording accurate cost and fee information. As a staff we reviewed form 280-41 and form 280-34 and the procedures outlined in the financial manual. The Glenallan staff also discussed the importance of remitting funds collected as soon as possible to the office so that could be deposited immediately.

We would like to thank Mr. Beall for his professionalism and attention he provided as he walked us through the review of the audit. The audit was a valuable professional development opportunity for myself and Glenallan's administrative secretary, Mrs. Jennifer Hirst.