

Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

March 18, 2013

MEMORANDUM

To: Mr. Scott T. Curry, Principal  
Great Seneca Creek Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit *R. Pisha*

Subject: Report on Audit of Independent Activity Funds for the Period  
September 1, 2011, through January 31, 2013

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.

It should be noted that all but seven months of the audit period under review were prior to your appointment as principal effective July 1, 2012.

In our meeting on February 28, 2013, with you, and Mrs. Marla Yoho, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated November 15, 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

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 account. We found this essential internal control procedure was not being used. We recommend sponsors be given a monthly statement of their accounts and be required to verify that all transactions affecting the account have been correctly recorded. After any discrepancies are resolved, the statements should be signed and dated by the sponsor to attest to their accuracy. A procedure should be established to ensure that all signed statements are reviewed and returned to the administrative secretary (see MCPS Financial Manual, p. 20-9).

Review of field trip activities again revealed that not all field 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 (see MCPS Financial Manual, p. 20-9). 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.

### Summary of Recommendations

- Monthly account transaction statements must be provided to sponsors for affirmation of correctness and returned 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 (repeat).

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of Mrs. Yoho, 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 Support and Improvement will follow up on this audit.

RWP:GB:sd

Copy to:

Mr. Bowers	Dr. Kimball
Dr. Statham	Mrs. DeGraba
Dr. Schiavino-Narvaez	Mrs. Milwit
Dr. Marks	Mrs. Chen

## ***Fiscal Management Action Plan***

School: Great Seneca Creek Elementary

Principal: Scott T. Curry

Approved by Community Superintendent: \_\_\_\_\_

Date of approval: \_\_\_\_\_

<b><i>Findings and Recommendations of School's Financial Report</i></b>	<b><i>Description of Resolution</i></b>	<b><i>Person(s) Responsible</i></b>	<b><i>Timeline</i></b>	<b><i>Evidence of Completion</i></b>
<p><b><i>Monthly Transaction Accounting Form Findings:</i></b> Sponsors of school activities involving the collection of disbursement of IAF should be provided an account statement for each month in which transactions have been recorded in their account.</p> <p><b><i>Monthly Transaction Accounting Recommendations:</i></b> Monthly account transaction statements must be provided to sponsors for affirmation of correctness and returned to the administrative secretary.</p>	<p>School-wide staff training presented by the administrative secretary during pre-service week.</p> <p>The monthly Transaction Accounting Forms will be placed in a binder and kept by the administrative secretary.</p> <p>An email will then be sent to each sponsor with collection or disbursement activities recorded in their account, requesting they verify the monthly transactions, report discrepancies and sign off on the report.</p> <p>A follow-up email will be sent to sponsor who fail to sign off on their report within a week of the email notice from the administrative secretary.</p>	<p>Principal/ Administrative Secretary</p> <p>Administrative Secretary</p> <p>Administrative Secretary</p> <p>Principal</p>	<p>Pre-service week</p> <p>Monthly</p> <p>Monthly</p> <p>Monthly</p>	<p>Pre-service week agenda</p> <p>Transaction Accounting Forms binder</p> <p>Email</p> <p>Email</p>

<i>Findings and Recommendations of School's Financial Report</i>	<i>Description of Resolution</i>	<i>Person(s) Responsible</i>	<i>Timeline</i>	<i>Evidence of Completion</i>
<p><b>Field Trip Findings:</b> Not all sponsors are submitting completed data at the conclusion of each field trip.</p> <p><b>Field Trip Recommendations:</b> 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 must provide comprehensive data to account for all students and to reconcile funds col</p>	<p>School-wide staff training presented by the administrative secretary during pre-service week.</p> <p>Field trip sponsors are provided a copy of the field guidelines memo from the Office of School Support and Improvement prior to planning each field trip.</p> <p>Field trips will be reviewed upon completion by the administrative secretary to ensure all required paperwork has completed and turned in.</p> <p>Reminders will be given to staff to those not turning in paperwork at the completion of the field trip.</p>	<p>Administrative Secretary</p> <p>Principal</p> <p>Administrative Secretary</p> <p>Administrative Secretary</p>	<p>August 2013</p> <p>As field trips are scheduled</p> <p>As field trips are scheduled</p>	<p>Pre-service week agenda</p> <p>Field Trip Guidelines memo</p> <p>Field trip packets</p> <p>Email</p>