


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

February 25, 2014

MEMORANDUM

To: Dr. Carole E. Rawlison, Principal
Harmony Hills Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2011, through December 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.

In our meeting on February 20, 2014, with you and Mrs. Marlene Pineda, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated January 20, 2012, 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

We noted several checks that had been issued to staff for making purchases that had been signed by the principal prior to a dollar amount being entered on them. No checks will be signed prior to completion of date, payee, and amount entered on them (see MCPS Financial Manual, p. 20-5). Use of the school purchasing card, with its pre-approved limits, would improve controls over such purchases.

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 in order to properly record expenditures in appropriate accounts, and to ensure that expenditures comply with IAF requirements. In our random sample of disbursements, prior approval was not consistently obtained for purchases. By requiring prior approval, the principal retains control over the expenditure 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.

Review of field trip activities 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

- Checks will not be signed and released by the principal until fully completed;
- Expenditure of funds must be approved by the principal prior to procurement (repeat); 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 your staff. 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 L. Mills, associate superintendent of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:RM:sd

Copy to:

Mr. Bowers
Dr. Statham
Dr. Schiavino-Narvaez
Mr. Sanderson
Dr. Hollingshead
Mrs. DeGraba
Mrs. Milwit
Mrs. Chen

Harmony Hills Elementary School



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Office of the Principal

March 6, 2014

MEMORANDUM

To: Ms. Bronda Mills, Associate Superintendent of Elementary Schools
From: Carole Rawlison, Principal
Subject: Response to Audit Report November 1, 2011 – December 31, 2013

I have reviewed the Report on the Audit of Independent Activity Funds for the Period November 1, 2011 through December 31, 2013 for Harmony Hills Elementary School. The following actions have been taken to comply with MCPS regulations.

Check payments to MCPS employees must be processed through the new School Funds Online (SFO).

Staff has been notified that no purchases may be reimbursed unless prior authorization has been received from me. Staff members must fill out MCPS Form 280-54 at the time verbal approval is given for a purchase.

Field Trips costs will be calculated by the administrative secretary based on the MyMCPS calculator. Teachers have been reminded that they are to turn in a completed accounting form 280-41 at the end of every field trip and also, teachers must provide comprehensive data to account for all students to participate.

If you have any questions, please contact me.

Copy to:
Mr. Roger W. Pisha, Supervisor, Internal Audit ✓
Marlene Pineda, Administrative Secretary