


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

November 3, 2014

MEMORANDUM

To: Scott R. Steffan, Principal
Highland Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
October 1, 2010, through August 31, 2014

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 October 30, 2014, with you and Mrs. Miriam Stewart, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated November 24, 2010, 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

Cash and checks collected by sponsors and others for IAF activities should be remitted promptly to the administrative secretary. These receipts must be deposited promptly, and all receipts must be deposited on the last working day of each month and before each weekend or holiday (see MCPS Financial Manual, p.7-4). We found sponsors were holding fees collected rather than remitting them to the administrative secretary on a daily basis. To minimize the risk of loss, all funds collected should be remitted daily. In addition, our sample of deposits revealed that on two occasions the administrative secretary deposit funds at the bank before receipting and entering them

in SFO. We recommend staff be encouraged to submit cash and checks collected for IAF activities to the administrative secretary for prompt deposit in accordance with MCPS policy and procedures.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips and Other Student Organization Trips*. Trip approval forms must be signed by the principal and retained for audit. The administrative secretary should establish a separate account in the IAF for each 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 financial specialist 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. A review of field trip activities found that the principal approved in writing three of the five field trips in our sample. In most cases, the final comprehensive financial information prepared by each sponsor was incomplete, and those did not appear to have been analyzed by the administrative secretary. We recommend all sponsors be required to use Form 280-41, or equivalent, and follow the procedures outlined above. In addition, we recommend the administrative secretary complete a reconciliation of field trip activity as soon as the final comprehensive data is received from the sponsor (see MCPS Financial Manual, p. 20-9).

Summary of Recommendations

- Funds must be promptly remitted by sponsors (repeat) and promptly verified, receipted, and deposited in the bank by the administrative secretary; and
- Field trips must be approved by the principal in writing, 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:AB:sd

Copy to:

Mr. Bowers
Dr. Navarro
Dr. Statham
Mr. Sanderson
Ms. Mills
Mrs. DeGraba
Mrs. Milwit
Mrs. Chen

Highland Elementary School

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Montgomery County
Public Schools

November 14, 2014

MEMORANDUM

To: Roger W. Pisha, Supervisor, Internal Audit

From: Scott R. Steffan, Principal, Highland Elementary *SRS*
11/14/14

Subject: Response to the Report on Audit of Independent Activity Funds
October 1, 2010 through September 30, 2014

Findings and Recommendations

1. Auditor recommends funds be promptly remitted by sponsors and promptly verified, receipted and deposited.

Response – It has been our policy to communicate to sponsors the importance of submitting funds daily. It is also our policy to make bank deposits daily. We will continue to reinforce these practices to ensure sponsors promptly remit funds for verification, receipting, and deposit.

2. Auditor recommends principal approve field trips in writing, sponsors provide comprehensive data to account for students and administrative secretary complete reconciliation of activity.

Response – I will approve all field trips on the bus request form from sponsors. This signed field trip approval will be kept with the data for that trip and retained for audit. Sponsors presently use, and will continue to use, MCPS form 280-41 to record the names of participants, and sums collected for an activity. The administrative secretary presently completes, and will continue to complete, the reconciliation of the activity at the time the data is received from sponsors. I will continue to reinforce and monitor these practices.

We appreciate the time and attention Mr. Butler spent on this audit, along with his recommendations for improvement.

SRS:

Copy to:
Bronnda L. Mills, Associate Superintendent, OSSI