


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

December 5, 2012

MEMORANDUM

To: Mrs. Sally A. Macias, Principal
Jackson Road Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
March 1, 2010, through October 31, 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 November 16, 2012, with you, Mrs. Terri Hawthorne, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated April 26, 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

Fund raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund Raiser*. Following these internal control procedures provides for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion

of the event. Each fund raiser should be approved by the principal in writing, and the approval retained in the school office. Financial activities for each fund raising activity should be recorded in a separate account in the 800 series, and a completion report prepared that analyzes the results (see MCPS Financial Manual, p. 20-11). We found that these guidelines were not consistently followed, and recommend adherence to the reference cited above.

Control over the yearbook activity needs improvement. Only the principal or acting principal may obligate the school by contract for goods or services. In addition, the sponsors must maintain a detailed record of books sold in order to prepare a statement of profit or loss which reconciles books purchased with books distributed. We observed that the contract for FY 2010 had been signed by a teacher, and that the contract for FY 2011 could not be located. We further noted that the sponsor records were insufficient to enable the preparation of an accurate statement of profit or loss. We recommend that only the principal or acting principal obligate the school to any future contracts, and that yearbook sponsors are advised of required documentation and assisted with the record-keeping required for this activity. (see MCPS Financial Manual, pp. 20-6, 20-12).

Summary of Recommendations

- Fund raising must conform to *Guidelines for Sponsoring an IAF Fund Raiser* (repeat);
- Contracts must be signed by the principal or acting principal; and
- Profit or loss statements prepared by sponsors must provide sufficient information to analyze results.

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 Dr. Myra Smith, community superintendent. 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
Dr. Marks
Dr. Smith
Mrs. DeGraba
Mrs. Milwit
Mrs. Chen

JACKSON ROAD ELEMENTARY SCHOOL
900 Jackson Road
Silver Spring, Maryland 20904
(301) 989-5650

January 8, 2013

MEMORANDUM

TO: Dr. Myra Smith, Community Superintendent
FROM: Sally A. Macias, ^{Sam}Principal
SUBJECT: Response to Audit Report – JRES IAF – March 1, 2010-October 31, 2012

This is the response to the above audit report dated December 5, 2012, and indicates the intent of the school principal and administrative secretary to correct and follow guidelines for IAF and the recommendation of the auditor based on the report.

1. The sponsors and administrative secretary understand the fundraiser guidelines and will pay close attention to the details of the approval process and the recording of funds collected in the correct account series.
2. All contracts will be signed only by the principal or acting principal.
3. Profit and loss statement preparation will be reviewed with sponsors so that sufficient and accurate information is available for analysis.

The above items address the areas detailed in the audit report. If you have any questions with regards to the responses, please call me at the above number.

CC:
Roger W. Pisha, Supervisor Internal Audit