


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

August 7, 2013

MEMORANDUM

To: Ms. Michelle M. Mach, Coordinator  
Longview School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
July 1, 2009, through May 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 August 1, 2013, with you, and Mrs. Sylvia A. Young, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated November 4, 2009, 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

MCPS Form 280-54, *Request for a Purchase*, is used to obtain coordinator 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 to record expenditures in appropriate

accounts, and to ensure that expenditures comply with IAF requirements. In our random sample of disbursements, we again found that prior approval was not consistently obtained. By requiring prior approval, the coordinator retains control over the expenditures of IAF funds. We recommend that Form 280-54, be prepared by staff and signed by the coordinator at the time verbal approval is sought so that purchase orders and invoices bear a date subsequent to the approval date. Also, documentation supporting purchases should be marked by the recipient to indicate goods or services were satisfactorily received.

Sponsors of field trips should have a complete class or club roster of student names and annotate how much each student paid, students who did not participate in the trip, and students who received waivers, scholarships or reduced fees. This data should be turned in to the business office at the completion of each trip, and compared to remittances recorded in the trip account reconciliation report. As a result of our Outdoor Education activities review, we found instances in which fees collected exceeded sums needed to pay for a trip. We recommend trip sponsors use MCPS Form 280-41, *Field Trip Accounting*, or its equivalent, and provide complete data at the conclusion of each trip. This data must be reconciled with remittances recorded in activity accounts (see MCPS Financial Manual, p. 20-9).

#### Summary of Recommendations

- Expenditure of funds must be approved by the coordinator prior to procurement (repeat);
- Receipt of goods or services must be confirmed prior to disbursement; and
- Field trip planning should be reviewed to ensure established fees are commensurate with trip expenses.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of Mrs. Young, 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, associate 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
Mr. Sanderson	Mrs. Chen



*Longview School*  
*13900 Bromfield Road, Germantown MD, 20874*  
*Phone: 301 601 4830 Fax 301 601 4828*

August 19, 2013

Memorandum

To: Dr Laverne Kimball, Associate Superintendent  
Roger W. Pisha, Supervisor, Internal Audit

From: Michelle M. Mach, Coordinator, Longview School *MM*

Subject: Response to Report on Audit of Independent Activity Funds for the Period  
July 1, 2009, through May 31, 2013.

This is in response to the results of audit of the financial records, reports, and internal accounting controls relating to the Independent Activity Funds (IAF) for Longview School for the period of July 1, 2009, through May 31, 2013. I understand the examination was made to determine the adequacy of accountability over these funds, compliance with applicable Montgomery County Public Schools (MCPS) policies and procedures and effectiveness of IAF management.

Findings, Recommendations and Actions

The first finding noted that controls over disbursements need improvement. Your recommendation to have MCPS form 280-54, Request for a Purchase, be prepared by staff and signed at the time verbal approval is sought has already been instituted for all purchases. This process will be reviewed with all staff on 8/22/13 during our pre-service meetings.

The second finding indicating that "receipt of goods need to be documented prior to disbursement" has also been addressed. Documentation supporting purchases will be marked to indicate goods or services were satisfactorily received.

The third finding stated field trip planning should be reviewed to ensure established fees are commensurate with trip expenses. The teacher will use form 280-41 and follow the procedures outlined in the IAF manual. We will track any extra fees for optional activities and supplies not provided by the Outdoor Education office in a separate account.

We reviewed our current practices and are aligning or have already aligned with the policies and procedures outlined in the MCPS Financial Manual. We appreciate the time, energy, and thought that was put into the audit of the financial records, reports, and internal accounting controls relating to the Independent Activity funds (IAF) for Longview School for the period of July 1, 2009, through May 31, 2013.

Attachment: Fiscal Management Action Plan

Copy to: Judy Brubaker, Principal Matsunaga Elementary/Longview School  
School file

## Fiscal Management Action Plan

School: Longview SchoolPrincipal: Judy Brubaker Coordinator: Michelle Mach

Approved by Associate Superintendent: \_\_\_\_\_

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

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Use MCPS form 280-54, Request for a Purchase, be prepared by staff and signed at the time of my prior verbal approval for all purchases.	<b>Resolution:</b> MCPS form 280-54, Request for a Purchase, be prepared by staff and my approval is given prior to the purchase has already been instituted. Staff members who do not request prior approval will not be reimbursed. <b>Person (s) Responsible:</b> Sylvia A. Young, Administrative Secretary, Michelle M. Mach, Coordinator	8/19/13 to 9/19/13	<ul style="list-style-type: none"> <li>Meeting notes/ staff updates reviewing reimbursement procedures with staff</li> </ul>
Confirm receipt of goods or services prior to disbursement of funds.	<b>Resolution:</b> Documentation supporting purchases will be marked indicating that goods or services were satisfactorily received. <b>Person (s) Responsible:</b> Sylvia A. Young, Administrative Secretary, Michelle M. Mach, Coordinator	8/19/13 Completed	<ul style="list-style-type: none"> <li>Documentation supporting purchases will be marked indicating that goods or services were satisfactorily received.</li> </ul>
Controls over field trip activity need improvement	<b>Resolution:</b> MCPS Form 280-41 is now being used for the Outdoor Education Program. Field trip planning will be reviewed to ensure established fees are commensurate with trip expenses. Fees for optional activities and supplies not provided by outdoor education staff will be tracked in a separate account. <b>Person(s) Responsible:</b> Sylvia Young, Administrative Secretary, Michelle M. Mach, Coordinator, Peggy DiMarzio, Visiting Book Keeper & Outdoor Education Sponsor	8/19/13 to 4/25/15	<ul style="list-style-type: none"> <li>MCPS Form 280-41 being used for <u>all</u> field trips.</li> <li>Meeting notes/ staff updates reviewing field trip procedures with staff.</li> <li>Separate account for optional activity fees and supplies not provided by outdoor education staff.</li> </ul>

*Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, Room 11.*