MEMORANDUM

To: Mrs. Sarah C. Starr, Coordinator
   Longview School

From: Roger W. Pisha, Supervisor, Internal Audit Unit

Subject: Report on Audit of Independent Activity Funds for the Period
   December 1, 2015, through February 28, 2017

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 fund-raisers. They are
responsible for ensuring that the IAFs are administered in accordance with MCPS policies,
regulations, and procedures.

The 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 the 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.

At our meeting on April 19, 2017, with you and Mrs. Sylvia A. Young, school administrative
secretary, we reviewed the status of conditions described in our prior audit report dated January
15, 2016, and the status of present conditions. It should be noted that your appointment as
coordinator was effective July 1, 2016. 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

Regardless of the type of authorization for the procurement of goods and services, all checks
issued must be documented using MCPS Form 280-54: Independent Activity Funds Request for a
Purchase, prior to the disbursement of funds (refer to MCPS Financial Manual, chapter 20,
page 6). We noted instances in which MCPS Form 280-54 was not used to document checks issued to MCPS. We recommend MCPS Form 280-54 be used to document all check disbursements.

Cash and checks collected by sponsors and other authorized individuals for IAF activities must be remitted to the school administrative secretary on the day they are received together with MCPS Form 280-34: Independent Activity Fund (IAF) Remittance Slip (refer to MCPS Financial Manual, chapter 7, page 3). We found instances in which staff collecting funds were not using MCPS Form 280-34 when remitting funds to the school administrative secretary. We recommend that all staff who collect funds for school activities be reminded of remittance requirements.

Summary of Recommendations

- Check disbursements must be documented using MCPS Form 280-54.
- Funds must be remitted to the school administrative secretary with MCPS Form 280-34

Other matters were discussed and satisfactorily resolved. We appreciate 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 Unit within 30 calendar days of this report, with a copy to Mr. Gregory S. Edmundson, director of school support and improvement of elementary schools. In your response, please share a detailed plan for addressing these issues including appropriate staff training and support. The Office of School Support and Improvement will follow up on this audit.

RWP:GWB:ls

Copy to:
Members of the Board of Education
Dr. Smith
Dr. Navarro
Dr. Statham
Dr. Zuckerman
Mr. Civin
Dr. Johnson
Dr. Kimball
Mrs. Camp
Mrs. Chen
Ms. Diamond
Mr. Edmundson
Mr. Sweeney
Mr. Tallur
Mr. Ikheloa
## Fiscal Management Action Plan

**School:** Longview School  
**Approved by Director:** Gregory Edmundson  
**Coordinator:** Sarah Starr  
**Date of approval:** May 12, 2017

<table>
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<tr>
<th>Findings and Recommendations of School’s Financial Report</th>
<th>Description of Resolution And Person(s) Responsible</th>
<th>Timeline</th>
<th>Evidence of Completion</th>
</tr>
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<tr>
<td><strong>MCPS Form 280-54 Independent Activity Funds Request For A Purchase</strong></td>
<td>Staff will be notified via email and again during pre-service that purchase requests must be approved by the principal prior to procurement. It will be required that MCPS Form 280-54 Independent Activity Funds Request For A Purchase be prepared by staff and signed by the principal at the time of the verbal request. Staff will also be required to attach complete documentation to fully explain the reason for the purchase. Person(s) Responsible: Administrative secretary, principal, staff requesting purchase</td>
<td>May 2017, On-going Pre-service training (August 2017)</td>
<td>Completed Form 280-54, with documentation of purchase, and receipt of purchase, signed by receiver. Training plan and sign in sheet for pre-service training.</td>
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| **MCPS Form 280-34, Remittance Slip** | All sponsors and other authorized individuals that collect money for IAF activities have been informed of the requirement of the need to promptly submit money and checks daily to the administrative secretary in the office and are not to hold on to money for any reason. Persons Responsible: Administrative secretary, sponsors | May 2017, On-going Pre-service training (August 2017) | Daily receipts of funds submitted and bank deposit statements. Training Agenda from Pre-Service |

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