


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

March 11, 2015

MEMORANDUM

To: Ms. Karen Gregory, Principal
Maryvale Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2011 through December 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 March 9, 2015, with you and Mrs. Susan Nolte, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated February 16, 2011, 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 for IAF activities by sponsors must be remitted to the administrative secretary together with MCPS Form 280-34, *Remittance Slip*, on the day the funds are received (see MCPS Financial Manual, p.7-4). When properly completed, Form 280-34 identifies the source and purpose of the funds, and whether or not the funds were collected as course-related

fees. During our review of receipts, we noted funds collected from students and remitted to the administrative secretary were not always accompanied by Form 280-34. In addition, we again found sponsors were holding funds collected rather than remitting them promptly to the administrative secretary. To minimize the risk of loss or theft, we recommend staff be encouraged to remit cash and checks collected for IAF activities to the administrative secretary in a timely manner for prompt deposit in accordance with MCPS policy and procedures.

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 have a completion report prepared that analyzes the results (see MCPS Financial Manual, p. 20-12). We again found that there was a lack of adherence to these guidelines. A review of records disclosed that a fund-raiser request form, completion report, and MCPS Form 281-22, *Physical Inventory of Salable School Merchandise*, were not consistently prepared. In addition, no analysis could be performed for those fund-raisers without a copy of a price list of salable merchandise or a schedule of items sold. Furthermore, the sponsors did not provide any comments concerning giveaways of merchandise, damaged merchandise or shortfalls of expected profits.

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 signed by the principal should be retained. 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. A sample of field trip records disclosed no principal approval or written delegation of authority to another administrator for approval of the field trips. Also, the final comprehensive financial information was not always prepared by sponsors. 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 collected by sponsors must be promptly remitted with MCPS Form 280-34 to the administrative secretary (repeat);
- Fund-raising must conform to *Guidelines for Sponsoring an IAF Fund-Raiser* (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 (repeat).

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. Donna S. Hollingshead, associate superintendent of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:AB:sd

Copy to:

Dr. Navarro
Dr. Statham
Dr. Zuckerman
Mr. Sanderson
Dr. Hollingshead
Mrs. DeGraba
Mrs. Milwit
Mrs. Chen

Maryvale Elementary School

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Rockville, Maryland
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March 17, 2015

MEMORANDUM

To: Roger W. Pisha, Supervisor, Internal Audit

From: *KG* Karen Gregory, Principal

Subject: Audit of Independent Activity Funds

The purpose of this memorandum is to respond to the findings during the recent audit of Independent Activity Funds at Maryvale Elementary School. To address the findings and recommendations, I have advised staff of the following:

- All funds collected by sponsors must be promptly remitted with MCPS Form 280-34 to Susan Nolte, administrative secretary.
- Fundraising forms must conform to Guidelines for Sponsoring an IAF Fund-Raiser. Forms not meeting this requirement will be returned to the sponsor for appropriate adjustments.
- Field trip records will include comprehensive information to account for all students eligible to participate, and to reconcile funds collected with the cost of the trip.

I have reviewed the audit findings with Susan Nolte, my administrative secretary, and have scheduled time during pre-service training in August to discuss new procedures and ensure improved fiscal controls with all staff members.

Copy to:
Dr. Donna Hollingshead, Associate Superintendent
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