


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

February 24, 2015

MEMORANDUM

To: Mrs. Zoraida E. Brown, Acting Principal  
New Hampshire Estates Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
February 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 February 12, 2015, with you and Mrs. Maria Garcia, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated April 11, 2011, and the status of present conditions. It should be noted that your appointment as acting principal was effective August 1, 2014. 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 and other authorized individuals must be remitted to the administrative secretary together with MCPS Form 280-34, *Remittance Slip*, on the day the funds are received. 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. 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 signed by the principal should be retained. The administrative secretary should establish a separate account 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 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 review of field trips disclosed that the financial transactions for several trips were merged into one IAF account. In few cases, the final comprehensive financial information was not prepared by sponsors, and most reports 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 and promptly verified, receipted and deposited in the bank by the administrative secretary; 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:

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

February 25, 2015

Upcounty Regional Services Center,  
Room Suite 3380  
Germantown 20874

Dear Mr. Roger W. Pisha,

I hope this letter finds you well.

As a result of our Internal Audit, I scheduled several financial protocol meetings for staff to attend and Ms. Garcia, our administrative secretary, will facilitate them.

The meetings will be conducted and implemented on Thursdays and/or Fridays during the first 2 weeks in March. The following sessions will be provided during times that our staff is available and will last no longer than 30 minutes:

- Thursday from 9:05-9:35 am
- Thursday or Friday from 10:05-10:35 am
- Thursday or Friday from 11:20-11:50 am
- Thursday or Friday from 12:50-1:20 pm
- Friday from 2:05-2:35 pm
- Thursday or Friday from 3:30-4:00 pm

Staff was told to speak with other members of their teams regarding the dates and times they would like to attend the meetings. Once dates and times are determined, staff will email Ms. Garcia and me their selections. Moreover, staff was told that it is very important that we make sure our Independent Activity Funds (IAFs) are used in compliance with MCPS policies, regulations, and procedures.

Respectfully,



Zoraida Brown  
Acting Principal