


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

July 6, 2016

MEMORANDUM

To: Dr. Catherine R. Allie, Principal  
Potomac Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
October 1, 2014, through May 31, 2016

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 July 1, 2016 with you, and Mrs. Anna O'Dwyer, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated December 15, 2014, 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

In our previous report, we identified multiple weaknesses in controls over funds collected by sponsors. We found that conditions contributing to the weakness persist. Examples include funds collected not being remitted to the office in a timely manner, MCPS Forms 280-34, *IAF Remittance Slip*, are not being correctly prepared, receipts for remittances not prepared timely and receipted funds not being deposited regularly. We recommend you take the opportunity provided by the recent addition of a new administrative secretary to your staff, and the upcoming new school year to strengthen controls over funds to be in compliance with Chapter 7 of the MCPS Financial Manual.

We previously reported on weaknesses in controls over field trips and found these conditions persist. Sponsors of field trips should have a complete class roster of student names to annotate the amount each student paid, date paid, eligible students who did not participate in the trip, and students who received waivers, scholarships or reduced fees. This data should be provided to the administrative secretary at the completion of each trip, and compared to remittances recorded in the trip account history report. We again found that not all sponsors are providing completed data at the conclusion of each trip, and that data is not being compared to the final account history report. We recommend trip sponsors use MCPS Form 280-41, *Field Trip Accounting*, or its equivalent, for recording of trip fees and provide complete data at the completion of each trip (see MCPS Financial Manual p. 20-10).

Summary of Recommendations:

- Funds collected by sponsors must be promptly remitted with current version of MCPS Form 280-34 to the administrative secretary (repeat);
- Funds remitted by sponsors must be promptly verified, receipted, and deposited in the bank by the administrative secretary (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. Sarah Sirgo, director of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:LS:rp

Copy to:


Dr. Zuckerman  
Dr. Statham  
Dr. Navarro  
Mr. Ikheloa  
Dr. Kimball  
Mrs. Chen  
Mrs. DeGraba  
Mrs. Milwit  
Dr. Sirgo



Fiscal Management Action Plan

School: Potomac Elementary School  
 Approved by Director of School Support and Improvement:

Principal: Catherine Allie



Date of approval: 8/12/16

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p>Funds collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the administrative secretary and promptly deposited.</p>	<p>Cash collected will be counted in front of the receiver and a receipt will be issued at that time, by the administrative secretary. Cash will be submitted by sponsors on a daily basis, and the administrative secretary will make deposits, to include on the last working day of each month and before each weekend or holiday.</p>	<p>Daily sponsor submission of funds                      Immediate receipt of funds                      Deposits daily as needed, last working day of the month, and before holidays and weekends.</p>	<p>Receipts of funds submitted and bank deposit statements.</p>
<p>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 trip.</p>	<p>Sponsors will provide complete class or club rosters and note how much each student has paid, to include the date, and any waivers or scholarships for students. Also, sponsors will include if a student is not attending the trip or activity. Sponsors will also provide this at the completion of the trip and compare remittance recorded to the trip account history report. The data will be used by the sponsors and administrative secretary to plan for future trips. Sponsors will plan carefully to ensure that they do not overcharge or undercharge for a trip for students. Sponsors will use MCPS Form 280-41 to record trip fees and provide complete data at the end of each trip. Trip planning will be reviewed by the administrative secretary and the principal to ensure that fees are appropriate.</p>	<p>As needed for field trips</p>	<p>Completed Form 280-41 and any additional documents relevant to each trip.</p>

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