

Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

January 12, 2012

MEMORANDUM

To: Mr. Lawrence D. Chep, Principal  
Rachel Carson Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit *RWP*

Subject: Report on Audit of Independent Activity Funds for the Period  
August 1, 2008, through October 31, 2011

This audit report presents the results of our examination of the financial records, reports, and internal accounting controls relating to the Independent Activity Funds (IAF) for your school for the period indicated above. The examination was made to evaluate the adequacy of accountability over these funds, compliance with applicable Montgomery County Public Schools (MCPS) policies and procedures, and effectiveness of IAF management.

In our meeting on December 15, 2011, with you and Mrs. Brenda Long, administrative secretary, we reviewed conditions described in our previous report dated October 1, 2008, and the status of present conditions. Our findings and recommendations appear below.

Findings and Recommendations

Analysis of the school checking account again indicated consecutive months when the balance exceeded immediate needs. Keeping excessive balances limits the amount of interest the school could be earning. The principal is responsible for ensuring that funds in excess of current needs are invested in a manner that will earn a reasonable rate of return. A better use of the excess funds is to deposit them in the MCPS Centralized Investment Fund to maximize interest income. When needed to cover expenses, these funds are available for prompt return to the school (see MCPS Financial Manual, p. 7-4).

Sponsors of school activities which involve the collection or distribution of IAF are to be provided an account statement for each month in which transactions have been recorded in their accounts. However, we again noted not all sponsors are certifying that their accounts are correct and returning the statement to the administrative secretary. This information enables sponsors to ensure transactions have been correctly posted to the IAF records. Sponsors should review and certify the accuracy of the statement, and return a signed copy to the administrative secretary. The administrative secretary should ensure all statements are returned (see MCPS Financial Manual p. 20-9).

Cash and checks collected by sponsors and other authorized individuals for IAF activities must be remitted to the administrative secretary on the day they are received, and must be accompanied by MCPS Form 280-34, *Remittance Slip*. We found the forms submitted were being used incorrectly. In addition, we found instances in which staff collecting funds for field trips were holding funds rather than remitting them timely to the administrative secretary (see MCPS Financial Manual p. 7-4). We recommend that all staff who collect funds for school activities be reminded of remittance requirements.

Review of field trip activities again revealed that not all trip sponsors are providing comprehensive financial information to the administrative secretary at the completion of a 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. 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. We recommend all sponsors be required to use Form 280-41, or equivalent, and follow the procedures outlined above (see MCPS Financial Manual, p. 20-9).

#### Summary of Recommendations

- Centralized Investment Fund should be used to deposit excess funds (repeat);
- Monthly account transaction statements provided to sponsors must be affirmed for correctness and returned to the administrative secretary (repeat);
- Funds collected must be promptly remitted by sponsors to the administrative secretary using MCPS Form 280-34; 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 Mrs. Long, 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, community superintendent. The Office of School Performance will follow up on this audit.

RWP:GB:sd

Copy to:

Mr. Bowers  
Dr. Lacey  
Mr. Talley

Dr. Kimball  
Mrs. DeGraba  
Mrs. Milwit

Mr. Doody





## Rachel Carson Elementary School

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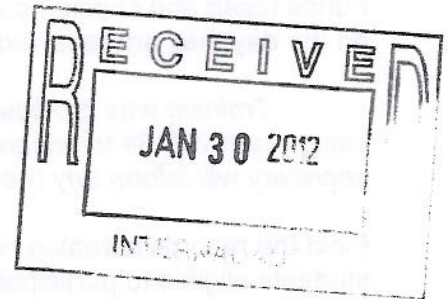
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*A 2012 MARYLAND BLUE RIBBON SCHOOL*

Office of the Principal

January 24, 2012



### MEMORANDUM

To: Internal Audit Office

From: Lawrence D. ~~Chap~~, Principal

Subject: Response on Audit of Independent Activity Funds for the Period  
August 1, 2008, through October 31, 2011

The following is a response to the audit report, dated January 12, 2012, containing the results of the auditor's examination of the financial records, reports, and internal accounting controls relating to the Independent Activity Funds (IAF's) for the Period August 1, 2008, through October 31, 2011.

The report was positive, and the financial records were complete and in good condition. Below are the areas recommended for improvements and the additional steps that will be taken to enhance internal control.

### Findings and Resolutions

The school checking account indicated consecutive months when the balance exceeded immediate needs.

*Excess funds were and will be deposited in the MCPS Centralized Investment Fund to maximize interest income. Future checking account balances will not exceed \$10,000.*

- Monthly account transaction statements provided to sponsors must be affirmed for correctness and returned to the administrative secretary (repeat);
- Funds collected must be promptly remitted by sponsors to the administrative secretary using MCPS Form 280-34; 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).

Monthly account transaction statements provided to sponsors needed to be affirmed by all sponsors for correctness and returned to the administrative secretary.

*Training was provided to all sponsors on January 9, 2012, reinforcing the expectation to review and certify the accuracy of their monthly statement, and the requirement of returning a signed copy to the administrative secretary. An account reconciliation report will be provided to each sponsor to affirm correctness. The administrative secretary will inform any teacher not in compliance of this requirement, as well as the principal.*

Funds (cash and checks) collected by sponsors must be remitted to the administrative secretary on the day they are received using Form 280-34.

*Training was provided to all sponsors on January 9, 2012, on the correct method of using Form 280-34 to ensure a new remittance form is submitted daily. The administrative secretary will inform any teacher not in compliance of this requirement, as well as the principal.*

Field trip records revealed not all sponsors provided comprehensive data to account for all students eligible to participate, or reconciled funds collected with costs of the trip (Form 280-4) *Field Trip Accounting*.

*Training was provided to all sponsors on January 9, 2012, on the requirement of completing and submitting Form 280-4 after a trip is completed. Written reminders will be emailed to delinquent sponsors, followed by a letter of reprimand if process is not followed properly. Failure to comply could result in the cancellation of future field trips.*

The report was very comprehensive and I appreciate the advice and suggestions provided. From these recommendations, changes have been made to increase the efficiency of our internal control of our IAF account.

Copy to:  
Dr. Kimball