


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

January 29, 2015

MEMORANDUM

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

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
November 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 January 29, 2015, with you, and Mrs. Brenda Long, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated January 12, 2012, 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

Sponsors of school activities which involve the collection or disbursement of IAF should be provided an account history report for each month in which transactions have been recorded in

their account. We found this essential internal control procedure was not being used. We recommend sponsors be given a monthly statement of their accounts and be required to verify that all transactions affecting the account have been correctly recorded. After any discrepancies are resolved, the statements should be signed and dated by the sponsor to attest to their accuracy. A procedure should be established to ensure that all statements are reviewed and returned (see MCPS Financial Manual, p. 20-9).

#### Summary of Recommendations

- Monthly account history reports must be provided to sponsors for affirmation of transaction correctness and returned to the administrative secretary (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. LaVerne G. Kimball, associate superintendent of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:LS:sd

Copy to:

Mr. Bowers  
Dr. Navarro  
Dr. Statham  
Mr. Sanderson  
Dr. Kimball  
Mrs. DeGraba  
Mrs. Milwit  
Mrs. Chen



## Rachel Carson Elementary School

100 Tschiffely Square Road  
Gaithersburg, MD 20878  
(301) 840-5333  
FAX (301) 840-5366



*A 2012 MARYLAND BLUE RIBBON SCHOOL*

---

Office of the Principal

January 30, 2015

### **MEMORANDUM**

To: Internal Audit Office

From: Lawrence D. Chep, Principal

Subject: Response to Audit of Independent Activity Funds for the Period  
November 1, 2011, through December 31, 2014

The following is a response to the audit report, dated January 29, 2015, 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 November 1, 2011, through December 31, 2014

The report was positive, and the financial records were complete and in good condition. Below is the area recommended for improvement and the steps that will be taken to enhance internal control.

#### **Finding and Resolution**

Monthly account history reports must be provided to sponsors for affirmation of transaction correctness and returned to the administrative secretary.

*In the past, each team leader was given a report once the field trip was over to reconcile each teacher's account. They were also given a report while they were collecting money if it looked like they may go into the negative. Once the trip was over and all payments were made, another report was provided to the team to sign off indicating any remaining funds. It was expected that each team leader review the statements with their teammates to verify all accounts. From this time forward, each teacher/sponsor will be given a monthly statement of their accounts to verify all transactions affecting his/her account/s have been correctly recorded. This procedure will be reinforced in a memo to all staff, 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. It will also be reinforced during our February staff meeting. The administrative secretary will inform any teacher not in compliance of this requirement, as well as the principal.*

The report was very comprehensive and I appreciate the advice and suggestions provided by Mr. Scollick. I would also like to recognize the outstanding job my administrative secretary, Brenda Long, does in ensuring the financial control procedures are followed.

I would like to recommend developing a systematic method of informing administrators when any change is made to financial regulations/procedures. It was mentioned several times during our audit conference that recent changes were made that necessitated changes to some of our procedures. However, these changes are not communicated with us. It would be advantageous to provide all principals and administrative secretaries with a memo of any and all changes in policies or procedures at the beginning of each fiscal year and/or when these changes are made.

Copy to:  
Dr. Kimball