


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

February 22, 2013

MEMORANDUM

To: Ms. Jennifer H. Lowndes, Principal
Rock Creek Forest Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2009, through December 31, 2012

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.

It should be noted that you were appointed as principal effective July 1, 2012.

In our meeting on February 8, 2013, with you, and Mrs. Laurene Over, administrative secretary, we reviewed conditions described in our previous report dated January 12, 2010, 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 for prompt deposit into the school's checking account. We found instances in which staff collecting funds were not remitting them timely to the administrative secretary, who in turn, was not making prompt deposits. We recommend staff who handle school funds be reminded of remittance and deposit requirements (see MCPS Financial Manual p. 7-4).

MCPS Form 280-54, is used to obtain principal approval to proceed with an intended purchase (see MCPS Financial Manual, p. 20-5). The purpose of each disbursement must be fully explained on this form in order to properly record expenditures in appropriate accounts and to ensure that expenditures comply with IAF requirements. In our random sample of disbursements, prior approval was not consistently obtained. By requiring prior approval, the principal retains control over the expenditure of IAF funds. We recommend that Form 280-54 be prepared by staff and signed by the principal at the time verbal approval is sought so that invoices or receipts bear a date subsequent to the approval date.

Sponsors of field trips should have a complete class or club roster of student names and annotate how much each student paid, students who did not participate in the trip, and students who received waivers, scholarships or reduced fees. This data should be submitted to the administrative secretary at the completion of each trip, and compared to remittances recorded in the trip account reconciliation report. The data should also be used to estimate future trips. We again found that not all sponsors are submitting completed data at the conclusion of each trip for comparison to the final account reconciliation report and to be used for planning future trips. We also found instances in which fees collected exceeded sums needed to pay for a trip. 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 conclusion of each trip. We further recommend trip planning be reviewed to ensure established fees are commensurate with trip expenses (see MCPS Financial Manual, p. 20-9).

Summary of Recommendations

- Funds collected by sponsors must be promptly remitted to the administrative secretary for timely deposit to the bank (repeat);
- Expenditure of funds must be approved by the principal prior to procurement (repeat);
- 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); and

- Field trip planning should be reviewed to ensure established fees are commensurate with trip expenses.

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. Christopher S. Garran, community superintendent. The Office of School Support and Improvement will follow up on this audit.

RWP:RM:sd

Copy to:

Mr. Bowers
Dr. Statham
Dr. Schiavino-Narvaez
Dr. Marks
Dr. Garran
Mrs. DeGraba
Mrs. Milwit
Mrs. Chen

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APR 03 2013

Fiscal Management Action Plan

School: Rock Creek Forest Elementary School

Principal: Jennifer Lowndes

Approved by community superintendent: CM Date of approval: 4/9/13

Attachment

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Cash and checks collected for IAF activities by sponsors must be remitted to the administrative secretary together with MCPS Form 280-34, <i>Remittance Slip</i> , on the day the funds are received for prompt deposit into the school's checking account. Instances were found in which staff collecting funds were not remitting them timely to the administrative secretary and the administrative secretary was no making prompt deposits.	The Principal will share the results of this audit with the Leadership Team to help them understand the importance of prompt submission. Lauri Over will also present the procedures for field trips and money collection to the Leadership Team. Teachers have been requested to turn in all forms by 1:30 p.m. to allow time for preparation of deposits. Form 280-34 is currently in use when funds are submitted. Lauri Over will prepare funds for deposit in the principal's or assistant principal's office.	The principal will meet with the Leadership Team in April. Upon receipt of this audit, Lauri Over will prepare all deposits in an administrator's office.	Completed Forms 280-34 Completed deposit slips
MCPS Form 280-54 is used to obtain principal approval to proceed with an intended purchase. The purpose of each disbursement must be fully explained on this form in order to properly record expenditures in appropriate accounts and to ensure that expenditures comply with IAF requirements. Instances were found that prior to approval was not consistently obtained.	MCPS Form 280-54 will be prepared by staff and signed by the principal at the time verbal approval is sought so that invoices or receipts bear a date subsequent to the approval date.	The principal will reinforce this expectation at the April Staff Meeting.	Invoices or receipts bear a date subsequent to the approval date on MCPS Form 280-54
Field trip records prepared by sponsors must provide comprehensive data to account for all students to participate, and to reconcile funds collected with costs of the trip.	The principal and Lauri Over will present the procedures for field trips and money collection to the Leadership Team. The field trip sponsors sit on the Leadership Team. Model forms will be provided to sponsors.	The principal and Lauri Over will present at the April Leadership Team Meeting.	Completed field trip forms Signed Reconciliation Reports Forms 280-41
Field trip planning should be reviewed to ensure established fees are commensurate with trip expenses.	The principal and Lauri Over will present the procedures for field trips and money collection to the Leadership Team. The field trip sponsors sit on the Leadership Team. Model forms will be provided to sponsors.	The principal and Lauri Over will present at the April Leadership Team Meeting.	Signed Reconciliation Reports Forms 280-41

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