


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

November 17, 2015

MEMORANDUM

To: Mr. Kevin M. Burns, Principal
Rock Creek Valley Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
August 1, 2011 through September 30, 2015

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 November 12, 2015, with you and Mrs. Lizbeth Roop, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated October 13, 2011, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2015, and that of Mrs. Roop as administrative secretary was effective July 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

Disbursement of IAF must be controlled in a number of ways. All purchases must be approved in advance and in writing using MCPS Form 280-54, *Request for a Purchase*, to obtain principal approval to proceed with an intended purchase (see MCPS Financial Manual, p. 20-4). 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. After the purchase is completed, the purchaser should submit the invoice or documented evidence of purchase,

signed to indicate the satisfactory receipt of the goods or services, to the administrative secretary. A check may then be drawn and it must bear two signatures, one of which is that of the principal or acting principal. Documentation supporting purchases should then be stamped or marked "Paid" and filed. We again found instances where purchases were not approved in advance, documentation was missing and/or not adequate to support the purchase, invoices were not marked that goods were received, and supporting documentation was not marked or stamped "Paid." By requiring prior approval and complete documentation, the principal retains control over the expenditure of IAF funds. We recommend that Form 280-54 be prepared by staff and signed by you at the time verbal approval is sought, and that complete documentation be attached to fully explain the reason for the purchase.

Controls over cash receipts need improvement. Some staff collecting funds were holding rather than remitting them timely to the administrative secretary. Also, the administrative secretary was not always making timely deposits; holding money in excess of permitted amounts. Large and infrequent deposits increase the possibility of loss of funds, diminish the schools ability to fund activities, and are contrary to the MCPS Financial Manual. To minimize the risk of loss and provide assurance that available funds will be fully utilized to meet school needs, all funds collected should be remitted to the administrative secretary daily (see MCPS Financial Manual, p. 7-4). In addition, all remittances on hand must be deposited when funds exceed permitted amounts and before each weekend or holiday.

Fund-raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund-Raiser*. We again found that there was a lack of adherence to these guidelines. Following these internal control procedures provides for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion of the event. Each fund-raiser should be approved by the principal in writing and the approval retained in the school office. Financial activities for each fund-raising activity should be recorded in a separate account in the 7000 series and a completion report prepared that analyzes the results (see MCPS Financial Manual, p. 20-12).

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. If parents are paying to attend the trip, they should be listed separately. 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. The data also should be used to estimate the cost of future trips. We again found that not all sponsors were providing completed data at the conclusion of each trip, and that data was not being compared to the final account history report nor used for planning future trips. 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. We further recommend trip planning be reviewed to ensure established fees are commensurate with trip expenses (see MCPS Financial Manual, p. 20-10).

Summary of Recommendations

- Purchase requests must be approved by the principal prior to procurement (repeat);

- Purchaser must confirm receipt of goods or services prior to disbursement (repeat);
- Purchase documentation must be adequate to support disbursements (repeat);
- Funds collected by sponsors must be promptly remitted with MCPS Form 280-34 to the administrative secretary;
- Funds remitted must be promptly deposited in the bank by the administrative secretary;
- Fund-raisers must follow MCPS fundraiser guidelines (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 Mr. Pat D. Abrunzo, director of elementary schools. The Office of School Support and Improvement will follow up on this audit.

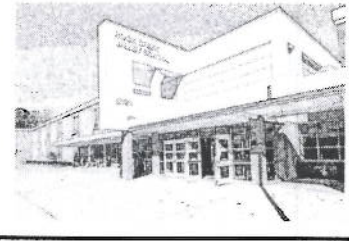
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Copy to:

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Rock Creek Valley Elementary
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Rockville, Maryland 20853
301-460-2195



Kevin M. Burns, Principal
Gregg Baron, Assistant Principal

December 10, 2015

MEMORANDUM

To: Mr. Pat Abrunzo, Director of Elementary Schools
From: Kevin M. Burns, Principal
Subject: Response to Rock Creek Valley Elementary Audit

The purpose of this memorandum is to document the actions that have been taken at Rock Creek Valley Elementary School to address the recommendations put forth by the Independent Activities Fund Audit for the period August 1, 2011 through September 30, 2015. I would like to thank the Internal Audit Office of MCPS for their support, guidance, and considerable time. The actions that are detailed below are in direct response to specific findings documented in the Rock Creek Valley Audit Report and I believe adequately ensure that Rock Creek Valley ES is in compliance with the financial policies and procedures directed by MCPS.

Finding

- 1.) Not all disbursements are pre-approved by either an estimate, allowable spending limit, or approved budget. Additionally, not all invoices were marked as received or paid satisfactorily.

Action

- The administrative secretary and principal will regularly review requests for purchase before approval is given. Additionally, the administrative secretary and principal will review accounts related to purchase requests. The principal will set spending limits for purchase requests in conjunction with the administrative secretary. The administrative secretary will email requester and copy principal with approved request amount.
- The administrative secretary will ensure that all receivables are reviewed in the main office. The financial specialist will communicate to staff that before they take possession of items received, that orders will be inventoried.

Finding

- 2.) Cash Control: Staff not turning in collected funds in a timely fashion to the administrative secretary. Administrative secretary was not always making timely deposits; holding money in excess of permitted amounts.

Action

- All funds collected by staff will be remitted to the administrative secretary daily.
- Administrative secretary will deposit all remittances when funds exceed permitted amounts and before each weekend or holiday.

Finding

- 3.) Fundraisers: Sponsors not filling out fundraiser completion report, not analyzing results, request forms approved by the principal, and sponsors holding funds instead of remitting on a daily basis.

Action

- Principal will ensure that fundraiser sponsors take full responsibility for all aspects of fundraising accounting and monitoring.
- The administrative secretary and principal will review fundraising protocols at a staff meeting, including completion report, inventory report, remittance, and how to analyze results.
- All fundraising requests will be approved only by the principal in conjunction with the administrative secretary.

Finding

- 4.) Field Trips: Sponsors not turning in a final field trip accounting to show number of student eligible for trips, those that paid, date, amount paid, and waivers.

Action

- The principal will review field trip protocols at grade level team meetings.
- The administrative secretary will email and copy principal to ensure that field trip sponsors and participating teachers provide a final field trip accounting form (attached to email) and any other required forms to provide final reconciliation.
- As needed, the principal will review final field trip accounting with the administrative secretary to ensure that sponsors and staff receive feedback on the accuracy of their reconciliation.

Kb

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MCPS Internal Audit Office