


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

October 1, 2012

MEMORANDUM

To: Dr. Roy Settles Jr., Principal
Judith Resnick Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
July 1, 2009, through July 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.

In our meeting on September 25, 2012, we reviewed the status of the conditions described in our prior audit report dated September 14, 2009, and discussed action required to strengthen the controls over IAF resources discussed in that report. 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

Sponsor 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 provided to the financial agent 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 not all sponsors are turning in completed data at the conclusion of each trip, and that data is not being compared to the final account reconciliation report nor 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 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. 20-9).

MCPS Form 280-54, *Request for a Purchase*, 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 expenditures 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. These budgets should be monitored by your financial specialist and revised if necessary.

Summary of Recommendations

- 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
- Expenditure of funds must be approved by the principal prior to procurement.

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. Darryl L. Williams, 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. Williams
Mrs. DeGraba
Mrs. Milwit
Mrs. Chen

Judith A. Resnik Elementary


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November 15, 2012

MEMORANDUM

To: Roger W. Pisha, Supervisor, Internal Audit

From: Roy Settles, Jr., Principal 

Subject: Response to Audit of Independent Activity Funds for the Period
July 1, 2009 through July 31, 2012

I have listed below the actions that are being taken at Judith Resnik Elementary School to address the findings of the above mentioned audit:

Findings and Recommendations

- We have addressed the concern regarding MCPS Form 280-54 being used as a check request form. Forms are available in the office for staff members that need to receive reimbursement. If a staff member requests reimbursement without the form being filled out first, they are referred to the principal for a conference.
- Mrs. Karen Fritz and Dr. Settles met with the staff member that did not provide comprehensive data to account for the students eligible to participate on field trips. Mrs. Fritz also is doing training with teams during their planning of field trips.

We appreciated the professionalism of our auditor Mr. Robert McIlvain. It was an excellent opportunity to review and implement changes to bring our IAF procedures in compliance with MCPS procedures. We were also pleased that Mr. McIlvain left his card and offered his assistance at any time if we had questions.

cc: Dr. Darryl Williams