


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

June 22, 2015

MEMORANDUM

To: Mrs. Jennifer L. Connors, Principal  
Rolling Terrace Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
December 1, 2011, through April 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 June 17, 2015 with you, and Mrs. Anna Tredway, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated January 4, 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

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. Invoices for goods and services must be signed by the purchaser to indicate satisfactory receipt. In our sample of disbursements, we found prior approval was not consistently obtained. Some invoices were missing, and none of the invoices were 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.

To minimize the risk of loss, cash and checks collected by sponsors for IAF activities should be remitted promptly to the administrative secretary for receipt and deposit in the bank (see MCPS Financial Manual, p. 7-4). A review of records disclosed that several field trip sponsors were not following this procedure. We recommend staff be encouraged to remit funds collected for IAF activities to the administrative secretary in accordance with MCPS policy and procedures.

The review of field trip activities again revealed that not all field trip sponsors are providing completed 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 (see MCPS Financial Manual, p. 20-9). The record of 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.

#### Summary of Recommendations

- Purchase requests must be approved by the principal prior to procurement, and invoices must be stamped "paid";
- Funds collected by sponsors must be promptly remitted to the administrative secretary (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 Ms. Bronda L. Mills, associate superintendent of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:AB:sd

Copy to:

Dr. Zuckerman	Mr. Sanderson
Dr. Navarro	Mrs. DeGraba
Dr. Statham	Mrs. Milwit
Ms. Mills	Mrs. Chen

Fiscal Management Action Plan

School: Rolling Terrace Towne Elementary

Principal: Kenneth Marcus

Approved by community superintendent:

*M. Deane*  
Director D55E

Date of approval: 9/11/15

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p>Prior approval for reimbursement of purchases was not consistently obtained as evidenced by date of purchase.</p>	<p><b>Resolution:</b> Reimbursement requests will be prepared by staff and signed by the principal at the time verbal approval is sought so that purchases and invoices bear a date subsequent to the approval date. Staff will be given a checklist and guidelines to complete in advance of intent to make purchases. The checklist and guidelines will be included along with the documented IAF procedures in the Staff Handbook posted online. <b>Person(s) Responsible:</b> School Staff, Principal, Assistant Principal, and Administrative Secretary.</p>		<p>Purchase requests must be approved by the principal prior to procurement.</p>
<p>Not all field trip sponsors are providing completed financial information to the administrative secretary at the completion of a trip.</p>	<p><b>Resolution:</b> Field trip sponsors will provide comprehensive information, including funds reconciliation upon completion of the trip. A checklist will be provided to sponsors to assist the documentation process. <b>Person(s) Responsible:</b> Administrative Secretary or Financial Agent, Field Trip Sponsors</p>		
<p>Funds collected by sponsors must be promptly remitted to the administrative secretary</p>	<p><b>Resolution:</b> Sponsors will be provided with the expectation of promptly turning in fund. This information will also be included in the handbook <b>Person(s) Responsible:</b> Administrative Secretary or Financial Agent, Field Trip Sponsors, Administrators</p>		

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