


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

February 27, 2012

MEMORANDUM

To: Mrs. Rebecca T. Gordon, Principal  
Seven Locks Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

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

This audit report presents the results of our examination of the financial records, reports, and internal accounting controls relating to the Independent Activity Funds (IAF) for your school for the period designated above. The examination was made to evaluate the adequacy of accountability over these funds, compliance with applicable Montgomery County Public Schools (MCPS) policies and procedures, and effectiveness of IAF management.

In our meeting on February 10, 2012, with you and Mrs. Carol Meyer, administrative secretary, we reviewed conditions described in our previous report dated March 20, 2009, and the status of present conditions. Our findings and recommendations appear below.

Findings and Recommendations

We noted that you are compliant with respect to the critical role of the principal in meeting MCPS internal control requirements, particularly your receipt of the unopened monthly checking account statement, your review of the monthly General Ledger Report and signing and dating these documents as evidence that this significant internal control is met. The reconciliation of the checking account is also signed and dated by you.

Internal control would be further strengthened by activity sponsors being provided a monthly activity account reconciliation report showing all transactions recorded in their account for the month. Sponsors should reconcile the statement to their records, confirm the accuracy of the statement, and return a signed copy to the administrative secretary. Any differences should be promptly resolved. This process confirms that transactions have been accurately recorded in the IAF records. These statements should be retained until the next audit. This critical internal control serves to protect the school as well as sponsors and the administrative secretary.

Disbursements are being approved in advance using MCPS Form 280-54, *Request for a Purchase*. To maintain the progress made, this warrants reinforcement at the beginning of each school year. After the purchase is completed, however, the recipient of the goods or services should submit the invoice or documented evidence of purchase noted to indicate the satisfactory receipt of the goods or services, to the administrative secretary. Form 280-54 alone is not considered support for a disbursement.

Cash and checks collected by sponsors and others for IAF activities should be remitted promptly to the administrative secretary. There were instances in which field trip sponsors were holding fees collected rather than remitting them on a daily basis. To minimize the risk of loss, all funds collected should be remitted daily, and all funds should be promptly deposited in the bank to minimize the risk of loss.

#### Summary of Recommendations

- Activity sponsors should receive monthly activity account reconciliation report and affirm correctness of recorded transactions;
- Invoices and receipts must be annotated as “paid” to indicate disbursement was made; and
- Cash and checks collected by sponsors should be daily remitted to the administrative secretary and promptly deposited.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff, especially Mrs. Meyer. 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. Donna S. Hollingshead, community superintendent. The Office of School Performance will follow up on this audit.

RWP:HK:sd

#### Copy to:

Mr. Bowers  
Dr. Lacey  
Mr. Talley  
Dr. Hollingshead  
Mrs. DeGraba  
Mrs. Milwit  
Mr. Doody

SEVEN LOCKS ELEMENTARY SCHOOL

9500 Seven Locks Road  
Bethesda, MD 20817  
301-469-1038

March 26, 2012



MEMORANDUM

To: Roger W. Pisha, Supervisor  
Internal Audit

From: Rebecca T. Gordon, Principal

Subject: Report on Audit of Independent Activity Funds

In response to the Report on Audit of our Independent Activity Funds, dated March 20, 2009, for the Period January 1, 2006 through January 31, 2009, we have upgraded the following procedures:

- The principal signs and dates the general ledger monthly report and the reconciliation of the checking account and will continue to do so.
- At the beginning of each school year, we will continue to remind staff to complete Form 280-54, *Request for a Purchase*, before purchases are made. We will reiterate this in reminders throughout the year. In the past we have retained packing receipts with our order forms; in the future we will also retain a copy of the packing receipts with the disbursements.
- We will be more attentive to transferring excess balances to the Centralized Investment Fund in a timely fashion.
- In addition to statements at the beginning of each school year, we will regularly reiterate with staff that monies collected for field trips and other purposes be sent to the office daily for deposit.
- Activity sponsors are continuing to receive monthly activity account reconciliation reports. We are now requiring that they be signed, dated, and returned within five school days.

We put these upgrades into effect immediately following our meeting with Mr. Krieger, the auditor.

Copy to:  
Dr. Liebes