


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

January 7, 2013

MEMORANDUM

To: Ms. Kimberly A. Williams, Principal
Stone Mill Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
July 1, 2009, through November 30, 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 December 20, 2012, with you, Mrs. Joyce Budman, assistant principal, and Ms. Diane Wynant, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated August 6, 2009, 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 purchasing card members must record purchases on transaction logs and submit logs monthly with invoices and receipts attached for review and approval by the principal. Monthly summary reports from American Express are to be reviewed, signed and dated by the principal to

ensure that purchases are appropriate and within established limits. We again found logs were not signed by the principal and monthly summary reports were not on file for review. In addition, not all card members maintain a monthly transaction log and the principal's log had not been submitted to the appropriate official for approval. We recommend purchasing card members be required to comply with the requirements of the MCPS purchasing card user's guide.

Sponsors of school activities which involve the collection or disbursement of IAF should be provided an account statement for each month in which transactions have been recorded in their account. We again found this essential internal control procedure was not being used. We recommend sponsors be given a monthly statement of their accounts and be required to verify that all transactions affecting the account have been correctly recorded. After any discrepancies are resolved, the statements should be signed and dated by the sponsor to attest to their accuracy. A procedure should be established to ensure that all signed statements are reviewed and returned to the administrative secretary (see MCPS Financial Manual, p. 20-9).

Cash and checks collected by sponsors and other authorized individuals for IAF activities must be remitted to the administrative secretary on the day they are received and must be accompanied by MCPS Form 280-34, *Remittance Slip*. We found that sponsors were using a remittance slip developed at the school rather than Form 280-34. In addition, we found instances in which staff collecting funds for yearbooks and field trips were holding funds rather than remitting them timely to the administrative secretary. We recommend that all staff who collect funds for school activities be reminded of remittance requirements (see MCPS Financial Manual, p. 7-4).

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 the 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 card activity must be in compliance with the MCPS *Purchasing Card User's Guide* (repeat);
- Monthly account transaction statements must be provided to sponsors for affirmation of correctness and returned to the administrative secretary (repeat);

- Funds collected by sponsors must be promptly remitted using MCPS Form 280-34 to the administrative secretary; 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 Ms. Wynant which greatly facilitated our audit. 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 Support and Improvement will follow up on this audit.

RWP:GB:sd

Copy to:

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

February 5, 2013

MEMORANDUM

To: Dr. Donna Hollingshead, Community Superintendent
From: Kim Williams, Principal
Subject: Audit of Independent Activity Funds

The purpose of this memorandum is to respond to the findings of Mr. Pisha, Internal Audit Supervisor, during the recent audit of Independent Activity Funds at Stone Mill Elementary School.

I have commended my administrative secretary for her excellent organization and completeness of financial records.

All activity sponsors will be given monthly transaction statements and will be required to sign them. American Express logs will be reviewed, staff will be reminded to remit all monies promptly to the administrative secretary, and comprehensive field trip records will be maintained.