


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

May 10, 2016

MEMORANDUM

To: Dr. 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  
December 1, 2012, through February 29, 2016

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 May 9, 2016, with you and Ms. Diane Wynant, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated January 7, 2013, 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

Use of the MCPS purchasing card must be in accordance with the requirements of the MCPS *Purchasing Card Users Guide*. By the fifth of the following month, cardholders must use the online reconciliation program to identify, describe, and review transactions. Monthly statements

must be printed and provided to the principal, with all purchase receipts and invoices attached. The principal must review each cardholder's transactions and approve them by the tenth of the following month, using the online reconciliation program. The principal's card transactions are to be reviewed and approved by the respective director of elementary, middle and high schools. We found that cardholders had not prepared their monthly statements, or reviewed their transactions in the online reconciliation program. We also found that the principal had not approved all transactions online. Action is needed to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Cash and checks collected by sponsors and others authorized for IAF activities must be remitted with MCPS Form 280-34, *Remittance Slip*, to the administrative secretary on the day they are received. We again found instances in which staff collecting funds for field trips were holding funds rather than remitting them timely to the administrative secretary. We also noted that School Funds Online receipts and other source documents were not always included to support Forms 280-34, and were not filed in sequential order. We recommend that all staff who collect funds for school activities be reminded of remittance requirements and that document filing complies with MCPS guidelines (see MCPS Financial Manual, p. 7-4).

Review of field trip activities again revealed that not all 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. 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. In addition, the financial agent should perform a reconciliation of the activity at its conclusion. We recommend all sponsors be required to use Form 280-41, or equivalent and follow the procedures outlined above (see MCPS Financial Manual, p. 20-10).

#### Summary of Recommendations

- Purchase card activity must comply with the MCPS *Purchasing Card User's Guide*;
- Funds collected by sponsors must be promptly remitted with MCPS Form 280-34 to the financial agent (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 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

Mr. Pat Abrunzo, director of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:GB:sd

Copy to:

Dr. Zuckerman

Dr. Statham

Dr. Navarro

Dr. Kimball

Mr. Abrunzo

Mrs. Chen

Mrs. DeGraba

Mrs. Milwit

June 27, 2016

MEMORANDUM

To: Mr. Pat Abrunzo, Director of School Support and  
Improvement of Elementary Schools

From: Dr. Kimberly A. 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.

Concerning the audit report for Stone Mill ES, we will work to ensure we are complying with the MCPS Purchasing Card User's Guide. We will promptly remit the MCPS form 280-34 and will make sure our field trip records include comprehensive data to account for all students participating on field trips.

I truly appreciate the time, energy and guidance provided to Stone Mill through the audit to help ensure that we are compliant in all ways with the financial responsibilities entrusted to us.

Copy to:  
Mr. Pisha