


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

April 17, 2014

MEMORANDUM

To: Mrs. Susan Shenk, Principal  
Travilah Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
July 1, 2010, through February 28, 2014

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 April 7, 2014, with you, and Mrs. Carol Lee, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated October 15, 2010, 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

Purchase of gift cards for MCPS employees, unless the funds are derived solely from staff contributions and disbursed from a staff-owned account, is prohibited. We noted several

instances in which gift cards were purchased with student funds to recognize staff (see MCPS Financial Manual, p. 20-6).

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 again 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

- Gift cards are prohibited for staff members unless funds used were contributed by them;
- Funds collected by sponsors must be promptly remitted with MCPS Form 280-34 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 Mrs. Lee, 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, associate superintendent of elementary schools. 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

Mr. Sanderson

Dr. Hollingshead

Mrs. DeGraba

Mrs. Milwit

Mrs. Chen





April 20, 2014

MEMORANDUM

To: Mr. Roger W. Pisha, Supervisor, Internal Audit

From: <sup>SJS</sup> Susan J. Shenk, Principal

Subject: Audit of Independent Activity Funds for July 1, 2010 through February 28, 2014

The purpose of this memorandum is to respond to the finding of Mr. George Beall, Internal Auditor during the recent audit of Independent Activity Funds (IAF) for Travilah Elementary School for the period of July 1, 2010 through February 28, 2014.

Mrs. Carol Lee, administrative secretary and the principal met with Mr. Beall to discuss the areas of concern and make corrections.

- We will make sure to discontinue any purchase of gift cards for staff members, unless the funds used were contributed directly by staff.
- There has been ongoing training with staff explaining the necessity of turning in funds collected to the office on a daily basis. Staff members have been instructed during pre-service training, leadership team meetings, grade level team meetings, staff meetings, and individually. Staff has also been trained to use the MCPS Form 280-34 when submitting funds.
- Accounting of field trips has also been reviewed with all teachers and sponsors. They have been instructed to record the cost and fee information for each trip on the correct MCPS forms and submit these forms to the administrative secretary. The names of the students eligible to participate will be listed and the teachers will reconcile the funds collected with the cost of the trip.

Meeting with Mr. Beall was a pleasure. His knowledge and expertise was extremely helpful. We appreciate the care he took while investigating our records and his professionalism and competence is outstanding.

Copy to:  
Dr. Donna Hollingshead, Associate Superintendent