


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

August 13, 2014

MEMORANDUM

To: Ms. Alison L. Serino, Principal
Westland Middle School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2012, through June 30, 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 controls. 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 August 13, 2014 with you, and Mrs. Susan Baumgardner, financial specialist, we reviewed the status of the conditions described in our prior audit report dated March 4, 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

We recognized significant improvements made to internal controls as compared to the previous audit. We did find, however, some weaknesses that need continued attention. We again found

instances where invoices supporting a disbursement were not annotated by recipients to certify receipt of goods or services.

As with weaknesses in controls over purchases, we again found instances of staff collecting funds from students for a variety of activities and not remitting them promptly to the financial specialist. Funds held any place in the school magnifies the risk of loss. We recommend staff be reminded of the remittance requirements established in Chapter 7 of the MCPS Financial Manual.

Summary of Recommendations

- Purchaser must confirm receipt of goods or services prior to disbursement (repeat); and
- Funds collected by sponsors must be promptly remitted to the financial specialist (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 Dr. Darryl L. Williams, associate superintendent of middle schools. The Office of School Support and Improvement will follow up on this audit.

RWP:LS:sd

Copy to:

Mr. Bowers
Dr. Navarro
Dr. Statham
Mr. Sanderson
Dr. Williams
Mrs. DeGraba
Mrs. Milwit
Mrs. Chen

Fiscal Management Action Plan

School: Westland Middle School Principal: Alison L. Serino

Dayton Johnson

Approved by associate superintendent: _____ Date of approval: 9/16/14

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p>1. Purchaser must confirm receipt of goods or services prior to disbursement (repeat)</p>	<p>Financial specialist is responsible for confirming receipt of items with requester/recipient, and will make a note on the invoice to indicate satisfactory receipt of items, prior to processing payment to the vendor.</p>	<p>Corrected process has been implemented (August 2014)</p>	<p>"Received" is noted on invoices, along with the date received. Disbursement is made after confirming receipt of item(s) or services.</p>
<p>2. Funds collected by sponsors must be promptly remitted to the financial specialist (repeat)</p>	<p>Principal will train all IAF sponsors in the proper handling of IAF funds, and will provide copies of written guidelines. In addition, sponsors will be given copies of Chapter 7 Cash Control of School Funds of the MCPS Financial Manual.</p>	<p>October and November 2014</p>	<p>IAF sponsor reports will reflect daily or frequent deposits (as appropriate) during those periods of time when funds are being collected for an activity.</p>

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