


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

October 27, 2015

MEMORANDUM

To: Mr. Craig W. Staton, Principal
Julius West Middle School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
October 1, 2013, through September 30, 2015

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 October 23, 2015, with you and Mrs. Sheila Brooks, financial specialist, we reviewed the status of the conditions described in our prior audit report dated October 31, 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 noted that controls over disbursements have improved since our previous audit. Additional control will be achieved if recipients of goods or services annotate documentation submitted for

payment to indicate satisfactory receipt of the goods or services invoiced. In our sample of disbursements, we found this is not consistently done (see MCPS Financial Manual, page 20-6).

Cash and checks collected for IAF activities by sponsors and other authorized individuals must be remitted with MCPS Form 280-34, *Remittance Slip*, to the financial specialist on the day the funds are received. We found instances in which staff collecting funds for outdoor education held funds rather than remitting them timely to the financial specialist. We recommend that all staff who collect funds for school activities be reminded of remittance requirements (see MCPS Financial Manual p. 7-4).

Summary of Recommendations

- Purchaser must confirm receipt of goods or services prior to disbursement; and
- Funds collected by sponsors must be promptly remitted with MCPS Form 280-34 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 secondary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:LS:sd

Copy to:

Dr. Zuckerman
Dr. Statham
Dr. Navarro
Dr. Williams
Mrs. Chen
Mrs. DeGraba
Mrs. Milwit
Dr. Minus

