


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

September 15, 2014

MEMORANDUM

To: Dr. Ocheze Joseph, Principal  
Clopper Mill Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
September 1, 2010, 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 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 September 3, 2014, with you, and Mrs. Rola Ibrahim, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated October 22, 2010, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2013. 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 Form 280-54, *Request for a Purchase*, is used to obtain principal approval to proceed with an intended purchase (see MCPS Financial Manual, p. 20-5). The purpose of each disbursement must be fully explained on this form in order to properly record expenditures in appropriate accounts, and to ensure that expenditures comply with IAF requirements. In our random sample of disbursements, we again found that prior approval was not consistently obtained. By requiring prior approval, the principal retains control over the expenditure of IAF funds. We recommend that Form 280-54, be

prepared by staff and signed by the principal at the time verbal approval is sought so that purchase orders and invoices bear a date subsequent to the approval date. Also, documentation supporting purchases must be stamped or marked "paid" to avoid duplicate payment, and marked by the recipient to indicate purchased goods or services were satisfactorily received.

MCPS Regulation DMB-RA, *Control of Admission Receipts*, provides requirements for the accounting for sales of admission tickets. We found that MCPS Form 280-50, *Tickets and Cash Report of Admissions Manager*, was used merely to list tickets sold and not as a reconciliation of tickets issued to tickets returned and recorded receipts. We recommend that procedures for sale of tickets be reviewed with appropriate staff prior to events, that all tickets be serially numbered and issued by the ticket controller, that a perpetual inventory is maintained, and that admission to all events be controlled in accordance with the above cited regulation.

#### Summary of Recommendations

- Purchase requests must be approved by the principal prior to procurement (repeat);
- Invoices and receipts must be annotated as paid to indicate disbursement was made; and
- Admission events must be controlled to account for total tickets sold and unsold.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of Mrs. Ibrahim, 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. LaVerne G. Kimball, associate superintendent of elementary schools. The Office of School Support and Improvement will follow up on this audit.

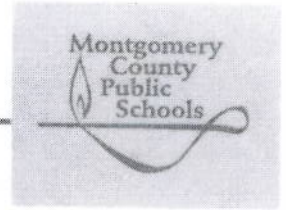
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Copy to:

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

# Clopper Mill Elementary School

18501 Cinnamon Drive  
Germantown, Maryland 20874  
301-353-8065 Fax: 301-353-8068



November 10, 2014

## MEMORANDUM

To: Dr. La Verne Kimball, Associate Superintendent  
From: Ocheze Joseph, Principal  
Subject: Audit report of Independent Activity Funds for the Period  
September 1, 2010, through June 30, 2014

This memorandum details the responses to the recommendations made by the auditor during a review of the Independent Activity Funds in the fall of this school year 2014. Both Mrs. Rola Ibrahim and I appreciate the time that the auditor spent explaining the process and recommending improvements.

Our responses follow sequentially the findings and recommendations from the auditor's report dated September 15, 2014.

- "Purchase requests must be approved by the principal prior to procurement."

Response: A system has been established where Form 280-54 will be completed by staff and signed by the principal at the time verbal approval is sought so that purchase orders and invoices bear a date subsequent to the approval date.

- "Invoices and receipts must be annotated as paid to indicate disbursement made."

Response: A system has been established where documentation supporting purchases will be stamped or marked "paid" to avoid duplicate payment, and marked by the recipient to indicate purchased goods or services were satisfactorily received.

- "Admission events must be controlled to account for total tickets sold and unsold."

Response: A system has been established where procedures for sale of tickets will be reviewed with appropriate staff prior to events to ensure that all tickets will be serially numbered and issued by the ticket controller, a perpetual inventory is maintained, and admission to all events is controlled in accordance with the above cited regulation.

Please contact me if any further information is needed. We are committed to continuing best accounting practices and ongoing fiscal responsibility.

OWJ:pl

Copy to: Roger W. Pisha