


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 1, 2016

MEMORANDUM

To: Mr. Brent T. Mascott, Principal
DuFief Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Independent Activity Funds for the Period
October 1, 2013, through October 31, 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 the IAFs are administered in accordance with MCPS policies, regulations, and procedures.

The 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 the 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 November 22, 2016, with you and Ms. Kimberly E. McWilliams, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated December 2, 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

In our random sample of disbursements, we found that many disbursements did not have adequate documentation. This is necessary to fully explain the reason for the expenditure. In addition, invoices were not signed always by the purchaser to certify that goods or services had been satisfactorily delivered. By requiring complete documentation, the principal retains control

over the expenditure of IAF activities. We recommend you ensure that complete documentation is attached to fully explain the reason for purchases and require purchasers to annotate on invoices that the goods or services have been satisfactorily delivered before you endorse a check (refer to the *MCPS Financial Manual*, chapter 20, page 6).

Summary of Recommendations

- All purchases must be supported with adequate documentation attached.
- Receipt of goods or services must be confirmed prior to disbursement (**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 Unit within 30 calendar days of this report, with a copy to Ms. Loretta M. Favret, director of school support and improvement of elementary schools. In your response, please share a detailed plan for addressing these issues including appropriate staff training and support. The Office of School Support and Improvement will follow up on this audit.

RWP:LAS:lsh

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Dr. Johnson

Mr. Civin

Dr. Kimball

Mrs. Camp

Mrs. Chen

Ms. Diamond

Ms. Favret

Mr. Ikheloa

Fiscal Management Action Plan

School: DuFief Elementary School
 Approved by Director of School Support and Improvement:

Principal: Brent Mascott

Date of approval:

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Documenting Reimbursements	The administrative secretary is changing the current filing system to remove FT invoices and bus invoices from the individual FT file folders to file them with the monthly financial folder in order to have the supporting documentation (280-54) with the record of payment. All other invoices will also be filed in the monthly finance folder with the payment documentation (280-54).	Began December 2016.	280-54 and all supporting documents will be filed together.
Documenting Reimbursements	The purchaser of the administrative secretary will date and stamp invoices for items ordered as "received" upon receipt of the item before the payment is made to reimburse or pay for the item.	Began December 2016	Stamped "received" and dated invoices.
Knowledge of financial manual	The administrative secretary and Principal will attend the School Finance Training offered through PDO to get updated on changes in the financial manual as well as referring to the online financial manual for updates.	Approximately every three years beginning in the Spring of FY17.	PDO registration in the Spring of FY17.

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