


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

October 23, 2012

MEMORANDUM

To: Mr. Lamar Whitmore, Principal  
Flower Hill Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
February 1, 2009, through August 31, 2012

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 11, 2012, with you and Ms. Patti Boccabello, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated May 18, 2009, and discussed further actions needed to strengthen the accountability for IAF resources. 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 several checks that had been issued to staff for making purchases that had been signed by the principal prior to a dollar amount being entered on them. No checks will be signed prior to completion of date, payee, and amount entered on them (see MCPS Financial Manual, p. 20-5). Use of the school purchasing card, with its pre-approved limits, would improve controls over such purchases.

We noted instances where MCPS Form 280-54, *Request for a Purchase*, was not used when disbursements were made to MCPS. Regardless of the documentation that approved the procurement of goods and services, all disbursements from a school's IAF will be approved by the principal using MCPS Form 280-54, prior to issuing expenditure of funds (see MCPS Financial Manual, p. 20-5).

Fund raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund Raiser*. We found that there was a lack of adherence to the completion reporting guidelines. Following these internal control procedures provides for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion of the event. Each fund raiser should be approved by the principal in writing and the approval retained in the school office. Financial activities for each fund raising activity should be recorded in a separate account in the 800 series and a completion report prepared that analyzes the results. Completion reports should also be retained in the school office (see MCPS Financial Manual, p. 20-11).

#### Summary of Recommendations

- Checks must be fully completed before being signed and must bear two signatures;
- Disbursements from a school's IAF will be approved using MCPS Form 280-54 prior to expenditure of funds; and
- Fundraiser completion reports must be prepared by sponsors with sufficient information to analyze results.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of Ms. Boccabello, 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. Darryl L. Williams, community superintendent. The Office of School Support and Improvement will follow up on this audit.

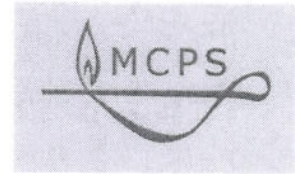
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Copy to:

Mr. Bowers  
Dr. Statham  
Dr. Schiavino-Narvaez  
Dr. Marks  
Dr. Williams  
Mrs. DeGraba  
Mrs. Milwit  
Mrs. Chen

# Flower Hill Elementary School

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October 23, 2012

Office of the Principal  
Lamar Whitmore  
Principal

## MEMORANDUM

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

From: Lamar Whitmore, Principal *L.W.*

Subject: Written Summary of Actions taken in response to audit of IAF funds for the period February 1, 2009 through August 31, 2012

In response to the findings and recommendations in the audit report dated October 23, 2012, submit the following:

- All future checks will be fully completed before being signed with two signatures.
- MCPS Form 280-54 will continue to be used prior to expenditure of funds; specifically noted in the audit was IAF payments to MCPS using ireceivables requires MCPS Form 280-54 to be used. This practice will be adhered to on all future ireceivable payments to MCPS.
- Sponsors will be reminded to submit the required Fundraiser Completion Reports.

If any additional information is needed, please let me know.

Thank you.

LLW:plb

Copy to:  
Dr. Williams