


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

September 3, 2013

MEMORANDUM

To: Mrs. Rachel C. DuBois, Principal  
Piney Branch Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
January 1, 2012, through June 30, 2013

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 August 13, 2013, with you, and Mrs. Victoria Welch, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated February 13, 2012, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2012. 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

Effective internal control includes the receipt and review by the principal of the monthly bank statement, bank reconciliation report and ledger reports in a timely manner. Review of these

important reports must be evidenced by the principal's signature and date. We found that these important reviews were not being completed consistently during our audit period. We recommend you initiate a process that ensures this important internal control process occurs monthly (see MCPS Financial Manual, p. 20-8).

MCPS Form 280-54, *Request for a Purchase*, is used to obtain prior 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 sample of disbursements, we found that prior approval was not consistently obtained. By requiring prior approval, the principal retains control over the expenditures of the IAF. We recommend that Form 280-54 be prepared by staff and signed by the principal at the time verbal approval is sought so that invoices and receipts bear a date subsequent to the approval date.

#### Summary of Recommendations

- Monthly financial reports must be signed and dated by the principal to indicate review (repeat) and;
- Expenditure of funds must be approved by the principal prior to procurement.

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 Ms. Bronda L. Mills, associate superintendent of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:RM:sd

Copy to:

Mr. Bowers  
Dr. Statham  
Dr. Schiavino-Narvaez  
Mr. Sanderson  
Ms. Mills  
Mrs. DeGraba  
Mrs. Milwit  
Mrs. Chen

# Piney Branch Elementary School

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7510 Maple Avenue  
Takoma Park, Maryland 20912

September 30, 2013

## MEMORANDUM

To: Ms. Bronda L. Mills, Associate Superintendent

From: *RD* Rachel C. DuBois, Principal

Subject: Response to report on Audit of Independent Activity Funds

Attached are the actions that Piney Branch Elementary School has taken to correct the areas of concern identified by Mr. Roger W. Pisha, Supervisor, during our internal audit.

Please feel free to contact me at 301-891-8000 or via email at [Rachel\\_C\\_DuBois@mcpsmd.org](mailto:Rachel_C_DuBois@mcpsmd.org) with any questions or concerns.

RD:vw

Copy to:  
Mr. Pisha

**Piney Branch Elementary School**  
**7510 Maple Avenue**  
**Takoma Park, MD 20912**  
**301-659-4551**

<b>Concern</b>	<b>Corrective Action</b>	<b>Evidence of Completion</b>
<ul style="list-style-type: none"> <li>• Monthly financial reports must be signed and dated by the Principal to indicate review</li> </ul>	<ul style="list-style-type: none"> <li>• All statements will be reviewed, signed and dated</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly signed/dated statements</li> </ul>
<ul style="list-style-type: none"> <li>• Expenditure of funds must be approved by the Principal prior to procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Staff members will continue to receive training on procedures regarding expenditure of funds</li> <li>• No purchases will be reimbursed if prior approval was not given</li> </ul>	<ul style="list-style-type: none"> <li>• Staff will approve/confirm receipt of goods or services prior to disbursement</li> <li>• Staff completes pre-approval process prior to purchase and disbursements</li> </ul>