


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

May 16, 2014

MEMORANDUM

To: Mr. Emmanuel J. Jean-Philippe, Principal
Arcola Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2011, through March 31, 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 May 6, 2014, with you and Ms. Wendy Davis, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated November 28, 2011, 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

sample of disbursements, 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 you at the time verbal approval is sought so that invoices or receipts bear a date subsequent to the approval date.

Fund-raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund-Raiser*. 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 7000 series account, and a completion report prepared that analyzes the results (see MCPS Financial Manual, p. 20-12). We found that the school reimbursed the PTA for a fund-raising activity. We recommend school fund-raisers be conducted in accordance with the above guidelines, and that school funds not be used to supplement PTA fund-raisers.

Summary of Recommendations

- Expenditure of funds must be approved by the principal prior to procurement (repeat); and
- Fund-raising must conform to *Guidelines for Sponsoring an IAF Fund-Raiser*.

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

Arcola Elementary School

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Office of the Principal

June 12, 2014

MEMORANDUM

To: Roger W. Pisha, Supervisor, Internal Audit

From: Emmanuel Jean-Philippe, Principal

Subject: Report on Audit of Independent Activity Funds for the Period November 1, 2011, through March 31, 2014

In accordance with MCPS Regulation DIA-RA, Accounting for Financial Operations/Independent Activity Funds, I am providing a response to the Internal Audit office to the report on Audit of Independent Activity Funds for the Period November 1, 2011, through March 31, 2014. It should be noted that my appointment as principal was effective July 1, 2013. I have read the findings and recommendations resulting from the recommendations of the examination of the Arcola IAF records and financial accounts for the periods designated above.

As a result of the recommendations the school will take the following actions:

- Expenditure funds will be approved by the principal prior to procurement and
- Fund-raising will conform to Guidelines for Sponsoring an IAF Fund-Raiser

We will continue to work with our staff and PTA to ensure all IAF activities are administered in accordance with MCPS policies, regulations and procedures. Please feel free to contact me if you have any questions regarding this matter.

Thank you for your support with our audit.

Copy to:
Ms. Mills