


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

August 28, 2014

MEMORANDUM

To: Mr. James K. Allrich, Acting Principal
Benjamin Banneker Middle School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
October 1, 2013, through July 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 August 27, 2014 with you, and Ms. Timasha Barnes, financial specialist, we reviewed the status of the conditions described in our prior audit report dated November 7, 2013, and the status of present conditions. It should be noted that your appointment as acting principal was effective July 16, 2014. 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. Invoices for goods or services must be signed by the purchaser to indicate satisfactory receipt. In our sample of disbursements, we again found prior approval was not consistently obtained when required. Many disbursements did not have adequate documentation to fully explain the reason for the expenditure, and invoices were not always signed by the receiver. By requiring prior approval and complete documentation, 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, and that complete documentation be attached to fully explain the reason for the purchase and what account is to be charged. Certain sponsors would benefit from preparing an annual budget detailing expected income and expenses, and obtaining your approval at the beginning of the school year. These budgets should be monitored by your financial specialist and revised if necessary.

Summary of Recommendations

- Purchase requests must be approved by the principal prior to procurement (repeat);
- Purchaser must confirm receipt of goods or services prior to disbursement; and
- Purchase documentation must be adequate to support disbursements;

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 Dr. Darryl L. Williams, associate superintendent of middle schools. The Office of School Support and Improvement will follow up on this audit.

RWP:LS:sd

Copy to:

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

Fiscal Management Action Plan

School: Benjamin Banneker Middle School

Principal: James Allrich

Raymond L. Williams

Date of approval: 10/2/14

Approved by associate superintendent:

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Purchase requests must be approved by the principal prior to procurement	Staff must complete form 280-54, indicate the account to be charged including the balance and have signed by the principal prior to making a purchase. Finance office procedures available on T-Shared and presentation to staff 2x per year.	From now going forward	Staff will obtain written approval from the principal prior to making a purchase. Checks will be written once form 280-54 is signed.
Purchaser must confirm receipt of goods or services prior to disbursement	FS will confirm receipt of goods and stamp received date on packing slips prior to disbursement	From now going forward	FS receives all packages, confirms contents with packing slip and stamps received on packing slip.
Purchase documentation must be adequate to support disbursements	FS will attach original receipts and/or invoices stamped paid to request for purchase form	From now going forward	FS retains original invoices (stamps paid) and attaches them to form 280-54 and the office copy check stub