


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

May 9, 2013

MEMORANDUM

To: Mr. Daniel Walder, Principal  
Bannockburn Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
July 1, 2009, through March 31, 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 April 24, 2013, with you, and Mrs. Tina Errigo, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated August 27, 2009, 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

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 again 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.

Controls for purchases completed using the MCPS purchase card differ from the above. MCPS purchasing card members must record purchases on transaction logs and submit them monthly with invoices and receipts attached for review and approval by the principal, or by the respective community superintendent for principal transactions. Monthly summary reports from American Express are to be reviewed, signed and dated by the principal to ensure that purchases are appropriate and within established limits. We found that these purchasing card procedures were not implemented. We recommend purchasing card members be required to comply with the requirements of the MCPS *Purchasing Card User's Guide*.

#### Summary of Recommendations

- Expenditure of funds must be approved by the principal prior to procurement (repeat); and
- Purchase card activity must be in compliance with the MCPS *Purchasing Card User's Guide*.

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. Christopher S. Garran, community superintendent. 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  
Dr. Garran  
Mrs. DeGraba  
Mrs. Milwit  
Mrs. Chen

Fiscal Management Action Plan

School: **BANNOCKBURN ELEMENTARY**

Principal: **Mr. Daniel Walder**

Approved by community superintendent: 

Date of approval: 5/14/13

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Purchase card activity must be in compliance with the MCPS Purchasing Card User's Guide	We have established an ongoing plan for recording purchases on log and submitting to principal for review at end of each month. Notes will be added to monthly outlook calendars.	End of Each Month; Due last Wednesday to the Principal to review	
Expenditure of funds must be approved by the principal prior to procurement	For the record, we have made significant improvement in this area, but we agree there is still room for improvement/growth. We will establish a plan for recommending approval no later than a day before purchasing. This will be communicated with all staff members and account sponsors.	ongoing	

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