

Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

September 11, 2015

MEMORANDUM

To: Mr. Elliot M. Alter, Principal
Beall Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit *RWPisha*

Subject: Report on Audit of Independent Activity Funds for the Period
April 1, 2012, through July 31, 2015

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 September 8, 2015, with you, and Mrs. Gina Gill, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated June 12, 2012, 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

Disbursement of IAF must be controlled in a number of ways. All disbursements must be accompanied by MCPS Form 280-54, *Request for a Purchase*, which indicates how and when it was approved by the principal. After the purchase is completed, the purchaser should submit the

invoice or documented evidence of purchase, annotated to indicate the satisfactory receipt of the goods or services, to the administrative secretary. A check may then be drawn and it must bear two signatures, one of which is that of the principal or acting principal. Following the drawing of a check, the invoice or receipt evidencing the purchase must be stamped "paid" to prevent duplicate payments. We found numerous instances in which one or more of these controls over purchases were weakened. In addition, we examined one purchase that exceeded \$7,500 that did not have the necessary approval of the Chief Operation Officer (COO).

Summary of Recommendations

- Purchase requests must be approved by the principal prior to procurement;
- Purchaser must confirm receipt of goods or services prior to disbursement;
- Purchase invoices and receipts must be annotated as paid to indicate disbursement was made; and
- Purchases over \$7,500, with certain exceptions, must have COO approval.

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. LaVerne G. Kimball, associate superintendent of elementary schools. The Office of School Support and Improvement will follow up on this audit.

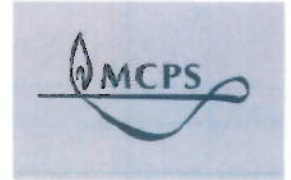
RWP:LS:sd

Copy to:

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Beall Elementary School

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Office of the Principal

September 29, 2015

MEMORANDUM

To: Roger W. Pisha, Supervisor, Internal Audit

From: Elliot Alter, Principal, Beall Elementary School 

Subject: Response to Audit of Independent Activity Funds for the Period
April 1, 2012, through July 31, 2015

- The principal will approve all purchases prior to procurement
- Administrative Secretary will confirm receipt of all goods prior to disbursement
- Administrative Secretary will annotate all invoices and receipts as paid to indicate disbursement was made;
- All purchases over \$7,500 will have COO approval

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Copy to:
Dr. LaVerne G. Kimball