


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

February 13, 2012

MEMORANDUM

To: Mrs. Kimberly L. Kimber, Principal
Burtonsville Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2011, through December 31, 2011

This audit report presents the results of our examination of the financial records, reports, and internal accounting controls relating to the Independent Activity Funds (IAF) for your school for the period designated above. The examination was made to evaluate the adequacy of accountability over these funds, compliance with applicable Montgomery County Public Schools (MCPS) policies and procedures, and effectiveness of IAF management.

In our meeting on January 25, 2012, with you and Mrs. Tagreed K. Dubbaneh, administrative secretary, we reviewed conditions described in our previous report dated April 11, 2011, and the status of present conditions. We noted that the audit period included only six months since your appointment as principal effective July 1, 2011. Our findings and recommendations appear below.

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 random 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 the principal at the time verbal approval is sought so that invoices or receipts bear a date subsequent to the approval date.

Analysis of the school checking account showed consecutive months when the balance exceeds immediate needs. Keeping high balances in the checking account limits the amount of interest the school could be earning. The principal is responsible for ensuring that funds in excess of current needs are invested in a manner that will earn a reasonable rate of return. A better use of the excess funds is to deposit them in the MCPS Centralized Investment Fund to maximize

interest income. When needed to cover expenses, these funds are available for prompt return to the school (see MCPS Financial Manual, p. 7-5).

The Funds Ledger Report and transaction account recording practices did not comply with the IAF chart of accounts requirements. Business activity transactions such as cell tower revenue should not be recorded with the general activity accounts. Financial statements and related account reports become less reliable for financial decision making if transactions are not properly recorded. We recommend that this matter be addressed with your visiting bookkeeper to make any corrections (see MCPS Financial Manual, p. 20-10).

Summary of Recommendations

- Expenditure of funds must be approved by the principal prior to procurement (repeat);
- Centralized Investment Fund should be used to deposit excess funds (repeat); and
- Recording of accounting transactions must conform to the IAF chart of accounts.

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. Beth Schiavino-Narvaez, community superintendent. The Office of School Performance will follow up on this audit.

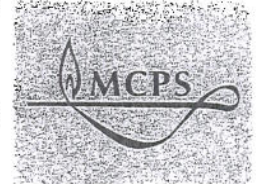
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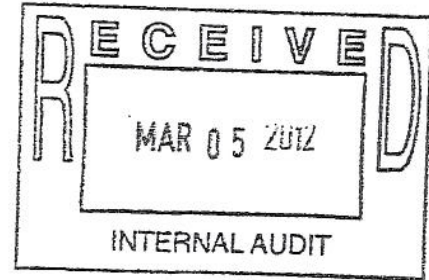
Mr. Bowers
Dr. Lacey
Mr. Talley
Ms. Schiavino-Narvaez
Mrs. DeGraba
Mrs. Milwit
Mr. Doody

Burtonsville Elementary School

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**Office of the Principal
Ms. Kimberly L. Kimber**

March 1, 2012

MEMORANDUM

To: Roger W. Pisha, Supervisor, Internal Audit

From: Kimberly Kimber, Principal, Burtonsville Elementary School

Subject: Response to Recommendations from Audit of Independent Activity Funds for the period of January 1, 2011, through December 31, 2011

During the audit, it was found through random samplings that MCPS Form 280-54, *Request For Purchase*, prior approval from the principal was not consistently obtained. In the future, Form 280-54 will always have approval from the principal before any funds are obtained.

During the audit, it was noted that there were many months where the checking account balance exceeded immediate needs. The recommendation was to deposit the excess funds into the MCPS Centralized Investment Fund to maximize interest income. We followed the auditor's recommendation and had \$10,000.00 deposited into the CIF account.

The audit also revealed that cell tower revenue was recorded with general activity accounts. It was recommended that I have my visiting bookkeeper, Jim Zeck, make any corrections for transactions not properly recorded. Mr. Zeck has since been to the school and made the necessary changes so that cell tower money does not go into the general activity accounts.

Thank you for your assistance in both the findings and recommendations in order to bring my Independent Activity Fund (IAF) account up to par.

KLLK: td

Copy to:

Mrs. Beth Schiavino-Narvaez, Community Superintendent