


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

November 4, 2016

MEMORANDUM

To: Mr. Jae W. Lee, Acting Principal
Carderock Springs Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Independent Activity Funds for the Period
April 1, 2016, through September 30, 2016

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 the IAFs are administered in accordance with MCPS policies, regulations, and procedures.

The 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 the 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 October 27, 2016, with you and Ms. Carol D. Meyer, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated June 6, 2016, and the status of present conditions. It should be noted that your appointment as acting principal was effective July 1, 2016. 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

As previously reported, we found weakness in controls over purchases. The principal has not been added as a signer on the school checking account and checks are being signed by another staff member. In addition, we noted that the invoices supporting purchases are not being notated to verify that goods or services have been satisfactorily received. We recommend that the

principal be added as an authorized signer on the school's account and that checks not be signed until invoices have been noted to reflect receipt of goods or services (refer to *MCPS Financial Manual*, chapter 20, pp. 6–7).

Additionally, we saw evidence of delays in the process of collecting funds and the deposit of these funds to the school checking account. Cash and checks collected by sponsors and others for IAF activities should be remitted promptly to the school administrative secretary. These receipts must be deposited promptly, and all receipts must be deposited on the last working day of each month and before each weekend or holiday (refer to *MCPS Financial Manual*, chapter 7, pp. 4–5).

Summary of Recommendations

- Checks will bear two signatures, one of which must be that of the principal (**repeat**).
- Purchaser must confirm receipt of goods or services prior to disbursement (**repeat**).
- Cash handling process must conform to chapter 7 of the *MCPS Financial Manual* (**repeat**).

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 Unit within 30 calendar days of this report, with a copy to Mr. Mathew A. Devan, director of school support and improvement of elementary schools. In your response, please share a detailed plan for addressing these issues including appropriate staff training and support. The Office of School Support and Improvement will follow up on this audit.

RWP:LAS:lsh

Copy to:

Members of the Board of Education
Dr. Smith
Dr. Navarro
Dr. Statham
Dr. Zuckerman
Dr. Johnson
Mr. Civin
Dr. Kimball
Mrs. Camp
Mrs. Chen
Mrs. DeGraba
Ms. Diamond
Mr. Devan
Mr. Ikheloa

Carderock Springs Elementary School

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Office of the Principal

November 8, 2016

MEMORANDUM

To: Roger W. Pisha, Supervisor, Internal Audit

From: Jae W. Lee, Acting Principal 
Carderock Springs Elementary School

Subject: Response to Audit of Independent Activity Funds for the Period of April 1, 2016,
through September 30, 2016

Summary of Recommendations

- Checks will bear two signatures, one of which must be that of the principal;
- Purchaser must confirm receipt of goods or services prior to disbursement; and
- Cash handling process must conform to chapter 7 of the *MCPS Financial Manual*.

Mrs. Carol M. Meyer, administrative secretary, and I met on October 27, 2016 with Mr. Lary Scollick who conducted the audit to discuss his recommendations. Subsequent to that I met with Mrs. Carol Meyer to review the recommendations and to make sure they were implemented/followed.

Copy to:
Mr. Devan
Mrs. Meyer