


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

March 18, 2016

MEMORANDUM

To: Mr. Carl R. Bencal, Principal
Clarksburg Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
September 1, 2013, through February 29, 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 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 March 17, 2016, with you, and Ms. Evette Vasquez, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated October 28, 2013, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2015, and that Ms. Vasquez assumed her position as of July 6, 2015. 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. 20-4). 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, prior approval was not consistently obtained, and invoices were not always marked to indicate satisfactory

receipt. By requiring prior approval, the principal retains control over the expenditure of IAF funds. We recommend that Form 280-54 be prepared by staff with an estimate of expenditure and signed by the principal at the time verbal approval is sought. We also recommend invoices be marked by the purchaser to indicate satisfactory receipt of goods or services and stamped "Paid" upon disbursement.

Fund-raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund-Raiser*. We found that there was a lack of adherence to these guidelines. Following these internal control procedures provides for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion of the event. Each fund-raiser should be approved by the principal in writing and the approval retained in the school office. We recommend that financial activities for each fund-raising activity be recorded in a separate account in the 700 series and a completion report prepared that analyzes the results (see MCPS Financial Manual, p. 20-12).

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
- Fund-raising must conform to *Guidelines for Sponsoring an IAF Fund Raiser*.

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 Mr. Greg Edmundson, director of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:MJB:sd

Copy to:

Dr. Zuckerman

Dr. Statham

Dr. Navarro

Dr. Kimball

Mrs. Chen

Mrs. DeGraba

Mr. Edmundson

Mrs. Milwit

Fiscal Management Action Plan

School: Clarksburg Elementary School

Principal: Carl Bencal

Approved by: 

Date of approval: 4-13-16

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p>Purchase Request Approval</p> <p>Purchase requests must be approved by the principal prior to procurement.</p>	<p>At the time that approval is sought from the principal, Form 280-54 will be prepared and signed by both requesting staff and the principal.</p> <p>The principal will ensure detailed documentation/rationale of the purchase is attached to the request prior to signing.</p> <p>The invoices for the purchase will be signed, dated, and marked "Paid" by the receiver.</p> <p>Staff members who do not secure advance approval will not receive reimbursement for purchases.</p> <p>Person(s) Responsible: Administrative secretary, principal, staff requesting purchase</p>	<p>As needed</p> <p>Starting Immediately</p>	<p>Completed Form 280-54 with documentation of purchase and receipt of purchase signed by receiver</p>
<p>Fundraising Activities</p> <p>Fund-raising must conform to <i>Guidelines for Sponsoring an IAF Fund Raiser</i></p>	<p>All fund raisers will be preapproved by the principal using a form generated by the administrative secretary.</p> <p>Each fund raiser will have its own separate 700 series account number in the SFO accounting system. All monies for the fundraiser will be listed under the fund raiser specific 700 series account.</p> <p>All materials for fundraisers will be purchased following MCPS policies and will be approved by the principal.</p> <p>A fund raiser completion report will be accurately submitted at the conclusion of the event and filed with the other documents pertaining to the fund raiser.</p> <p>Person(s) Responsible: Administrative secretary, sponsor, principal</p>	<p>As needed</p> <p>Starting Immediately</p>	<p>Signed approval form for fund raiser and supporting documents including a fund raiser completion report</p>

Note: A copy of the approved plan is to be sent to the Internal Audit Office, URSC Germantown, MD