


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

March 18, 2016

MEMORANDUM

To: Mr. Daniel Walder, Principal
Diamond Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
December 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, Mr. Spencer Delisle, principal intern, and Mrs. Diane McCaffrey, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated January 13, 2014, 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

In accordance with the MCPS Financial Manual (p. 20-5), aggregate school expenditures for the procurement of refreshments in connection with meetings and staff appreciation items may not exceed \$60 per full-time equivalent (FTE) per fiscal year without the prior written authorization

from the chief operating officer (COO). We found an instance in which a portion the purchase price of T-shirts for staff was recorded in the general account, rather than in the staff appreciation account. When that amount was added to other staff appreciation amounts, the limit on such items was exceeded in FY 2015, without approval of the COO. Care must be exercised in recording transaction to assure that approval is sought when necessary.

During our review of disbursements, we noted instances in which invoices or packing slips for items delivered to the school had not been notated to verify that all items had been received. We recommend this control step be added to other measures to ensure the school is in compliance with chapter 20 of the MCPS Financial Manual.

Summary of Recommendations

- Staff appreciation and meeting refreshment expenditures must be correctly recorded with combined total expenditures not exceeding \$60 per FTE per fiscal year without prior approval of the COO; and
- Purchaser must confirm receipt of goods or services prior to disbursement.

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

RWP:LS:sd

Copy to:

Dr. Zuckerman
Dr. Statham
Dr. Navarro
Dr. Kimball
Mrs. Chen
Mrs. DeGraba
Mr. Edmundson
Mrs. Milwit

Fiscal Management Action Plan

School: **Diamond Elementary School**
 Approved by director: 

Principal: **Dan Walder**
 Date of approval: 5/4/14

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p>Confirmation of Receipt of Goods/Services by Purchaser</p> <p>Purchaser must confirm receipt of goods or services upon delivery prior to disbursement.</p>	<p>The administrative secretary has maintained a separate file from our IAF purchases for credit card purchases as a control process for master card purchases. This information was shared with the auditor after the report was submitted. We will continue to count, check-off, and sign as received on the packing slips / invoices.</p> <p>Person responsible: Administrative Secretary, School Secretary (designee)</p>	<p>Once per month</p>	<p>Signed and dated statements.</p>
<p>Staff Appreciation & Staff Refreshments</p> <ol style="list-style-type: none"> Refreshments for staff meetings and staff appreciation is \$60 per staff FTE per fiscal year. All expenses for staff meetings and staff appreciation need to be recorded in the appropriate account to enable monitoring of these sums. To exceed amount allocated (\$60.00 per staff FTE per fiscal year) requires approval and authorization by Chief Operating Officer. 	<p>Person responsible: Administrative Secretary, School Secretary (designee)</p> <ol style="list-style-type: none"> MCPS Form 280-54, Request for a Purchase, will include specific account information (Staff Appreciation) from where purchase is made from prior to obtaining principal approval. Principal's first year at school and bought new staff shirts which, including typical staff appreciation expenses (luncheons, etc) exceeded our typical year-to-year staff appreciation expenses. In the future, we will request approval from Chief Operating Officer. <p>Person responsible: Administrative Secretary, School Secretary (designee), Principal</p>	<p>Monthly</p>	<p>MCPS Form 280-54 <i>Request for a Purchase</i> <i>Monthly review of Staff Appreciation expenses by principal.</i></p>

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