


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

September 1, 2015

MEMORANDUM

To: Mrs. Roni S. Silverstein, Principal
Fallsmead Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
March 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 August 28, 2015, with you and Ms. Patricia Litwin, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated April 2, 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

All equipment acquired by a school whether by gift or by purchase becomes the property of MCPS (see MCPS Financial Manual, p. 20-15). MCPS Regulation EDC-RA, *Control of Furniture and Equipment Inventory*, provides guidance for adjusting the school inventory to

account for property acquisitions and disposals. We found several items of equipment were acquired using IAF that were not added to the school inventory as required. We recommend appropriate staff become familiar and comply with property control procedures.

Summary of Recommendations

- Furniture and Equipment control must comply with MCPS Regulation EDC-RA.

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:

- Dr. Zuckerman
- Dr. Statham
- Dr. Navarro
- Dr. Kimball
- Mr. Abrunzo
- Mrs. Chen
- Mrs. DeGraba
- Mrs. Milwit

FALLSMEAD ELEMENTARY SCHOOL
1800 Greenplace Terrace
Rockville, Maryland 20850
301-270-4984

September 14, 2015

MEMORANDUM

To: Mr. Roger Pisha, Supervisor, Internal Audit

From: Roni Silverstein, Principal

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

This memorandum details the responses to the recommendation made by the auditor during a review of the Independent Activity Funds which took place on August 27, 2015, and August 28, 2015. Both the administrative secretary, Patricia Litwin, and I appreciate the time that the auditor spent explaining the process and recommending improvements and/or upgrades.

Our response to the findings follow the findings and recommendations from the auditor's report dated September 1, 2015.

Finding: All equipment acquired by a school, whether by gift or by purchase becomes the property of MCPS. MCPS Regulation EDC-RA, *Control of Furniture and Equipment Inventory*, provides guidance for adjusting the school inventory to account for property acquisitions and disposals. We found several items of equipment were acquired using IAF that were not added to the school inventory as required. We recommend appropriate staff become familiar with and comply with property control procedures.

Response: In accordance with chapter 16, *Property Accounting*, of the MCPS Financial Manual, iPads purchased with IAF funds and acquired by donation, are considered a sensitive item, and must be bar-coded with an identification number for tracking purposes. As a result of the Finding above, the following steps have been taken to bring Fallsmead into compliance:

- ✓ We have collected the iPads in our inventory.
- ✓ We have identified the serial number, model number, and method of acquisition of each item in order to request bar-codes.
- ✓ Per Mr. John Ricketts instruction, we have submitted MCPS form 234-18, Furniture/Equipment Inventory Property Report, for each iPad, in order to request a bar-code number for the equipment.
- ✓ We have developed an inventory list to be used in-house.
- ✓ We have developed a lending procedure using MCPS form 234-23, *Receipt and Bond Form for Equipment Loan*, to be used if staff wants to take the equipment off school premises.

Please contact me if any further information is needed. We are committed to continuing the best accounting practices and ongoing fiscal responsibility.

Copy to: Dr. Kimball