


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

March 30, 2016

MEMORANDUM

To: Ms. Diana L. Zabetakis, Principal
Fox Chapel Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
February 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 23, 2016, with you, Mr. Mark Craemer, assistant principal, and Mrs. Xuan Schultz, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated March 19, 2013, 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

Disbursement of IAF must be controlled in a number of ways. All purchases must be approved in advance and in writing using MCPS Form 280-54, *Request for a Purchase*. After the purchase is completed, the purchaser should submit the invoice or documented evidence of purchase,

annotated to indicate the satisfactory receipt of the goods or services, to the administrative secretary. We again found that Form 280-54 was not consistently signed by the principal prior to the purchase. We also found that documentation was missing or not adequate to assure the school benefited from the purchase as well as documentation not being annotated by the recipient to indicate purchased goods or services were satisfactorily received. Action is needed to correct these conditions to strengthen controls over purchasing for conformity with MCPS requirements (see MCPS Financial Manual, p. 20-4).

Summary of Recommendations

- Purchase requests must be approved by the principal prior to procurement (repeat);
- Purchaser must confirm receipt of goods or services prior to disbursement; and
- Purchase documentation must be adequate to support disbursements.

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: Fox Chapel Elementary School
 Principal: Diana Zabetakis

[Signature] 5-5-16

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p>In a random sample of disbursements, prior approval was not consistently obtained in writing on MCPS Form 280-54.</p>	<p>The principal will require all verbal approvals to be submitted on MCPS Form 280-54 prior to purchasing of items so that invoices and receipts bear a date subsequent to the approval date. Reminder of this process will be communicated to staff at the June 2016 staff meeting. This procedure is already in the staff handbook and reviewed during pre-service. The administrative team will meet directly with all new staff to the building to review procedures. Administrative secretary will not process invoices or receipts without MCPS Form 280-54 being completed.</p>	<p>June 6, 2016 June/2016 – September 2016</p>	<p>All purchases will be accompanied by MCPS Form 280-54</p>
<p>Documentation was not adequate to assure the school benefited from the purchase as well as documentation not being annotated by the recipient to indicate purchased goods or services were satisfactorily received.</p>	<p>The administrative secretary will confirm receipt of goods or services prior to disbursement by checking and dating invoices with goods received. All items received will be stored in the office conference room until the administrative secretary can confirm receipt.</p>	<p>Immediately and ongoing</p>	<p>All invoices will note date of receipt and completion of invoice check. Purchase documentation will be adequate to support disbursements.</p>