


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

February 25, 2014

MEMORANDUM

To: Mrs. Dorothea A. Fuller, Principal
Galway Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2010, through December 31, 2013

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 February 12, 2014, with you and Ms. Debbie Hill, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated January 14, 2011, 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

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. 20-5). 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. In our random sample of disbursements, prior approval was not consistently obtained for purchases. By requiring prior approval, the principal retains control over the expenditure of IAF funds. We recommend that Form 280-54 be prepared by staff and signed by the principal at the time verbal approval is sought so that purchase orders and invoices bear a date subsequent to the approval date.

Sponsors of school activities which involve the collection or disbursement of IAF should be provided an account statement for each month in which transactions have been recorded in their accounts and be required to verify that transactions have been correctly recorded. We found some sponsors did not return these statements. We recommend sponsors be required to review and resolve any discrepancies in their accounts and return the signed statements to the financial specialist. We recommend a procedure be established to ensure that all statements are reviewed and returned (see MCPS Financial Manual, p. 20-9).

Summary of Recommendations

- Expenditure of funds must be approved by the principal prior to procurement (repeat); and
- Monthly account transaction statements provided to sponsors must be affirmed for correctness and returned to the administrative secretary.

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. Myra J. Smith, associate superintendent of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:RM:sd

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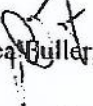
Mr. Bowers
Dr. Statham
Dr. Schiavino-Narvaez
Mr. Sanderson
Dr. Smith
Mrs. DeGraba
Mrs. Milwit
Mrs. Chen

GALWAY ELEMENTARY SCHOOL
12612 Galway Drive
Silver Spring, Maryland 20904

April 29, 2014

MEMORANDUM

To: Mr. Roger W. Pisha, Supervisor
Internal Audit

From:  Dorothea Fuller, Principal

Subject: Response to Report on Audit of Independent Activity Funds for the Period
November 1, 2010 through December 31, 2013

This memorandum is in response to the audit report on Galway Elementary School's Independent Activity Funds (IAF), for the period of November 1, 2010 through December 31, 2013. The recommendations from the audit memo dated February 25, 2014, will be addressed in the following ways:

- MCPS Form 280-54 Request for a Purchase, will be completed as soon as an approval is sought from the principal. The forms are being signed by the requester and the principal at the time of approval and given to the administrative secretary.
- All sponsors will receive a monthly transaction statement to affirm for correctness, sign and return to the administrative secretary to file.

DF:dh

Copy to:
Dr. Smith, Associate Superintendent