


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

March 28, 2014

MEMORANDUM

To: Mrs. Yolanda R. Allen, Principal  
Goshen Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
October 1, 2010, through January 31, 2014

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 26, 2014, with you and Mrs. Judith Benjamin, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated January 3, 2011, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2013. 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. Invoices for goods or services must be signed by the purchaser to indicate satisfactory receipt. In our random sample of disbursements, prior approval was not consistently obtained. 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 you at the time verbal approval is sought so that invoices or receipts bear a date subsequent to the approval date.

Fund-raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund-Raiser*. Although sponsors are submitting a fund-raiser request form for your approval to conduct an activity, they are not submitting a completion report at the conclusion of the activity so that results could be evaluated. A completion report for an activity involving the sale of items should include the total number of items for sale and cost of each, selling prices, and any remaining inventories to determine whether all sums collected were remitted to the administrative secretary. Following internal control procedures provides for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion of the activity.

#### Summary of Recommendations

- Expenditure of funds must be approved by the principal prior to procurement (repeat); and
- Fund-raiser completion reports must be prepared by the sponsor for review by the principal.

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

Copy to:

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



Fiscal Management Action Plan

School: Goshen ES

Principal: Yolanda R. Allen

Approved by community superintendent:

Date of approval:




Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Expenditure of funds approved by the principal prior to procurement	Mrs. Allen will require all staff members to submit MCPS Form 280-54 for approval of purchases. This form must be submitted and approved through the attainment of Mrs. Allen's signature prior to purchase.	On-going	In-process
Fund-raiser completion reports prepared by the sponsor for review by the principal	Mrs. Benjamin will work with sponsors to ensure that all fund-raiser completion reports are prepared by the sponsor and submitted to the principal for review for all future fundraisers.	On-going	In-Process

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