


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

February 26, 2016

MEMORANDUM

To: Mr. Scott T. Curry, Principal
Great Seneca Creek Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
February 1, 2013, through January 31, 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 February 25, 2016, with you, Mrs. Elena Dennis, assistant principal, and Mrs. Jayne Quinn, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated March 18, 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

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. 20-4). 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, we found prior approval was not consistently obtained for purchases. Some disbursements did not have adequate documentation to fully explain the reason for the expenditure, and invoices were not always signed by the receiver. By requiring prior approval and complete documentation, 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, and that complete documentation be attached to fully explain the reason for the purchase.

Summary of Recommendations

- Purchase requests must be approved by the principal prior to procurement; and
- Purchaser must confirm receipt of goods or services prior to disbursement.

Other matters were discussed and satisfactorily resolved. Since you last attended School Finance Training, Part I, over three years ago, we recommend that you attend again as the instructional material has been updated. 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. Greg Edmundson, director of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:SY:sd

Copy to:

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

Fiscal Management Action Plan

School: Great Seneca Creek Elementary School
 Approved by Director: _____

Principal: Scott Curry
 Date of approval: 3-7-10

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p>Disbursement of IAF funds All purchases must be approved in advance and in writing using form 280-54, <i>Request for a Purchase</i>. After the purchase, purchaser should submit the invoice or documented evidence of purchase, annotated to indicate the satisfactory receipt of goods or services to the administrative secretary.</p>	<p>At the time that verbal approval is sought from the principal, Form 280-54 will be prepared and signed by both requesting staff and principal. The Principal will ensure detailed documentation/rationale of the purchase is attached to the request. The invoices for the purchase will be signed and dated by the receiver and given to the administrative secretary.</p>	<p>As needed</p>	<p>Completed Form 280-54, with documentation of purchase, and receipt or purchase, signed by receiver.</p>

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