


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

April 5, 2012

MEMORANDUM

To: Mr. Reginald K. Payne, Jr., Principal  
Greencastle Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
February 1, 2011, through January 31, 2012

This audit report presents the results of our examination of the financial records, reports, and internal accounting controls relating to the Independent Activity Funds (IAF) for your school for the period designated above. The examination was made to determine the adequacy of accountability over these funds, compliance with applicable Montgomery County Public Schools (MCPS) policies and procedures, and effectiveness of IAF management.

In our meeting on March 15, 2012, with you and Mrs. Linda Kuhn, administrative secretary, we reviewed conditions described in our previous report dated April 11, 2011, and the status of present conditions. It should be noted that your appointment to the school was effective July 1, 2011. Our findings and recommendations appear below.

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. 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 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*. We found that there was a lack of adherence to these guidelines. Following these internal control procedures provides for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion of the event. Each fund raiser should be approved by the principal in writing and the approval retained in the school office. Financial activities for each fund raising activity should be recorded in a separate account in the 800 series,

and a completion report prepared that analyzes the results (see MCPS Financial Manual, p. 20-11).

Summary of Recommendations

- Expenditure of funds must be approved by the principal prior to procurement (repeat); and
- Fund raising must conform to *Guidelines for Sponsoring an IAF Fund Raiser* (repeat).

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, acting community superintendent. The Office of School Performance will follow up on this audit.

RWP:RM:sd

Copy to:


Mr. Bowers  
Dr. Lacey  
Mr. Talley  
Dr. Smith  
Mrs. DeGraba  
Mrs. Milwit  
Mr. Doody

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Silver Spring, Maryland 20904  
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April 19, 2012

MEMORANDUM

To: Beth Schiavino-Narvaez, Community Superintendent  
From: R. Kevin Payne, Principal   
Re: Response to Audit

The audit of Greencastle Elementary School's Independent Activity Funds (for the period of February 1, 2011 through January 31, 2012) has been completed. Several recommendations were made to improve our practices. I have listed the recommendations and our response to them:

- Fund raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund Raiser* – We will inform staff of the *Guidelines for Sponsoring an IAF Fund Raiser* and the importance of following the regulations set by MCPS and assuring the completion report is prepared and recorded in the 800 series.
- Staff use of MCPS Form 280-54, Request for a Purchase – It will be shared with staff that purchases without pre-approval using Form 280-54 will not be honored.

I would like to thank Mr. Pisha for his efforts in improving our operations. Please let me know if you have any additional comments, questions or concerns.

RKP/isk

Cc: Roger Pisha, Supervisor, Internal Audit

