


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

October 22, 2014

MEMORANDUM

To: Dr. Ayesha M. McArthur Moore, Principal  
Greencastle Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
February 1, 2012, through September 30, 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 October 21, 2014 with you, and Mrs. Linda Kuhn, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated April 5, 2012, 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. We note that your appointment to the school was effective July 1, 2014, and conditions reported below result from procedures established by your predecessor.

### Findings and Recommendations

We previously reported that disbursements had not been consistently pre-approved. We found that the approval process has been improved, however, we did find other weaknesses in the purchasing process. For example, we found that documentation supporting purchases were rarely marked by the recipient to certify receipt of goods or services, and that supporting documentation was rarely marked "paid." We also saw payment of dues for membership in a professional organization, and stipends to employees directly from the IAF. Payment of professional dues is considered a personal expense and is prohibited, and all payments to employees for services rendered must be made through the MCPS payroll system. We recommend all disbursements of IAF be in accordance with chapter 20 of the MCPS Financial Manual.

### Summary of Recommendations

- Purchaser must confirm receipt of goods or services prior to disbursement;
- Purchase invoices and receipts must be annotated as "paid" to indicate disbursement was made;
- Disbursements for personal memberships are prohibited; and
- Payments to MCPS employees must be processed through the MCPS payroll system.

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

RWP:LS:sd

Copy to:

Mr. Bowers  
Dr. Navarro  
Dr. Statham  
Mr. Sanderson  
Dr. Smith  
Mrs. DeGraba  
Mrs. Milwit  
Mrs. Chen

**Fiscal Management Action Plan**

School: Greencastle ES (2/1/2012 – 9/30/2014)

Principal: Dr. Ayesha M. Moore

Approved by associate superintendent: \_\_\_\_\_ Date of approval: \_\_\_\_\_

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Purchaser must confirm receipt of goods or services prior to disbursement	We will verify the quantity of goods received. Indicate accuracy with the date that all goods were received. Distribute goods after confirmation.	<ul style="list-style-type: none"> <li>Review during weekly admin meeting with principal and administrative secretary.</li> </ul>	<ul style="list-style-type: none"> <li>Packing slips will continue to be marked as received with date indicated</li> </ul>
Purchase invoices and receipts must be annotated as "paid" to indicate disbursement was made	We will annotate "paid" on purchase invoices and receipts to indicate disbursement was made	<ul style="list-style-type: none"> <li>Review during weekly admin meeting with principal and administrative secretary.</li> </ul>	<ul style="list-style-type: none"> <li>Packing slips will be marked "paid"</li> </ul>
Disbursements for personal memberships are prohibited	Personal membership fees will not be paid by school	<ul style="list-style-type: none"> <li>Principal reimbursed school on 12/18/14</li> </ul>	<ul style="list-style-type: none"> <li>Reimbursement deposited in school IAF on 12/18/14</li> </ul>
Payments to MCPS employees must be processed through the MCPS payroll system.	Payments to MCPS employees will be processed through the MCPS payroll system	<ul style="list-style-type: none"> <li>Payments will not be made directly to staff for grants</li> </ul>	<ul style="list-style-type: none"> <li>No payments made directly to MCPS staff</li> </ul>