


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

September 5, 2017

MEMORANDUM

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

From: Roger W. Pisha, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Independent Activity Funds for the Period
October 1, 2014, through June 30, 2017

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 and are charged with determining the manner in which funds are raised and expended for activities such as field trips, admission events, and fund-raisers. They are responsible for ensuring that the IAFs are administered in accordance with MCPS policies, regulations, and procedures.

The 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 the 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.

At our August 25, 2017, meeting with you and Mrs. Linda S. Kuhn, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated October 22, 2014, 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, *Independent Activity Funds Request for a Purchase*, is used to obtain principal approval to proceed with an intended purchase (refer to *MCPS Financial Manual*, chapter 20, page 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. A check may then be drawn and it must bear two signatures, one of which is that of the principal or acting principal. The school administrative secretary will mark the documentation as "paid." In our sample of disbursements, we found instances in which controls over purchases were weakened that included documentation not annotated by the purchaser to indicate the goods or services were satisfactorily received and not stamped or marked "paid" upon disbursement. We recommend all disbursements of IAF be controlled in accordance with chapter 20 of the *MCPS Financial Manual*, page 6.

Summary of Recommendations

- Purchaser must confirm receipt of goods or services prior to disbursement (**repeat**).
- Purchase invoices and receipts must be annotated as "paid" to indicate disbursement was made (**repeat**).

Other matters were discussed and satisfactorily resolved. We appreciate 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 Unit within 30 calendar days of this report through Ms. Audra M. Fladung, director of school support and improvement of elementary schools. In your response, please share a detailed plan for addressing these issues, including appropriate staff training and support. The Office of School Support and Improvement will follow up on this audit.

RWP:RCM:lsh

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

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Mr. Civin

Dr. Johnson

Dr. Kimball

Mrs. Camp

Mrs. Chen

Ms. Diamond

Ms. Fladung


Mr. Tallur

Mr. Ikheloa

Fiscal Management Action Plan

School: Greencastle ES (10/1/2014 – 6/30/2017)

Principal: Dr. Ayesha M. Moore

Approved by associate superintendent: 

Date of approval: 10/9/17

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p>Purchaser must confirm receipt of goods or services prior to disbursement</p>	<p>Administrative secretary will confirm receipt of goods or services prior to disbursement. The date of receipt is written on form 280-54 and the packing slip at time of disbursement. Now it will also be written on the order page and if paid on IReceivables on the IReceivables invoice and payment pages. Building Services manager will do the same for the items he purchases using the Building Services PCard.</p>	<p>Principal will meet monthly with the Administrative Secretary to review the forms for annotations. The principal and building services manager will also meet monthly.</p>	<p>Principal and administrative secretary will meet after the bookkeeper has completed his monthly closing. The principal and building services manager will meet monthly. The principal will verify and initial on the receipt of goods and services where the administrative secretary has written the date of receipt and the disbursement date at their monthly meetings.</p>
<p>Purchase invoices and receipts must be annotated as "paid" to indicate disbursement was made</p>	<p>Administrative secretary will annotate "paid" on purchase invoices and receipts and annotate "disbursed to whom & date: to indicate disbursement was made. Building Service manager will do the same for his purchases.</p>	<p>Date of payment will be marked on invoices and receipts. principal will meet monthly with the administrative secretary to review the forms for annotations. The principal and building services manager will also meet monthly.</p>	<p>Principal and administrative secretary will meet after the bookkeeper has completed his monthly closing. The principal and building services manager will meet monthly. The principal will verify and initial where the invoices and receipts have been marked paid by the administrative secretary at their monthly meetings.</p>

Note: A copy of the approved plan is to be sent to the Internal Audit Office, URSC suite 3380