

Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

April 1, 2014

MEMORANDUM

To: Ms. Anne M. Dardarian, Principal
Highland View Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit *RW Pisha*

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2011, 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 19, 2014, with you and Mrs. Susannah Elicker, administrative secretary, we noted your commendable prior audit report dated February 23, 2011, and reviewed 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

In accordance with the April 16, 2012, memorandum from the chief operating officer, the expenditure of general funds to provide refreshments for staff meetings and staff appreciation is \$60 per staff FTE per fiscal year. Although you were well within the guidelines for the amount

of these expenditures at the time of our audit, we found instances in which expenditures were not recorded in accordance with the IAF chart of accounts. Recording transactions in accounts that more accurately describe the expenditures increases the value of your financial reports for future decision making. We recommend that you transfer these expenditures from the general administrative account to either the staff appreciation or staff food account, as appropriate.

Summary of Recommendations

- Accounting transactions must conform to the IAF chart of accounts.

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 Ms. Bronda L. Mills, 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
Ms. Mills
Mrs. DeGraba
Mrs. Milwit
Mrs. Chen



Highland View Elementary School

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Office of the Principal

April 10, 2014

MEMORANDUM

To: Mr. Roger Pisha, Supervisor, Internal Audit Unit

From: Anne M. Dardarian, Principal 

Subject: Audit Response

The purpose of this memorandum is to respond to the findings of the audit of the school's Independent Activity Fund for the time period of January 1, 2011 through January 31, 2014. I am pleased that our records and finances were found to be in excellent condition. The discussion with the auditor was very helpful, as were his recommendations. The actions that will be taken as result of the audit are as follows:

- Expenditures for staff refreshments and staff appreciation will be recorded on the corresponding account number on the IAF chart of accounts.

I am very grateful for the efforts of our Administrative Secretary, Mrs. Susannah Elicker, for her efforts to ensure that our financial records are accurately maintained. If you have any further questions about any of the above response, please do not hesitate to contact me. Thank you.

AMD:amd

Copy to:
Ms. Bronda Mills, Associate Superintendent