


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

April 2, 2012

MEMORANDUM

To: Ms. Teri D. Johnson, Principal
Lake Seneca Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
February 1, 2009, 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 evaluate the adequacy of accountability over these funds, compliance with applicable Montgomery County Public Schools (MCPS) policies and procedures, and effectiveness of IAF management.

At our meeting on March 8, 2012, with you, and Mrs. Deborah Ray, administrative secretary, we reviewed the status of the conditions reported in the prior audit report dated April 8, 2009, and commented upon the significant improvement noted during the present audit. Noteworthy is the "Audit To Do List" implemented by Mrs. Ray to help assure that MCPS record requirements are met. Our findings and recommendations appear below.

Findings and Recommendations

Review of the school's checking account again has consecutive months when the balance exceeds immediate needs. Keeping excessive balances limits the amount of interest the school could be earning. A better use of the excess funds is to deposit them in the MCPS Centralized Investment Fund to maximize interest income. When needed to cover expenses, these funds are available for prompt return to the school

Controls over purchases made using the MCPS Purchase Card need improvement. Each purchase must be supported by a receipt which confirms that goods or services have been received, each purchase must be recorded by the card member on a monthly log that has these receipts attached, and the log must then be approved and signed by the principal. We recommend card members be required to present monthly logs of purchases for the approval and signature of the principal.

Summary of Recommendations

- Centralized Investment Fund should be used to deposit excess funds (repeat); and
- Purchase card transactions must include supporting documentation that is reviewed and approved by the principal (repeat).

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff, especially Mrs. Ray. 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. LaVerne G. Kimball, community superintendent. The Office of School Performance will follow up on this audit.

RWP:HK:sd

Copy to:

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

Lake Seneca Elementary School
MONTGOMERY COUNTY PUBLIC SCHOOLS
Germantown, Maryland

June 14, 2012

MEMORANDUM

To: Internal Audit Office

From: Teri Johnson, Principal

Subject: Response to Audit of Independent Activity Funds for the Period February 1, 2009,
Through January 31, 2012

In accordance with MCPS Regulation DIA-RA, Accounting for Financial Operations/Independent Activity Funds, I am submitting this written response to the recommendations provided on the internal audit for Lake Seneca Elementary School. Implementation of the actions to be taken will commence immediately.

The recommendations include the following:

- Centralized Investment Fund should be used to deposit excess funds.
- Purchase card transactions must include supporting documentation that is reviewed and approved by the principal.

The actions that will be implemented to comply with these recommendations are as follows:

- Deposit any monies that exceed our immediate needs into the MCPS Centralized Investment Fund. We will review checking account balances on a monthly basis.
- Keep a monthly log of purchases made (even if only 1 purchase) using the MCPS Purchase Card. Continue to ensure that each receipt is stamped paid, initialed by the administrator, and attached to each month's log.

If you have any questions, please call Ms. Teri Johnson, Principal or Mrs. Deborah Ray, Administrative Secretary, at 301-353-0929.

TDJ:tdj

Copy to:
Dr. Kimball