MEMORANDUM

To: Ms. Annette M. Pfolkes, Principal  
Roscoe R. Nix Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit

Subject: Report on Audit of Independent Activity Funds for the Period  
February 1, 2009, through October 31, 2011

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 indicated 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.

In our meeting on January 9, 2012, with you and Mrs. Linda Taylor, administrative secretary, we reviewed conditions described in our previous report dated May 18, 2009, and the status of present conditions. While the conditions discussed in the prior report have been improved or resolved, additional effort is needed to implement recommendations pertaining to advance approval of expenditures. 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.

Students are authorized to handle school funds only while under the direct supervision of a staff member who is the account sponsor for the respective funds. Only the financial agent or other school staff member shall transport school funds. Students are not authorized to perform this function (see MCPS Financial Manual, p. 7-4). We noted students transporting funds from the classroom to the office when delivering the attendance reports. This practice creates potential
jeopardy for students if the reconciliation of funds between sponsor and financial agent results in a discrepancy. We recommend this practice be discontinued.

Summary of Recommendations

- Expenditure of funds must be approved by the principal prior to procurement (repeat); and
- Students should not transport school funds.

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. Beth Schiavino-Narvaez, community superintendent. The Office of School Performance will follow up on this audit.

RWP:RM:sd

Copy to:
Mr. Bowers
Dr. Lacey
Mr. Talley
Ms. Schiavino-Narvaez
Mrs. DeGraba
Mrs. Diamond
Mr. Doody
MEMORANDUM

To: Mr. Roger W. Pisha, Supervisor, Internal Audit
From: Annette M. Ffolkes, Principal
Roscoe R. Nix Elementary School

Subject: Response to Report on Audit of Independent Activity Funds

This memo is in response to the Report on Audit of Independent Activity Funds for the period February 1, 2009 through October 31, 2011. The report outlined two findings and recommendations:

1. The use of MCPS Form 280-54, Request for a Purchase, to obtain principal approval to proceed with an intended purchase.
2. Students handling school funds only while under the direct supervision of a staff member who is the account sponsor for the respective funds.

Approval for school purchases has always been obtained from the principal prior to the purchase, although the completed Form 280-54 may not have reflected that in the signature dates. At the beginning of each school year, all staff members are made aware of the procedures to follow and copies of Form 280-54 are placed in their Staff Handbooks. Administration will continue to work with school staff to ensure that Form 280-54 is completed at the time of verbal approval.

Each classroom teacher is provided with a blue pouch to use for funds collected from the students (ex. Field trip funds). Staff members have been notified that they should no longer send this pouch to the office with the students. They have been directed to secure the pouch in a safe location within their classroom until they are able to transport the funds themselves.

If you require any additional information regarding our next steps, you may contact me at the school (301-422-5070). Thank you.