


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

January 4, 2012

MEMORANDUM

To: Ms. Marlene R. Kenny, Principal
Carl Sandburg Learning Center

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2008, 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 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.

In our discussion on December 6, 2011, with you and Mrs. Amy Knestout, administrative secretary, we reviewed conditions described in our previous report dated January 8, 2009, and the status of present conditions. Our findings and recommendations appear below.

Findings and Recommendations

Payments to independent contractors may be made only after IRS Form W-9 has been obtained. Such payments must be reported monthly to the Division of Controller using MCPS Form 280-47A, *Independent Activity Funds*, as described in MCPS Regulation DIA-RB, *Payments for Personal Services and Reimbursements for Expenses from School Independent Activity Funds (IAFs)*. Among your disbursements, we found payment for services to a contractor that was not reported to the Division of Controller. We recommend that payments for personal services be made and reported in compliance with the applicable regulations and procedures (see MCPS Financial Manual, p. 20-13).

Sponsors of school activities which involve the collection or disbursement of IAF should be provided an account statement for each month in which transactions have been recorded in their account. We recommend sponsors be given a monthly statement of their accounts and be required to verify that all transactions affecting the account have been correctly recorded. After any discrepancies are resolved, the statements should be signed and dated by the sponsors to attest to their accuracy. A procedure should be established to ensure that all statements are reviewed and returned (see MCPS Financial Manual, p. 20-9).

Fund raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund Raiser*. We found that there was a lack of adherence to the approval and completion reporting guidelines. Following these internal control procedures provides for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion of the event. Each fund raiser should be approved by the principal in writing and the approval retained in the school office. Financial activities for each fund raising activity should be recorded in a separate account in the 800 series and a completion report prepared that analyzes the results. Completion reports should also be retained in the school office (see MCPS Financial Manual, p. 20-11).

Summary of Recommendations

- Independent contractor payments must be reported monthly to the Division of Controller;
- Monthly account transaction statements must be provided to sponsors for affirmation of correctness and returned to the administrative secretary (repeat); and
- Fundraiser documentation must include both approval form and completion report that provides an analysis of results.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of Mrs. Knestout, which greatly facilitated our audit. 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 Mrs. Beth Schiavino-Narvaez, community superintendent. The Office of School Performance will follow up on this audit.

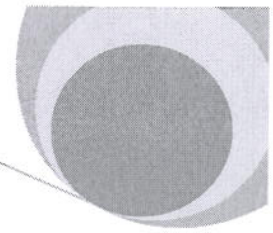
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Copy to:

Mr. Bowers
Dr. Lacey
Mr. Talley
Mrs. Schiavino-Narvaez
Mrs. DeGraba
Mrs. Milwit
Mr. Doody

Carl Sandburg Learning Center

June 18, 2012



MEMORANDUM

To: Roger W. Pisha, Supervisor, Internal Audit
From: Marlene R. Kenny, Principal
Subject: Response to IAF Audit Report

Our IAF financial records were complete and in good condition. Following is the response to Mr. Beall's recommendations:

- All requests for purchases must be formally submitted using the Request for Purchase Forms #280-54. This has improved since our last audit in 2008 and will continue to do so.
- Use of 1099 Form for payment for services for professional development in private contractor. We will use this form in the future as appropriate.
- Complete a log for American Express. This was completed once and we have implemented a reminder system in our calendar in order to ensure that we send this monthly to the community superintendent when the card has been used.
- The ledger report is to have positive balances. This is done when possible.
- Review discretionary cash. We do not use discretionary cash. All transactions are completed using Form #280-54.

Mr. Beall noted the following items as receiving positive feedback:

- Cash receipts – all money is deposited daily as needed
- Fundraisers are completed with specific and required paperwork
- All field trip money is accounted for on the required form including the date money was collected
- Sponsors are signing monthly accounts
- Significant improvement in use of Form #280-54

I meet with our visiting bookkeeper and/or Ms. Amy Knestout bi-weekly to review our IAF records and reports to ensure accuracy and appropriate following of the MCPS guidelines and policies.

I sincerely appreciate Mr. Beall's review and efforts in a thorough audit of our records. His expertise is greatly appreciated.

Copy to:

Dr. Myra Smith

