


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

March 27, 2013

MEMORANDUM

To: Mrs. Susan B. Barranger, Principal  
Washington Grove Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
April 1, 2010, through February 28, 2013

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 20, 2013, with you, and Mrs. Mary Williams, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated May 10, 2010, 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, *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, we found 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 you at the time verbal approval is sought so that invoices or receipts bear a date subsequent to the approval date.

#### Summary of Recommendations

- Expenditure of funds must be approved by the principal prior to procurement.

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 Dr. Darryl L. Williams, community superintendent. 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  
Dr. Marks  
Dr. Williams  
Mrs. DeGraba  
Mrs. Milwit  
Mrs. Chen

# Washington Grove

## ELEMENTARY SCHOOL

Office of the Principal

April 4, 2013

### MEMORANDUM

TO: Mr. Roger W. Pisha, Supervisor  
Internal Audit

FROM: Susan Barranger, Principal <sup>sb</sup>

SUBJECT: Response to Audit of Independent Activity Funds for the  
Period April 1, 2010, through February 28, 2013

I am very pleased with the audit of our IAF funds completed on March 20, 2013. Mr. Robert McIlvain, the internal auditor, was pleasant to work with and thorough in his discussion with me about his findings.

Mrs. Betty Williams and I discussed the inconsistency with the MCPS Form #280-54, Request for Purchase, having prior approval. We will, again, stress the importance of having my signature on the Request for Purchase before making a purchase. Our staff handbook states, "Do not purchase materials without clearing it with the principal first or you may not be reimbursed. If you need specialized materials not available through the warehouse, complete a "Request for Purchase/Reimbursement" form, available in the office. When you purchase for the school, be sure to use our tax exempt number (available from Betty) to avoid sales tax; **we cannot reimburse for sales tax.**"

It was reassuring to hear from Mr. McIlvain that our bookkeeping procedures were in line with your office's expectations and that he was pleased with all the other processes we have in place. I am confident that, with Mrs. Williams in charge of our financial accounting, Washington Grove's fiscal profile will continue to be very positive.

SBB:mew

Copy to:  
Dr. Williams

Fiscal Management Action Plan

School: Washington Grove Elementary School

Principal: Susan Barranger

Approved by community superintendent: \_\_\_\_\_ Date of approval: \_\_\_\_\_

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Request for Purchase was not consistently approved in advance. Recommendation: Staff should prepare Form 280-54 and the principal should sign the form in advance of a purchase.	Staff will present a completed Request for Purchase to the principal's signature before making a purchase.  Persons Responsible – Betty Williams and Susan Barranger	Continuous	Completed Request for Purchase Forms

Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, Room 11.