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
MEMORANDUM

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

FROM: Susan Barranger, Principal

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

8712 Oakmont Street
Gaithersburg, Maryland 20877
301-840-7120
Fiscal Management Action Plan

School: Washington Grove Elementary School

Principal: Susan Barranger

Approved by community superintendent: ____________________________ Date of approval: ____________________________

<table>
<thead>
<tr>
<th>Findings and Recommendations of School's Financial Report</th>
<th>Description of Resolution And Person(s) Responsible</th>
<th>Timeline</th>
<th>Evidence of Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td>Staff will present a completed Request for Purchase to the principal's signature before making a purchase. Persons Responsible – Betty Williams and Susan Barranger</td>
<td>Continuous</td>
<td>Completed Request for Purchase Forms</td>
</tr>
</tbody>
</table>

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