


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

December 31, 2012

MEMORANDUM

To: Ms. Stephanie G. Spencer, Principal  
Watkins Mill Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
July 1, 2009, through November 30, 2012

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 December 19, 2012, with you and Mrs. Carol Gecoma, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated September 8, 2009, 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

The monthly General Ledger Report should be prepared and submitted to you by the visiting bookkeeper. Your review of the report with the administrative secretary and visiting bookkeeper provides an overview of IAF activity, and will alert you to matters warranting further inquiry. In

addition, you should also review the checking account statement, and assure that the balance is reconciled and agrees with the general ledger and check register balance. These monthly reports should be signed and dated to indicate your review (see MCPS Financial Manual p. 20-8).

MCPS purchasing card members must record purchases on transaction logs and submit logs monthly with invoices and receipts attached for review and approval by the principal. We found that current fiscal year 2013 logs were not signed by the principal, were not maintained on a monthly basis, and receipts and invoices were not attached. We recommend purchasing card members be required to comply with the requirements of the MCPS *Purchasing Card User's Guide*.

#### Summary of Recommendations

- Monthly financial reports must be signed and dated by the principal to indicate review (repeat); and
- Purchase card activity must be in compliance with the MCPS *Purchasing Card User's Guide*.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of Mrs. Gecoma, 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 Dr. Darryl L. Williams, community superintendent. The Office of School Support and Improvement will follow up on this audit.

RWP:GB:sd

Copy to:

Mr. Bowers  
Dr. Statham  
Dr. Schiavino-Narvaez  
Dr. Marks  
Dr. Williams  
Mrs. DeGraba  
Mrs. Milwit  
Mrs. Chen

Fiscal Management Action Plan

School: WATKINS MILL ELEMENTARY SCHOOL

Principal: Stephanie G. Spencer *Stephanie G. Spencer 1/30/13*

Approved by community superintendent: *Dayle W. ...*

Date of approval: 2/1/13

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Monthly financial reports must be signed and dated by the principal to indicate review	Principal to review, sign and date monthly financial reports. Bookkeeper, Administrative Secretary, and Principal	Monthly	Principal reviewed, signed and dated December 2012 General Ledger Reports and Checking Statement after December 2012 audit. This practice will continue monthly.
Purchasing card activity must be in compliance with <i>MCPS Purchasing Card User's Guide</i>	Administrative Secretary and Principal	Monthly	December 2012 logs were submitted to and approved by principal. Transaction logs will be submitted to Principal monthly by Administrative Secretary.

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