


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

April 24, 2012

MEMORANDUM

To: Mr. Carlos Hamlin, Principal
Thomas Edison High School of Technology

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2011, through February 29, 2012

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 meeting on April 17, 2012, with you, Mrs. Julia Broyles, business administrator and Mrs. Barbara Baliles, financial specialist, we reviewed conditions described in our previous report dated March 28, 2011, and the status of present conditions. Our findings and recommendations appear below.

Findings and Recommendations

Review of field trip activities again revealed that although sponsors are providing cost and fee information as funds are collected and remitted, field trip sponsors are not providing comprehensive financial information to the financial specialist at the completion of a trip. Sponsor of field trips should have a complete class or club roster of student names and annotate how much and when each student paid, students who did not participate in the trip, and students who received waivers, scholarships or reduced fees. Sponsors should record cost and fee information for each field trip on MCPS Form 280-41, *Field Trip Accounting*, or equivalent. This data should be turned in to the financial agent at the completion of each trip, and compared to remittances recorded in the trip account reconciliation report (see MCPS Financial Manual, p. 20-9). Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips and Other Student Organization Trips*, with approval forms signed by the principal (and community superintendent, when required), and retained in the business office.

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. Certain sponsors would benefit from preparing an annual budget detailing expected income and expenses, and obtaining your approval at the beginning of the school year. These budgets should be monitored by your financial specialist and revised if necessary.

Cash and checks collected by sponsors and others for IAF activities should be remitted promptly to the financial specialist. When funds accumulate to the maximum of \$250 for a combination safe or \$50 for a locked cabinet, all remittances must be deposited by the end of the day (see MCPS Financial Manual, p.7-2). In the event funds cannot be counted immediately upon remittance, the remitter will seal the funds in an envelope, place it in the business office safe, and return as soon as possible to count the funds in presence of the financial specialist (see MCPS Financial Manual, p. 7-4). We noted that the financial specialist was holding funds over the maximum allowed, and sponsors were not returning promptly to verify the amount of funds in presence of the financial specialist. To minimize the risk of loss, all funds collected should be remitted, counted and deposited daily.

Summary of Recommendations

- Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate, and to reconcile funds collected with costs of the trip (repeat);
- Expenditure of funds must be approved by the principal prior to procurement; and
- Funds received from sponsors must be promptly verified and deposited by the financial agent.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff, especially that of Mrs. Broyles and Mrs. Baliles. 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. Christopher Garran, community superintendent. The Office of School Performance will follow up on this audit.

RWP:MJB:sd

Copy to:

Mr. Bowers
Dr. Lacey
Mr. Talley
Dr. Garran
Mrs. DeGraba
Mrs. Milwit
Mr. Doody



**THOMAS EDISON HIGH SCHOOL OF
TECHNOLOGY**

12501 Dalewood Drive, Wheaton, Maryland 20906


Phone (301) 929-2175 Fax (301) 929-2177

May 15, 2012



MEMORANDUM

To: Dr. Christopher Garran, Community Superintendent

From: Carlos R. Hamlin, Principal 

Subject: Response to Report on Audit of Independent Activity Funds for the period
January 1, 2011 through February 29, 2012

We are pleased with the results of our recent financial audit on Independent Activity Funds. The audit results covered the period of January 1, 2011 through February 29, 2012. Ms. MJ Bergstresser, Internal Auditor, was very pleasant to work with. Her findings and recommendations were most helpful.

The following comments are in response to her findings and recommendations:

Field Trips

All field trips will be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips and Other Student Organization Trips*. Trip approval forms will be signed by the principal (and community superintendent, when required). These forms will be retained by the school business administrator. All trip information, including planning and approval documentation and fee information, will be coordinated and filed in the school finance office. Sponsors will record cost and fee collection activity for each field trip on MCPS form 280-41, *Field Trip Accounting* or equivalent and submit to the financial assistant as funds are collected. Sponsors will have a complete class roster of student names and will annotate how much and when each student paid, students who did not participate in the trip, and students who received waivers, scholarships or reduced fees. This data will be turned in to the business office at the completion of the trip, and compared to remittances recorded in the trip account reconciliation report.

MCPS Form 280-54, Request for Purchase

In an effort to improve the prior approval process for MCPS Form 280-54, *Request for a Purchase*, Mr. Hamlin has given permission to Ms. Julie Broyles, School Business Administrator, to complete prior approvals on all MCPS Form 280-54, *Request for a Purchase*, under \$200.00. Mr. Hamlin will complete prior approvals on all MCPS Form 280-54, *Request for a Purchase*, over \$200.00, at the time approval is sought. This will ensure that invoices or receipts bear a date subsequent to the approval date.

Cash and Check Collection

In an effort to improve the remittance of funds from sponsors for all IAF activities, all sponsors have been advised of the importance of promptly submitting all fund remittances to the business office on a daily basis. In the event that the financial specialist cannot deposit the money the same day the remittance is submitted to the business office, the money will be placed in the combination safe and deposited on the following day. In the event a remittance is submitted to the business office in the absence of the financial specialist, the remittance will be counted, verified, and signed by the business administrator and locked in the combination safe until which time the financial specialist can process and deposit the remittance.

In closing, I would like to add that Ms. Bergstresser's advice on internal controls was invaluable. She provided a very pleasant learning opportunity to improve daily operations in the school finance office.

CRH:jb

Copy to:

Mr. Roger Pisha ✓
Ms. Julie Broyles

Attachment

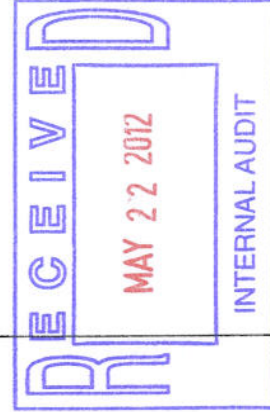
Fiscal Management Action Plan

School: Thomas Edison High School of Technology

Principal: Carlos R. Hamlin

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
<p>Review of field trip activities again revealed that although sponsors are providing cost and fee information as funds are collected and remitted, field trip sponsors are not providing comprehensive financial information to the financial specialist at the completion of a trip. Sponsors of field trips should have a complete class or club roster of student names and annotate how much and when each student paid, students who did not participate in the trip, and students who received waivers, sponsors should record cost and fee information for each field trip on MCPS Form 280-41, <i>Field Trip Accounting</i>, or equivalent. This data should be turned in to the financial agent at the completion of each trip, and compared to remittances recorded in the trip account reconciliation report (see MCPS Financial Manual, p. 20-9). Field trips must be conducted in accordance with MCPS Regulation IPD-RA, <i>Travel-Study Programs, Field Trips and Other Student Organization Trips</i>, with approval forms signed by the principal (and community superintendent, when required), and retained in the business office.</p>	<p>All field trips will be conducted in accordance with MCPS Regulation IPD-RA, <i>Travel-Study Programs, Field Trips and Other Student Organization Trips</i>. Trip approval forms will be signed by the principal (and community superintendent, when required). These forms will be retained by the school business administrator. All trip information, including planning and approval documentation and fee information, will be coordinated and filed in the school finance office. Sponsors will record cost and fee collection activity for each field trip on MCPS form 280-41, <i>Field Trip Accounting</i> or equivalent and submit to the financial assistant as funds are collected. Sponsors will have a complete class roster of student names and will annotate how much and when each student paid, students who did not participate in the trip, and students who received waivers, scholarships or reduced fees. This data will be turned in to the business office at the completion of the trip, and compared to remittances recorded in the trip account reconciliation report.</p>	<p>Immediately</p>	<p>Effective immediately, sponsors have begun providing the supporting documentation for field trips including approval forms, MCPS Form 280-41, <i>Field Trip Accounting</i>, and a class roster listing participating students along with the amount and the date they paid, students receiving financial assistance, and non-participating students. All submitted records are compared to field trip remittances for accuracy. All records are now submitted and kept in the business office.</p>



Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p>MCPS Form 280-54, <i>Request for a Purchase</i>, 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 expenditures 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. Certain sponsors would benefit from preparing an annual budget detailing expected income, expenses, and obtaining your approval at the beginning of the school year. These budgets should be monitored by your financial specialist and revised if necessary.</p>	<p>In an effort to improve the prior approval process for MCPS Form 280-54, <i>Request for a Purchase</i>, Mr. Hamlin has given permission to Ms. Julie Broyles, School Business Administrator, to complete prior approvals on all MCPS Form 280-54, <i>Request for a Purchase</i>, under \$200.00. Mr. Hamlin will complete prior approvals on all MCPS Form 280-54, <i>Request for a Purchase</i>, over \$200.00, at the time approval is sought. This will ensure that invoices or receipts bear a date subsequent to the approval date.</p>	<p>Immediately</p>	<p>Julie Broyles has begun doing prior approval on all MCPS Form 280-54, <i>Request for a Purchase</i>, under \$200.00. Mr. Hamlin has begun doing prior approval on all MCPS Form 280-54, <i>Request for a Purchase</i>, over \$200.00. Teachers now have approval before proceeding with intended purchases.</p>

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p>Cash and checks collected by sponsors and other for IAF activities should be remitted promptly to the financial specialist. When funds accumulate to the maximum of \$250 for a combination safe or \$50 for a locked cabinet, all remittances must be deposited by the end of the day (see MCPS Financial Manual, p. 7-2). In the event funds cannot be counted immediately upon remittance, the remitter will seal the funds in an envelope, place it in the business office safe, and return as soon as possible to count the funds in presence of the financial specialist (see MCPS Financial Manual, p. 7-4). We noted that the financial specialist was holding funds over the maximum allowed, and sponsors were not returning promptly to verify the amount of funds in presence of the financial specialist. To minimize the risk of loss, all funds collected should be remitted, counted and deposited daily.</p>	<p>In an effort to improve the remittance of funds from sponsors for all IAF activities, all sponsors have been advised of the importance of promptly submitting all fund remittances to the business office on a daily basis. In the event that the financial specialist cannot deposit the money the same day the remittance is submitted to the business office, the money will be placed in the combination safe and deposited on the following day. In the event a remittance is submitted to the business office in the absence of the financial specialist, the remittance will be counted, verified, and signed by the business administrator and locked in the combination safe until which time the financial specialist can process and deposit the remittance.</p>	<p>Immediately</p>	<p>Upon notification of the necessity of submitting remittance in a prompt manner, teachers have started remitting in a timely manner. When they are not able to count funds prior to leaving for the day, funds are submitted in a sealed envelope, placed in the safe, and the following day is counted in the presence of the financial specialist. Deposits are done on a daily basis.</p>

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