


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

January 10, 2012

MEMORANDUM

To: Mr. Alton E. Sumner, Principal
North Bethesda Middle School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2009, 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 determine the adequacy of accountability over these funds, compliance with applicable Montgomery County Public Schools (MCPS) policies and procedures, and effectiveness of IAF management.

We appreciated the opportunity to meet with you and Mrs. Julie Johnson, financial specialist, on December 15, 2011, to discuss the results of our audit. At our meeting, we noted the progress made to improve conditions described in our previous report dated December 18, 2009, including improved monitoring of the checking account balance and commission contracts. Our findings and recommendations appear below.

Findings and Recommendations

In order to properly control receipts, collected funds should be remitted promptly to the financial specialist along with MCPS Form 280-34, *MCPS Remittance Slip*, and deposited daily in the bank. We again found instances in which funds were held by sponsors and other staff, rather than remitted promptly. We also found a few instances of delayed bank deposits. To improve controls, we recommend close adherence to the procedures in the MCPS Financial Manual, pp. 7-3, 7-4.

Business and fund raising activities at the school must conform to the respective procedures found in the *Handbook for the Operation of School Stores* or the *Guidelines for Sponsoring an Independent Activity Fund Fund Raiser*. We noted that profit or loss statements for ongoing activities such as yearbook and PE clothing sales were still not signed by the principal. In addition, fund raiser completion reports were also not signed by the principal. Following internal control procedures provides for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion of the event or at year end.

MCPS Form 280-54, *Request for a Purchase*, is used to obtain principal approval to proceed with an intended cash disbursement purchase (see MCPS Financial Manual, p. 20-5). Purchases made through the use of purchasing cards are governed by the requirements of the MCPS *Purchasing Card Users Guide*. After a purchase is completed, the purchaser should submit appropriate documented evidence of purchase. By requiring complete documentation, the principal retains control over the expenditure of IAF funds. In our samples of cash disbursements and purchasing card transactions, we found that some did not have adequate documentation to fully explain the reason for the expenditure. We also noted the use of a purchasing card to buy gift cards, with no distribution list on file. While documentation was later provided that these cards were given to students, the procurement of gift cards using purchasing cards is prohibited. We recommend that complete documentation be attached to fully explain the reason for a purchase, and that the procurement prohibition on the use of purchasing cards be observed.

Summary of Recommendations

- Funds collected must be promptly remitted by sponsors to the financial agent using MCPS Form 280-34 (repeat) and promptly deposited in the bank;
- Profit or loss statements (repeat) and fund raiser completion reports must be reviewed and signed by the principal;
- Adequate documentation must be provided for all purchases; and
- Gift cards may not be bought with an MCPS purchasing card.

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

RWP:VAD:sd

Copy to:

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

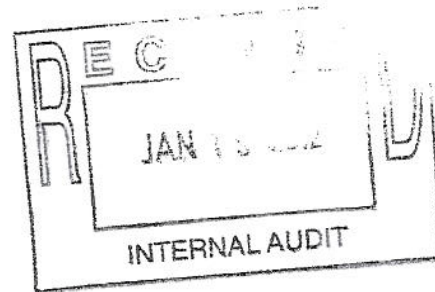
North Bethesda Middle School

8935 Bradmoor Drive
Bethesda, Maryland 20817
Phone: (301) 571-3883 • Fax: (301) 571-3881

Office of the Principal

January 12, 2012

Roger W. Pisha, Supervisor, Internal Audit
Upcounty Regional Services Center
Room Suite 3380
Germantown, MD 20874

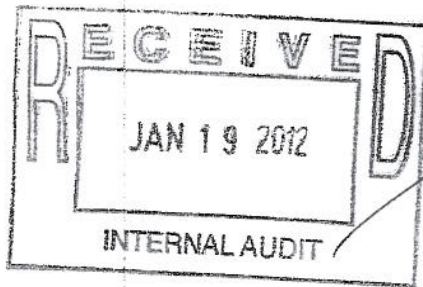


Dear Mr. Pisha:

Attached is the completed Audit Response as per your request. Do not hesitate to contact me for anything further.

Thank you.

Sincerely,



A handwritten signature in black ink, appearing to read "Alton E. Sumner".

Alton E. Sumner
Principal

cc: Christopher Garran, Community Superintendent,
Office of School Performance
Julie Johnson, Financial Specialist, North Bethesda Middle School

Fiscal Management Action Plan

School: North Bethesda Middle School

Audit Period: Nov. 1 2009 - Oct. 31 2011

Principal: Alton Sumner

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
Funds collected must be promptly remitted by sponsors to financial agent using MCPS Form 280-34 and promptly deposited in bank.	Financial Specialist will remind sponsor at the start of each fund-collecting event of the importance of prompt deposits. Financial Specialist will deposit funds to bank promptly. Principal will remind staff of this requirement at August and January staff meetings.	Ongoing. August and January of each year.	Dates on collection forms, remittance forms, and deposit slips. Meeting agendas.
Profit or Loss statements and fundraiser completion reports must be reviewed and signed by the principal.	Financial Specialist will present appropriate forms to principal for signature.	As needed.	Appropriate signatures on completion reports and profit/loss statements.
Adequate documentation must be provided for all cash disbursement purchases and all purchasing card expenditures.	Financial Specialist and Principal will review 280-54s for thoroughness of description of reason for purchase. Financial Specialist will attach invoices and packing slips to purchasing card logs. Financial Specialist will request distribution lists as appropriate for special situations involving disbursement of cash/equivalent.	Ongoing. Ongoing. As needed, at time of request.	Thorough descriptions on requests. Appropriate forms attached to logs at time of audit. Distribution lists attached to Requests after each event.
Gift cards may not be bought with MCPS purchasing cards.	Principal will remind holders of MCPS purchasing cards that they cannot be used to purchase gift cards.	August & January of each year.	Meeting agendas.

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