


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

February 24, 2015

MEMORANDUM

To: Dr. Myriam A. Rogers, Principal
Paint Branch High School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
October 1, 2013, through December 31, 2014

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 February 12, 2015 with you, Mrs. Anne Alban, substitute business administrator and Mrs. Dawn Ford, financial specialist, we reviewed the status of the conditions described in our prior audit report dated January 9, 2014, 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

In accordance with MCPS Regulation EGD-RA, *Telephone Services and Costs*, MCPS provides cellular service to employees whose job responsibilities regarding the health and safety of students and staff require immediate communications and decision making, increase productivity, and/or increase service to the public. We noted that three employees, one of whom has been on extended leave since October 20, 2014, were provided cellular service for smart phones enrolled in a plan paid by IAF funds that exceeded an annual cost of \$2,600. We recommend that detailed invoices be obtained for review to determine cellular service usage was MCPS job related. Whereas the

principal is charged with determining the manner in which IAF are expended (see MCPS Financial Manual, p. 20-1), we further recommend reviewing the provision of cellular service for employees beyond that provided by MCPS to assure compatibility with Regulation EGD-RA. If it is determined to continue the cellular service, the equipment and service plan selected should meet the goals of the school's educational and business purposes with the least expenditure of IAF funds.

Use of the MCPS purchasing card must be in accordance with the requirements of the MCPS *Purchasing Card Users Guide*. Card members must record purchases on transaction logs, sign the logs to certify completeness and compliance, and submit the logs monthly with invoices and receipts attached for timely review and approval. Monthly summary reports are to be reviewed, signed and dated by the principal to ensure that purchases are appropriate and within established limits. We found that most card members were completing monthly logs, but the business administrator was not signing to show review. We also found that the business administrator was not preparing and submitting her log to the principal for review and the principal's logs were not always sent to associate superintendent for review. We recommend purchasing card members comply with the requirements of the MCPS *Purchasing Card Users Guide*.

In accordance with the October 15, 2013, memorandum from the chief operating officer (COO), schools are not permitted to sell food and snack items such as candy, donuts, baked goods, homemade or store purchased, until 30 minutes after the end of the school day. Food and beverages available to students outside of the school meals program should make a positive contribution to the students' diet and promote health. We found the school conducted numerous fund-raisers that were held immediately after the end of the school day and have sold donuts and homemade baked goods. We recommend the school complies with MCPS Regulation JPG-RA, *Wellness: Physical and Nutritional Health* as well as adhere to the guidelines in the October 15, 2013, memorandum from the COO.

Admission receipts for athletic and non-athletic events should be controlled according to MCPS Regulation DMB-RA, *Control of Admission Receipts*. Admissions must be controlled with serially numbered tickets, separation of duties, use of the required MCPS Form 280-50, *Tickets and Cash Report of Admissions Manager*, for tracking and reconciling sales, and perpetual inventory of tickets. We found for some events MCPS Form 280-50, *Tickets and Cash Report of Admissions Manager*, was used merely to list tickets sold and returned and not as a daily reconciliation of tickets issued to tickets returned and recorded receipts. Other weaknesses include the lack of a perpetual inventory of tickets, no ticket report for Homecoming dance and use of the same tickets for drama production on two separate weekends. We recommend that admission to all events be controlled in accordance with the above cited regulation.

MCPS Board of Education Policy JNA, *Curricular Expenses for Students*, requires all course-related fees charged students be approved by the Office of School Support and Improvement (OSSI). Fees are to be used to purchase items or materials that become the property of the students paying the fees. Any allowable fee must be for the cost of the item, rounded to the nearest dollar for ease of accounting. We found that students were charged for daily snacks in night school. We noted an accumulating balance in the night school account since comparable offsetting expenses for snacks were not recorded in this account for the previous year. We recommend that care be exercised to ensure fees are only charged if approved and needed to benefit the students who paid them. We

further recommend only charging students the actual cost of snacks provided and determine what should be done with the fees you have collected and accumulated for Night School.

Summary of Recommendations

- Cellular service should be provided in accordance with MCPS Regulation EGD-RA;
- Purchase card transactions must be documented, reviewed, and approved by the authorized approver (repeat);
- Food and beverage items available to students outside the school meals program should comply with MCPS Regulation JPG-RA;
- Admission events must be conducted in accordance with MCPS Regulation DMB-RA (repeat); and
- Fees charged students must be approved by OSSI.

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. Christopher S. Garran, associate superintendent of high schools. The Office of School Support and Improvement will follow up on this audit.

RWP:MJB:sd

Copy to:

Dr. Navarro
Dr. Statham
Dr. Zuckerman
Mr. Sanderson
Dr. Garran
Mrs. DeGraba
Mrs. Milwit
Mrs. Chen



PAINT BRANCH HIGH SCHOOL

NATIONAL BLUE RIBBON SCHOOL OF EXCELLENCE
14121 Old Columbia Pike • Burtonsville, Maryland 20866
PHONE: 301-388-9900 • FAX: 301-989-5609

Myriam A. Rogers, Ed.D.
Principal

March 15, 2015

To: Roger W. Pisha, Supervisor Internal Audit

From: Myriam A. Rogers, Principal *Myriam A. Rogers*

RE: Report on Audit of IAF for the Period 10/1/13- 12/31/14

I am in receipt of your audit report dated February 24, 2015 in reference to the aforementioned dates. On behalf of our school community, I would like to thank you for a thorough audit and a positive meeting on February 12, 2015, that included commendations and areas of opportunity. As a result, the following upgrades have been implemented at Paint Branch High School. I truly thank you for sharing your expertise and suggesting upgrades that can only help to strengthen our practices.

<i>Finding</i>	<i>Resolution</i>
Three employees were provided cellular service for smart phones enrolled in a plan paid by IAF funds that exceeded an annual cost of \$2,600.	We will continue to maintain service for one of the three employees who job responsibilities regarding the health and safety of students and staff require immediate communication, decision making and increase service to the public. Service for two of the phone lines was disconnected effective February 1, 2015.
Purchase card transactions must be documented, reviewed, and approved by the authorize approver.	Purchase card transactions are current, reviewed and approved as required. We will continue to comply with the requirement of the MCPS Purchasing Card Users Guide.
The school conducted numerous fund-raisers that were held immediately after the end of the school day and have sold donuts and homemade baked goods.	As of March 15 the regulations for foods sales and related fundraisers was changed. All items available to students outside of the school meals program until 2:40 pm will comply with MCPS Regulation JPG-RA.
Admission to all events need to be controlled in accordance with the MCPS Regulation DMB-RA.	The perpetual ticket inventory has been started and will be maintained by our part-time substitute school business administrator.
We noted an accumulating balance in the night school account since comparable offsetting expenses for snacks were not recorded in this account for the previous year.	Our part-time substitute school business administrator has researched the files and found several receipts for night school snacks for students and charged the appropriate account. Moving forward all receipts will be charged to that account as appropriate.

Per the expectations of MCPS and the guidelines indicated in the MCPS Financial Manual, we will continue to make improvements.