


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

June 6, 2016

MEMORANDUM

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

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
January 1, 2015, through January 31, 2016

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 May 13, 2016, with you, Mrs. Sandra Mantua, business administrator, and Mrs. Dawn Ford, financial specialist, we reviewed the status of the conditions described in our prior audit report dated February 24, 2015, and the status of present conditions. We noted the challenges experienced with business office staff turnover as Mrs. Mantua did not assume her position until July 1, 2015, after the business administrator position had been vacant for over eight months. Also, Mrs. Ford assumed her position having no prior school financial experience after the former business administrator had departed. 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

Cash and checks collected by sponsors and others for IAF activities should be remitted promptly to the financial specialist. These receipts must be deposited promptly, and all receipts must be deposited before each weekend and holiday (see MCPS Financial Manual, p.7-4). Some sponsors held fees collected rather than remitting them to the financial specialist on a daily basis. We recommend staff be encouraged to submit all cash and checks collected for IAF activities to the financial specialist for prompt deposit in accordance with MCPS policy and procedures. The installation and use of a drop safe may assist with this effort.

Contributions to charitable organizations are prohibited unless funds have been raised by students for a specific charity, approved by the principal, and advertised as such with full disclosure. Appropriately raised contributions should be disbursed in full to the designated charity as soon as possible after conclusion of the collection time period (see MCPS Financial Manual, p. 20-7). We noted donations made to various charities in amounts that did not equal the amount raised. Payments were not always made promptly after the conclusion of the fund raiser. In one instance, funds raised for one organization were sent to a different organization. We recommend that donations be made promptly to the charitable organization for which the fund-raiser was advertised, and that the donation made be limited to the amount collected.

Except for specific excluded items, any procurement requiring the disbursement of \$7,500 or more, or any contract with an anticipated aggregate expenditure of \$7,500 or more requires the prior written authorization of the chief operating officer. We found the school had disbursed sums in excess of the limit on a student service learning opportunity and on AVID program expenses without the required approval for these non-excluded items. We recommend the use of MCPS Form 281-53, *Restricted IAF Purchases Request for the Chief Operating Officer's Approval*, to assure approvals, controls, and adequate funding are achieved (see MCPS Finance Manual, p. 20-5).

### Summary of Recommendations

- Cash control of school funds must be in accordance with chapter 7 of the MCPS Financial Manual;
- Donation to a charitable organization is prohibited unless a fund-raising activity is conducted for a specific charity and advertised as such with full disclosure; and
- Purchases \$7,500 or more, with certain exceptions, must have chief operating officer's approval.

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 Mr. Kevin Lowndes, director of high schools. The Office of School Support and Improvement will follow up on this audit.

RWP:VAD:sd

Copy to:

Dr. Zuckerman

Dr. Statham

Dr. Navarro

Dr. Williams

Mrs. Chen

Mrs. DeGraba

Mr. Lowndes

Mrs. Milwit






Myriam A. Yarbrough, Ed. D.  
Principal

**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

June 9, 2016

To: Roger W. Pisha, Supervisor Internal Audit

From: Myriam A. Yarbrough, Principal 

RE: Report on Audit of IAF for the Period 1/1/15- 12/31/16

I am in receipt of your audit report dated June 6, 2016 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 May 13, 2016, that included commendations and areas of opportunity. Financial Office operations were limited and challenged during the period of the audit as a result of a vacant business administrator position for 8 months during a hiring freeze and a new financial assistant, however, our new team was able to immediately implement appropriate financial control procedures. As a result of the findings, 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>
Cash and checks collected by sponsors and others for IAF activities should be remitted promptly to the financial specialist.	We will install a drop box in the financial office to provide staff with unlimited access to deposit money in a secure location.
Contributions to charitable should be disbursed in full to the designated charity as soon as possible and that the donation be limited to the amount collected.	We will ensure that sponsors are certain of the charity organization that they are selecting before fundraising. Charity contributions will be made as soon as possible after conclusion of the collection period for the amount collected.
Any procurement requiring the disbursement of \$7,500 or more requires the prior written authorization of the Chief Operating Officer	The business office will request prior written approval for any procurement requiring the disbursement of \$7,500 or more to the Chief Operating Office.

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