


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

September 15, 2014

MEMORANDUM

To: Mr. Robert Sinclair, Jr., Principal  
John Poole Middle School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
May 1, 2013, through July 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 September 5, 2014, with you, and Mrs. Mary Phillips, financial specialist, we reviewed the status of the conditions described in our prior audit report dated June 28, 2013, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2014. 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

MCPS Regulation DMB-RA, *Control of Admission Receipts*, provides procedures for the accounting for sales of admission tickets. 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. While receipts from most events were properly controlled, we found one drama event in which concessions, basket sales, and change fund were combined with ticket sales. We recommend funds from sale of tickets be

controlled in accordance with the above cited regulation and that other funds derived from the admission event be controlled and remitted separately from ticket sale proceeds.

In addition to the above previously reported weakness, we noted some improvement needed in controls over disbursements. We found that documentation for purchases was not always adequate, invoices and/or packing slips were not always marked to certify receipt, one large purchase did not appear to have been pre-approved, and receipts submitted for reimbursement sometimes mixed school purchases with personal items. We recommend disbursements be controlled in accordance with the MCPS Financial Manual, page 20-5.

Sales of PE uniforms should comply with the requirements outlined in the *Handbook for the Operation of School Stores*. After our analysis of the process, we were unable to assure that all funds that should have been generated from uniform sales had been correctly recorded in the account established for such sales. We recommend that current inventory be counted now that most sales for this school year have been completed to determine whether the anticipated proceeds from sales have been realized and properly recorded.

#### Summary of Recommendations

- Funds collected by sponsors for ticket sales must be remitted separately from other funds generated during such events (repeat);
- Controls over disbursements must be improved; and
- Controls over sales or other distribution of PE uniforms must be improved so that all funds and garments are accounted for.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff, especially that of Mrs. Phillips. 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, associate superintendent of middle schools. The Office of School Support and Improvement will follow up on this audit.

RWP:LAS:sd

Copy to:

Mr. Bowers  
Dr. Navarro  
Dr. Statham  
Mr. Sanderson  
Dr. Williams  
Mrs. DeGraba  
Mrs. Milwit  
Mrs. Chen

**Fiscal Management Action Plan**

School: John Poole Middle School

Principal: Robert Sinclair Jr

Approved by associate superintendent: 

Date of approval: 10/6/14

| Findings and Recommendations of School's Financial Report  | Description of Resolution And Person(s) Responsible   | Timeline   | Evidence of Completion  |
|--|---|--|---|
| <p><i>"Funds collected by sponsors for ticket sales must be remitted separately from other funds during such events"</i></p> | <ul style="list-style-type: none"> <li>The process has been clarified with the financial assistant. The principal is meeting with the drama sponsor to clarify the process and procedures for the events when tickets are being sold and money is being collected for other items such as concessions and basket sales.</li> </ul> <p><b>Robert Sinclair Jr, Principal<br/>Mary Phillips, Financial Assistant<br/>Drama Sponsor</b></p>   | <ul style="list-style-type: none"> <li>Principal and Financial Assistant have already met</li> <li>Principal and Drama sponsor met on September 23, 2014 to review and clarify expectations for future productions.</li> </ul>   | <ul style="list-style-type: none"> <li>Copies of appropriately completed documentation</li> </ul>   |
| <p><i>"Controls over disbursements must be improved"</i></p>   | <ul style="list-style-type: none"> <li>The principal and financial assistant have met to discuss this finding and the following steps are being taken to address the identified issues:                             <ul style="list-style-type: none"> <li>Staff will receive a written reminder of the process required for pre-approval of purchases along with the documentation required for such purchases. In addition, staff will be provided with additional clarification that all supporting documentation of purchases shall be included on the reimbursed purchases and not be mixed with personal or other purchases.</li> <li>Staff will also be reminded that all invoices for merchandise and/or services received must be signed off on by the purchaser as received or completed on the invoice/packing slip. The financial assistant will double check that this occurs.</li> </ul> </li> </ul> <p><b>Robert Sinclair Jr, Principal<br/>Mary Phillips, Financial Assistant</b></p> | <ul style="list-style-type: none"> <li>Principal and Financial Assistant have already met to discuss the resolution. In addition to reminding staff, the financial assistant will be checking the invoices as they arrive.</li> <li>Staff received a memorandum the week of 9/16 reminding them of the process for pre-approval and signing off on the receipt of purchases and services.</li> </ul> | <ul style="list-style-type: none"> <li>Copy of the memorandum sent to staff</li> <li>Copies of properly completed 280-54 forms</li> <li>Copies of invoices signed by staff to acknowledge receipt of services or products.</li> </ul> |

**Fiscal Management Action Plan**

School: John Poole Middle School

Principal: Robert Sinclair Jr

| Findings and Recommendations of School's Financial Report  | Description of Resolution And Person(s) Responsible   | Timeline  | Evidence of Completion  |
|--|---|---|---|
| <p><i>"Controls over sales or other distribution of PE uniforms must be improved so that all funds and garments are accounted for"</i></p> | <ul style="list-style-type: none"> <li>• As a result of the financial audit the principal has met with staff from the physical education department and we are taking the following steps:                             <ul style="list-style-type: none"> <li>• We have implemented a new process for tracking physical education clothing. The physical education department has a spreadsheet listing all students in the school in a binder. They will use this spreadsheet to track, by student, every garment that is sold. This will support an enhanced tracking of inventory and funds collected.</li> <li>• We are in the process of completing a profit and loss statement to document our current actual inventory and current profit statement. This will be completed after an anticipated shipment of uniforms is received to provide the most accurate accounting.</li> <li>• Moving forward, these two steps will help us ensure that we have an accurate accounting for physical education uniform inventory as well as funds collected.</li> </ul> </li> </ul> <p align="right"> <b>Robert Sinclair Jr, Principal</b><br/> <b>Mary Phillips, Financial Assistant</b><br/> <b>Physical Education Teachers</b> </p> | <ul style="list-style-type: none"> <li>• Principal and Financial Assistant have already met to discuss the resolution.</li> <li>• Principal and Physical Education Staff have already met to discuss the resolution.</li> <li>• The mentioned student spreadsheet has been printed and is being used by the physical education department.</li> <li>• The inventory and profit/loss statement will be completed upon receipt of an anticipated shipment of uniforms, some of which have been paid for.</li> </ul> | <ul style="list-style-type: none"> <li>• Copies of the student spreadsheet used to document purchases and uniform distribution</li> <li>• Copies of profit/loss statements and inventory correctly completed and filed each year</li> </ul> |

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