


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

March 8, 2016

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  
August 1, 2014, 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 March 4, 2016, with you, Ms. Annemarie Smith, principal intern, and Mrs. Audrey Patton, financial specialist, we reviewed the status of the conditions described in our prior audit report dated September 15, 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

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. 20-4). 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 sample of disbursements, we found 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 with an estimate of expected expenditure, and signed by the principal at the time verbal approval is

sought. 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.

Equipment purchased with IAF become the property of MCPS and are subject to MCPS Regulation EDC-RA, *Control of Furniture and Equipment Inventory*. We noted that equipment purchased by the school had not been added to the MCPS inventory and affixed with barcodes. We recommend that staff review the policy to ensure that equipment is properly coded and the inventory records adjusted.

Fund-raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund-Raiser*. Although the sponsors are submitting fund-raiser request and completion reports, and all reports are signed by you, most forms were not properly completed so that results could be evaluated. Most completion reports did not include the total number of items for sale, selling prices, or remaining inventories, thus it was not possible to determine whether or not all sums collected were remitted to the financial specialist. 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.

#### Summary of Recommendations

- Purchase requests must be approved by the principal prior to procurement;
- Furniture and equipment control must comply with MCPS Regulation EDC-RA; and
- Fund-raiser completion reports prepared by sponsors must provide sufficient information to analyze results.

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 Mrs. Elizabeth Thomas, director of middle schools. The Office of School Support and Improvement will follow up on this audit.

RWP:MJB:sd

Copy to:

Dr. Zuckerman  
Dr. Statham  
Dr. Navarro  
Dr. Williams  
Mrs. Chen  
Mrs. DeGraba  
Mrs. Milwit  
Mrs. Thomas

**Fiscal Management Action Plan**

School: John Poole Middle School

Principal: Robert Sinclair Jr

Approved by Director Elizabeth Superintendent:

Date of approval: 4/5/16

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p><i>"Purchase requests must be approved by the principal prior to procurement."</i></p>	<ul style="list-style-type: none"> <li>The process for completion of MCPS Form 280-54 Request for Purchase has been clarified with the Financial Specialist.</li> <li>Staff will also be reminded that MCPS Form 280-54 must be approved by the principal prior to procurement with an estimate of expenditure with the purpose of each disbursement fully explained and a record of expenditures be kept.</li> <li>For certain sponsors, an annual budget detailing expected income and expenses will be provided prior to approval. The Financial Specialist will monitor these budgets and revise as necessary.</li> </ul> <p><b>Robert Sinclair Jr, Principal</b> <b>Audrey Patton, Financial Specialist</b></p>	<ul style="list-style-type: none"> <li>Principal and Financial Specialist have already met to discuss and address</li> <li>Staff received training during pre-service in August of 2015 regarding financial procedures, purchases were a specific topic covered during this training. A memorandum will be sent to all staff the week of April 11, 2016 reminding them of these procedures. This is in the staff financial procedures handbook.</li> <li>In addition to reminding staff, the Financial Specialist will be checking the requests for purchase as they arrive.</li> </ul>	<ul style="list-style-type: none"> <li>Copies of properly completed 280-54 forms</li> <li>Copy of training PowerPoint</li> <li>Copy of pertinent part of staff handbook</li> <li>Copy of memorandum sent to staff.</li> </ul>
<p><i>"Furniture and Equipment Control must comply with Regulation EDC-RA"</i></p>	<ul style="list-style-type: none"> <li>The principal and Financial Specialist have met to discuss this finding and the following steps have been taken to address the identified issues:                             <ul style="list-style-type: none"> <li>Financial Specialist communicated with John Ricketts, Property Management. He recorded the pressure washer and barcoded. He communicated that the other two items (spreaders) do not require barcoding and should be kept in school inventory.</li> </ul> </li> </ul> <p><b>Robert Sinclair Jr, Principal</b> <b>Audrey Patton Financial Specialist</b></p>	<ul style="list-style-type: none"> <li>Principal and Financial Specialist reviewed the policy.</li> <li>Principal and Financial Specialist have resolved this issue.</li> <li>Pressure washer has already been recorded and barcoded</li> </ul>	<ul style="list-style-type: none"> <li>Copies of correspondence with Mr. Ricketts</li> <li>Copies of documentation showing the barcoding of the power washer</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>"Fundraiser completion reports prepared by sponsors must provide sufficient information to analyze results"</i></p>	<ul style="list-style-type: none"> <li>Principal and financial assistant reviewed the guidelines.</li> <li>As a result of the financial audit the Financial Specialist is meeting individually with all fundraiser sponsors to ensure all fundraisers conform to the <i>Guidelines for Sponsoring and Independent Activity Fund Fundraiser</i>.</li> </ul> <p><b>Robert Sinclair Jr, Principal</b> <b>Audrey Patton, Financial Specialist</b></p>	<ul style="list-style-type: none"> <li>Principal and Financial Specialist have already met to discuss the guidelines and the resolution.</li> <li>Financial Specialist will review all paperwork submitted to ensure that completion reports include the total number of items for sale, selling prices, or remaining inventories so that it is possible to determine that all sums collected were remitted to the Financial Specialist.</li> <li>This was part of the training provided to staff in August of 2015 and there is a portion of the staff handbook containing the fundraising guidelines. During the week of April 11<sup>th</sup> staff will receive a memorandum reminding them of fundraising procedures.</li> </ul>	<ul style="list-style-type: none"> <li>Copies of appropriately completed documentation</li> <li>Copy of training PowerPoint</li> <li>Copy of pertinent part of staff handbook</li> <li>Copy of memorandum sent to staff.</li> </ul>

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