


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

January 11, 2012

MEMORANDUM

To: Dr. Joey N. Jones, Principal  
Robert Frost Middle School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
January 1, 2010, 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 indicated above. The examination was made to evaluate the adequacy of accountability over these funds, compliance with applicable Montgomery County Public Schools (MCPS) policies and procedures, and effectiveness of IAF management.

In our meeting on January 6, 2012, with you and Mrs. Debra Yamada, financial specialist, we reviewed conditions described in our previous report dated February 2, 2010, and the status of present conditions. Our findings and recommendations appear below.

Findings and Recommendations

Physical Education uniform sales and inventory processes should comply with the requirements outlined in the *Handbook for the Operation of School Stores*. We again noted some weaknesses over the accounting process for the selling of uniforms, and records of sums collected from students could not be reconciled to records of sales. To improve controls, we recommend tracking of uniform sales on a spreadsheet that can be reconciled to records of account activity. In addition, inventory records should be adjusted for sales, purchases, giveaways, and for garments that are damaged or obsolete. The inventory record should be compared to a physical count which should be performed at least annually. The inventory should be secured at all times to lessen the likelihood of a loss.

In accordance with the August 4, 2008, memorandum from the chief operating officer (COO), the expenditure of general funds to provide refreshments for staff meetings and appreciation is \$45 per staff FTE per fiscal year. Also, staff development accounts must be limited to funding sources that are clearly not designated student funds. We found that you exceeded your allowable amount for fiscal year 2011, and that you used student funds to support staff development. We also found many instances in which expenditures for these items were

incorrectly classified and recorded in various accounts. Such commingling increases the time required to determine whether or not guidelines have been followed, and decreases the value of your financial reports for decision making. We recommend you correctly classify and record these transactions for more accurate accountability, and seek advance COO approval to exceed the guideline amount if needed.

Food and beverage items available to students during school-sponsored activities should make a positive contribution to the students' diet and promote health. We found numerous incidents in which students were being provided items of minimal nutritional value as incentives and rewards. We recommend following the guidelines established in MCPS Regulation JPG-RA, *Wellness: Physical and Nutritional Health*.

Cash and checks collected by sponsors and other authorized individuals for IAF activities must be remitted to the financial specialist on the day they are received. We found instances in which staff collecting funds for activities were holding funds rather than remitting them timely to the financial specialist (see MCPS Financial Manual p. 7-4). We recommend that all staff who collect funds for school activities be reminded of remittance requirements.

Sponsors of field trips should have a complete class or club roster of student names and annotate how much each student paid, students who did not participate in the trip, and students who received waivers, scholarships or reduced fees. This data should be turned in to the financial specialist at the completion of each trip, and compared to remittances recorded in the trip account reconciliation report. The data should also be used to estimate future trips. We found that not all sponsors are turning in completed data at the conclusion of each trip, and that the data is not being compared to the final account reconciliation report nor used for planning future trips. We recommend trip sponsors use MCPS Form 280-41, *Field Trip Accounting*, or its equivalent, for recording of trip fees and provide complete data at the completion of each trip. We further recommend trip planning be reviewed to ensure established fees are commensurate with trip expenses (see MCPS Financial Manual, p. 20-9).

#### Summary of Recommendations

- Physical Education uniform sale and inventory processes should comply with the requirements outlined in the *Handbook for the Operation of School Stores* (repeat);
- Staff appreciation and meeting refreshment expenditures combined may not exceed a specified total amount for a fiscal year without prior approval of the COO;
- Staff development expenditures must be funded from sources other than student revenue;
- Food and beverage items available to students during school-sponsored activities should comply with MCPS Regulation JPG-RA;

- Funds collected must be promptly remitted by sponsors to the financial agent; and
- Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate, and to reconcile funds collected with costs of the trip.

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

RWP:MJB:sd

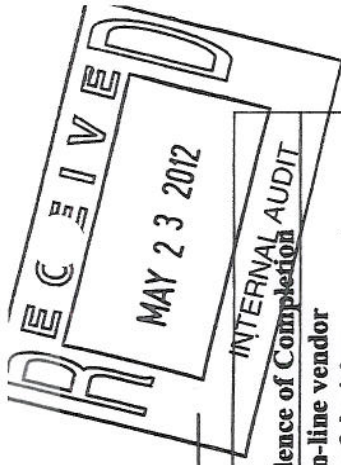
Copy to:

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

**Fiscal Management Action Plan**

School: Robert Frost Middle School  
 Approved by community superintendent: \_\_\_\_\_

Principal: Dr. Joey N. Jones  
 Date of approval: \_\_\_\_\_



Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Physical Education uniform sale and inventory processes should comply with the requirements outlined in the <i>Handbook for the Operations of School Stores</i> (repeat).	<ul style="list-style-type: none"> <li>* Decide to change from present process to on-line ordering of PE wear or discontinue the sale of PE wear since PTSA sells similar items – Dr. Jones/Financial Asst., PE Resource Teacher</li> <li>* Purchase of PE wear is optional</li> <li>* Identify list of approved on-line vendors – Financial Asst.</li> </ul>	February 2 – June 1, 2012	<ul style="list-style-type: none"> <li>* Name of On-line vendor</li> <li>* Regardless of decision, current inventory will be sold during summer orientation days. One person (P.E. Resource Teacher) will be responsible for the selling of the items</li> </ul>
Staff appreciation and meeting refreshment expenditures combined may not exceed a specified total amount for a fiscal year without prior approval of the COO.	<ul style="list-style-type: none"> <li>*Dr. Jones and Financial Asst. will closely monitor the account on a monthly basis</li> <li>*Financial Asst. will insure that all refreshment expenditures are recorded in proper account</li> <li>*Request will be sent to OSP if approval is needed to exceed the specified amount</li> </ul>	February 2 – Ongoing	*Refreshment and Staff Appreciation account will be within the guidelines
Staff development expenditures must be funded from sources other than student revenue.	<ul style="list-style-type: none"> <li>*This practice will be discontinued</li> <li>*Financial Asst. will establish separate staff vending account to help fund staff development needs (sub. teacher)</li> </ul>	Feb 2 - Ongoing	*Account will be established and reflected in monthly ledger
Food and beverage items available to students during the school-sponsored activities should comply with MCPS Regulation JPC-RA.	<ul style="list-style-type: none"> <li>*Review regulation with ILT and staff – Dr. Jones</li> <li>*Monitor requests for purchase – Dr. Jones &amp; Financial Assistant</li> <li>*Speak w/ students to get ideas for alternative healthy snacks that meet guidelines – Dr. Jones &amp; SGA</li> </ul>	January 11 – February 29, 2012	<ul style="list-style-type: none"> <li>*Copy of regulation</li> <li>*Notes from conversation with students</li> <li>*ILT and Faculty Meeting Agenda/Notes</li> <li>*Purchase receipts reflect purchase of healthy snacks for student recognition program</li> </ul>
Funds collected must be promptly remitted by sponsors to the financial agent.	*Dr. Jones and Financial Asst. will remind staff, particularly activity sponsors verbally and in writing to comply with the guidelines for remitting funds collected	February 2 – Ongoing	*Copy of email sent and notes from meeting with individual sponsors
Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate, and to reconcile funds collected with costs of the trip	*Dr. Jones, Assistant Principals, Secretary, and Financial Asst., will remind fieldtrip sponsors to comply with the requirements for maintaining comprehensive fieldtrip records in order to insure proper reconciliation of funds	February 2 – Ongoing	*Copy of email sent and notes from meeting with individual sponsors

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