


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

August 7, 2013

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
November 1, 2011, through June 30, 2013

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 August 7, 2013 with you, and Mrs. Debra Yamada, financial specialist, we reviewed the status of the conditions described in our prior audit report dated January 11, 2012, 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

As noted in previous audit reports, sales of PE uniforms 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 sale 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

During the review of purchases, we noted instances in our sample in which the documentation supporting the purchase had not been noted by the recipient of the goods or services to certify satisfactory receipt. This is particularly important for items, such as physical education uniforms, which are intended for resale and for which a profit or loss statement must be prepared.

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); and
- Receipt of goods or services must be confirmed prior to disbursement.

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. Darryl L. Williams, associate superintendent of middle schools. The Office of School Support and Improvement will follow up on this audit.

RWP:LS:sd

Copy to:

Mr. Bowers
Dr. Statham
Dr. Schiavino-Narvaez
Mr. Sanderson
Dr. Williams
Mrs. DeGraba
Mrs. Milwit
Mrs. Chen

Robert Frost Middle School

9201 Scott Drive
Rockville, Maryland 20850



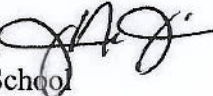
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September 13, 2013

MEMORANDUM

To: Mr. Roger W. Pisha, Supervisor, Internal Audit

From: Joey N. Jones, Principal 
Robert Frost Middle School

Subject: Response to Audit Report for the Period November 1, 2011,
through June 30, 2013

This memo is written in response to the recent audit of Independent Activity Funds (IAF) account at Robert Frost Middle School. We have implemented several steps to insure our compliance with all applicable Montgomery County Public School policies and procedures and to more effectively manage our IAF account. Specifically, the following actions have been implemented to strengthen our accounting practices in regards to the sale of physical education uniforms and confirming the receipt of goods or services prior to disbursement:

Physical Education uniform sales and inventory processes

1. A master spreadsheet will be used for the sale of physical education (P.E.) uniforms for better tracking of uniform sales and accounting practices.
2. A physical counting of the inventory of P.E. uniforms will be done every two months to record the quantity of items so that accurate adjustments can be made for sales, purchases, giveaways, damaged items, and losses.
3. Designate one person to collect funds for the purchase of P.E. uniforms and encourage students to purchase items with a check. Additionally, an online store has been established for credit card payments.
4. Debra Yamada, school financial specialist, and I met with the new P.E. Resource Teacher to discuss the audit findings and subsequent actions for follow-up. I found your suggestions and recommendations for improved procedures for the sale of uniforms to be most beneficial.

Receipt of goods or services confirmed prior to disbursement

1. Staff was informed Friday, August 23, 2013 (during pre-service week) of the process and expectations when they receive goods and/or services. Specifically, they are to inspect the order for accurate quantity and proper working order. If a discrepancy is found it is to be reported to the school financial specialist for follow-up with the vendor.
2. Periodically, reminders will be shared with the staff.

Copy to:

Dr. Darryl L. Williams, Associate Superintendent of Middle Schools
Ms. Debbie Yamada, School Financial Specialist