


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

June 28, 2013

MEMORANDUM

To: Dr. Donna R. Jones, Principal
Rosa M. Parks Middle School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2011, through May 31, 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 June 20, 2013, with you, and Mrs. Pamela Money, financial specialist, we reviewed the status of the conditions described in our prior audit report dated November 18, 2011, 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. 20-5). 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. Invoices for goods or services must be signed by the purchaser to indicate satisfactory receipt. In our sample of disbursements, 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 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.

While controls over purchasing cards were generally in accordance with requirements, we found weaknesses in the use of some purchasing cards that are to be used only for procurement of materials of instruction. We noted instances in which these cards were used to make purchases of items other than materials of instruction. We recommend that use of these designated purchasing cards be used strictly for the intended purpose of the budgeted funds.

Cash and checks collected for IAF activities by sponsors and other authorized individuals must be remitted to the financial specialist together with a completed MCPS Form 280-34, *Remittance Slip*, on the day the funds are received. We found instances in which staff collecting funds were holding rather than remitting them timely to the financial specialist, and not always completing the remittance slip properly. Remittances received should, in turn, be promptly deposited into the school's bank account. In addition, all remittances on hand must be deposited before each weekend or holiday. We recommend that all staff who collect funds for school activities be reminded of remittance requirements (see MCPS Financial Manual p. 7-4).

Summary of Recommendations

- Expenditure of funds must be approved by the principal prior to procurement (repeat);
- Purchase card activity must be in compliance with the MCPS *Purchasing Card User's Guide*; and
- Funds collected by sponsors must be promptly remitted using MCPS Form 280-34 to the financial specialist for timely deposit to the bank.

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:MJB:sd

Copy to:

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




ROSA M. PARKS MIDDLE SCHOOL

<http://www.montgomeryschoolsmd.org/schools/rosaparksms/>

Donna Redmond Jones, Principal
Richard La Rocca, Assistant Principal
Shawn E. Krasa, Assistant Principal

MEMORANDUM

To: Mr. Roger Pisha, Supervisor, Internal Audit
Office of Shared Accountability

From: Donna Redmond Jones, Principal 

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2011, through May 31, 2013, Findings and
Recommendations

This memorandum will address the findings and recommendations as mentioned in the June 28, 2013, audit finding report.

Summary of Recommendations

- Expenditure of funds must be approved by the principal prior to procurement.

Procedures will be reviewed with staff to establish clear communication that MCPS Form 280-54, *Request for a Purchase*, will be filled out prior to a purchase. Staff will also be notified that no reimbursements or purchases will occur unless this process is completed.

- Purchase card activity must be in compliance with the MCPS.

The guidelines for the American Express purchases will be reviewed by all card holders to adhere to policies and regulations for the purpose of using approved budget funds. The MCPS *Purchasing Card User's Guide* will be utilized in these discussions.

- Funds collected by sponsors must be promptly remitted using MCPS Form 280-34 to the financial specialist for timely deposit to the bank.

During the pre-service week in August, 2013, staff will be given an overview on the importance of turning in monies daily using MCPS Form 280-34 to the financial office to be in compliance. Staff will be given a copy of the remittance requirements form the MCPS Financial Manual, page 7-4. These steps will allow us to be in compliance with the proper handling and depositing of money.

Mr. Roger W. Pisha

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July 24, 2013

The Summary of Recommendations has been addressed and we look forward to implementing the above changes to be in compliance with Montgomery County Public Schools.

If you need additional information, please do not hesitate to contact me or Karen Flanagan-Lange, school financial specialist, at 301-924-3180.

Copy to:

Dr. Williams