


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

May 7, 2015

MEMORANDUM

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

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
June 1, 2013, through February 28, 2015

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 May 1, 2015, with you and Mr. Albert Sisco, 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. 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

If the principal determines that the IAF is to be used for any staff development expenditure including fees for organization memberships, training, conferences, overnight travel, or professional publications, the source of the funds may not be student generated. In order to

monitor the source and use of funds for these activities, transactions must be recorded in the staff development account designated in the IAF chart of accounts. We found that the former financial specialist transferred funds that had been generated by student activities into the staff development account. In addition, an organizational and a personal membership, a conference fee, and instructional leadership team expenses were paid directly from the general and cell tower accounts. We recommend that all staff development expenses be recorded in the staff development account, and funding be transferred from non-student generated source accounts.

Each fund-raiser should be authorized by the principal in writing and the approval document retained in the school office. Financial activities for each fund-raising activity should be recorded in a separate account in the 800 series with a completion report prepared that analyzes the results (see MCPS Financial Manual, p. 20-12). We noted that not all fund-raisers were approved in writing by the principal and that unrelated transactions were recorded in fund-raiser accounts. At the conclusion of fund-raising activities, the revenue generated was not always transferred to benefitting accounts specified in approval documents. We recommend that fund-raising conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund-Raiser*.

The yearbook sponsor is required to keep detailed records of the number of books sold, the price charged, the number of books distributed free of charge, and the ending inventory (see MCPS Financial Manual, p. 20-11). These records must be submitted to the financial specialist at the conclusion of the activity to provide data for reconciliation. Although the prior yearbook sponsor provided some records upon request, they were not sufficient to determine the outcome of the activity. We understand that another staff member has since been assigned as the yearbook sponsor. We recommend that you coordinate with both the current yearbook sponsor and financial specialist prior to year end to ensure that requirements for this activity will be met.

Sponsors of field trips should have a complete class or club roster of student names to record the amount each student paid, eligible students who did not participate in the trip, and students who received waivers, scholarships or reduced fees. This data should be provided to the financial specialist at the completion of each trip for comparison to remittances recorded in the field trip account history report. The data also should be used to estimate costs of future trips. We found that not all sponsors provided this data at the conclusion of each trip, it was not compared to the final account history report, and it was not used for planning future trips. We also found instances of trips that concluded with either a surplus or a deficit after all costs were paid due to trip fees not being appropriately priced. 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 conclusion of each trip. We further recommend trip planning be reviewed to ensure established fees are commensurate with expenses (see MCPS Financial Manual, p. 20-10).

Admission receipts for athletic and non-athletic events should be controlled according to MCPS Regulation DMB-RA, *Control of Admission Receipts*. Admission events 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. We found that Form 280-50 was not always completed by the ticket controller and issued with tickets to the admissions manager prior to events. Also, the financial specialist had not recorded the cash receipt number and date on any ticket reports reviewed. We noted instances in which it appeared that staff confused the roles of ticket controller, admissions manager, and ticket report auditor. We recommend that admission to all events be controlled in accordance with the above cited regulation.

Summary of Recommendations

- Staff development expenditures must be funded from non-student revenue sources and recorded in the staff development account;
- Fund-raising must conform to *Guidelines for Sponsoring an IAF Fund Raiser*;
- Yearbook sponsor records must account for the number of books purchased, sold, distributed at no cost, and ending inventory;
- 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; and
- Admission events must be conducted in accordance with MCPS Regulation DMB-RA.

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:DKH:sd

Copy to:

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



ROSA M. PARKS MIDDLE SCHOOL

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

Donna Redmond Jones, Principal
Jewel Sanders, Principal Intern
Michael Kryder, Assistant Principal

MEMORANDUM

To: Mr. Roger Pisha, Supervisor, Internal Audit

From: Dr. Donna Redmond Jones, Principal

Subject: Report on Audit of Independent Activity Funds for the Period
June 1, 2013, through February 28, 2015, Findings and
Recommendations

This memorandum will address the findings and recommendations as mentioned in the May 7, 2015, audit finding report.

Summary of Recommendations

- Staff development expenditures must be funded from non-student revenue sources and recorded in the staff development account.

Staff development expenditures will be funded from non-student revenue sources such as cell tower or staff vending and recorded in the staff development account.

- Fund-raising must conform to *Guidelines for Sponsoring an IAF Fund Raiser*.

Fundraising activities will conform to all MCPS Guidelines. All fundraisers will be authorized by the principal in writing and retained in the school office. Financial activities for each fundraising activity will be recorded in a separate account in the 800 series with a completion report prepared that analyzes the results. At the conclusion of all fundraising activities, the revenue generated will be transferred to the benefitting accounts specified in the approval documents. In addition, during pre-service week in August, 2015, staff will be given an overview of MCPS Fundraising Guidelines.

- Yearbook sponsor records must account for the number of books purchased, sold, distributed at no cost, and ending inventory.

The new yearbook sponsor who started this school year will provide records of the number of books sold, the price charged, the number of books distributed free of charge, and the ending inventory to the financial specialist at the conclusion of the activity to provide data for reconciliation.

- 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.

Sponsors of field trips will have a complete class or club roster of student names to record the amount each student paid, eligible students who did not participate in the trip, and students who received waivers, scholarships or reduced fees. This data will be provided to the financial specialist at the completion of each trip for comparison to remittances recorded in the field trip account history report. The data will also be used to estimate costs of future trips.

During the pre-service week in August, 2015, staff will be given an overview of the importance of turning in comprehensive field trip data and given a copy of the MCPS field trip regulations and a checklist of required items to be completed before the field trip takes place.

- Admission events must be conducted in accordance with MCPS Regulation DMB-RA.

Admission events will be controlled with serially numbered tickets, separation of duties, use of required MCPS Form 280-50, *Tickets and Cash Report of Admissions Manager*, for tracking and reconciling sales, and perpetual inventory of tickets. Financial specialist will record the cash receipt number and date on all ticket reports. Financial Specialist and ticket inventory controller will review MCPS Regulations and will implement a new ticket control system as suggested during the audit.

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 Al Sisco, school financial specialist, at 301-924-3180.

Copy to:

Dr. Williams