


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

April 7, 2014

MEMORANDUM

To: Mr. Bennie W. Green, Acting Principal  
Wheaton High School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
September 1, 2012, through January 31, 2014

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 26, 2014, with you, Mrs. Sandy Spruill, business administrator and Mrs. Sandy Mantua, financial specialist, we reviewed the status of the conditions described in our prior audit report dated January 24, 2013, and the status of present conditions. It should be noted that your appointment as acting principal was effective July 8, 2013. 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, we again found prior approval was not consistently obtained when required, and invoices were not always marked to indicate item or service was received satisfactorily. 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 you at the time verbal approval is sought, and that complete documentation be attached to fully explain the reason for the purchase. 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.

All equipment acquired by a school whether by gift or by purchase becomes the property of MCPS (see MCPS Financial Manual, p. 20-13). MCPS Regulation EDC-RA, *Control of Furniture and Equipment Inventory*, provides guidance for adjusting the school inventory to account for property acquisitions and disposals. We found several items of equipment were acquired using IAF that 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 updated.

In accordance with the MCPS Financial Manual, p. 20-4, the expenditure of general funds to provide refreshments for staff meetings and staff appreciation within a fiscal year (FY) is \$60 per staff FTE. Any staff development expenditures must be limited to revenue sources that are clearly not designated as student funds. We found that expenditures for staff refreshments and appreciation exceeded the total amount allowed in FY 2013, without approval of the chief operating officer (COO). Also, we found instances in which expenditures for staff development were recorded in the general account rather than the staff development account. We recommend you correctly classify and record these transactions for more accurate accountability, and that you adhere to expenditure guidelines for staff refreshments and appreciation.

#### Summary of Recommendations

- Purchase requests must be approved by the principal prior to procurement (repeat);
- Budgets must be monitored to compare income and expense projections to actual results;
- Furniture and Equipment control must comply with MCPS Regulation EDC-RA; and
- Staff appreciation and meeting refreshment combined total expenditures may not exceed \$60 per FTE per fiscal year without prior approval of the COO.

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. Christopher S. Garran, associate superintendent of high schools. The Office of School Support and Improvement will follow up on this audit.

RWP:MJB:sd

Copy to:

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



Fiscal Management Action Plan

School: \_\_\_\_\_

Principal: Bennie Green



Approved by community superintendent: \_\_\_\_\_

Date of approval: \_\_\_\_\_

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<ul style="list-style-type: none"> <li>Findings: Purchase requests must be approved by the principal.</li> <li>Recommendation: Form 280-54 be prepared by staff and signed by principal at the time verbal agreement is sought.</li> </ul>	<ul style="list-style-type: none"> <li>Per Wheaton Financial guidelines any purchase request must be pre-approved. The School Financial Specialist (SFS) and the School Business Administrator (SBA) will review and monitor 280-54 pre-approval process. The Principal will not sign any checks that do not include a signed pre-approved 280-54.</li> <li>Bennie Green, Sandy Mantua, Sandy Spruill</li> </ul>	<p>On Going</p>	<p>Completed 280-54 with all necessary documentation and preapproval signatures on file.</p>
<ul style="list-style-type: none"> <li>Findings: Budgets were not required by sponsors.</li> <li>Recommendations: Budgets must be created and monitored by FS and SBA to compare income and expense projections to actual results</li> </ul>	<ul style="list-style-type: none"> <li>Annual budgets will be established for sponsors and signed approval from the SBA and principal to will required.</li> <li>The FS will monitor budgets monthly and notify the sponsor and the SBA when adjustments are needed.</li> <li>Sponsors, Bennie Green, Sandy Mantua, and Sandy Spruill</li> </ul>	<p>Immediately and on going</p>	<p>Documented/approved budget reports will be kept in binders along with all updates and correspondence.</p>
<ul style="list-style-type: none"> <li>Findings: Several items of equipment were acquired using IAF accounts but were not added to the inventory list.</li> <li>Recommendations: Staff must review the policy to ensure equipment is properly coded and inventoried.</li> </ul>	<ul style="list-style-type: none"> <li>Equipment will be purchased through FMS and barcoded to ensure all equipment is on current inventory lists.</li> <li>Current equipment not on inventory list will be located, barcoded, and added to inventory.</li> <li>Bennie Green, Sandy Spruill, Paul Ratliff, John Gallagher</li> </ul>	<p>Immediately</p>	<p>Inventory will accurately state all equipment belonging to Wheaton High School.</p>
<ul style="list-style-type: none"> <li>Findings: Staff expenditures</li> </ul>	<ul style="list-style-type: none"> <li>Yearly budgets will be set up and monitored for compliance.</li> </ul>	<p>Immediately</p>	<p>IAF account will show expenditures that remain within the MCPS</p>

<p>exceed the \$60.00 per FTE policy.</p> <ul style="list-style-type: none"> <li>• Recommendations: Monitor and budget to remain within MCPS guidelines</li> </ul>	<ul style="list-style-type: none"> <li>• The FS and SBA will review the budget regularly to stay within the yearly stated budget.</li> <li>• Bennie Green, Sandy Mantua, Sandy Spruiell</li> </ul>		<p>guidelines.</p>
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*Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, Room 11.*