


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

January 3, 2012

MEMORANDUM

To: Mr. Robert W. Dodd, Principal
Argyle Middle School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
August 1, 2009, through September 30, 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 December 21, 2011, with you, Mrs. Deanne Weiler, financial specialist, and Mrs. Carol Sattler, administrative secretary, we discussed several conditions described in our previous report dated September 23, 2009, that had not been corrected. In addition, we identified weaknesses in controls over disbursement processes and admission ticket sales. We noted that the period of our audit was prior to Mrs. Weiler's appointment to the position of school financial specialist on October 13, 2011. Our findings and recommendations appear below.

Findings and Recommendations

MCPS purchasing cardmembers must record purchases on transaction logs and submit them monthly with invoices or receipts attached to the statements for review and approval by the principal. We again found that logs and supporting documentation were not always submitted to the principal for review, and that many statements, invoices, and receipts were missing. We recommend purchasing cardmembers be required to comply with the requirements of the MCPS *Purchasing Card Users Guide*, pp. 3-5 (see also the *Principals Handbook*).

Fund raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund Raiser*. Each fund raiser should be approved by the principal in writing and the approval retained in the school office. Financial transactions for each fund raising activity should be recorded in a separate account in the 800 series and a completion report prepared that analyzes the results (see MCPS Financial Manual, p. 20-11). We again found that Fund Raiser Request forms and Fund Raiser Completion reports were not on file for all fund raisers.

Following these internal control procedures provides for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion of the event.

Sponsors of field trips should record cost and fee information for each field trip on MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and submit the data to the financial specialist when a trip is completed. The record of the names of participants and sums collected provides assurance that all field trip fees have been remitted (see MCPS Financial Manual, p. 20-9). Review of field trip activities revealed that although sponsors were providing cost and fee information as funds are collected and remitted, we continued to find that not all field trip sponsors were providing comprehensive financial information to the financial specialist at the completion of a trip. We recommend all sponsors be required to use Form 280-41, or equivalent, and follow the procedures outlined above. We also found that fees collected for outdoor education exceeded sums needed to pay for the activity. We recommend the pricing of trips be more closely monitored to ensure established fees are commensurate with trip expenses.

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 random sample of disbursements, we found prior approval was not obtained when required for many purchases. Some disbursements did not have adequate documentation to fully explain the reason for the expenditure, and invoices were not always signed by the receiver. By requiring prior approval and complete documentation, 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.

Admission receipts for athletic and non-athletic events should be controlled according to MCPS Regulation DMB-RA, *Control of Admission Receipts*. Admissions 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 weaknesses in controls over admission events that included Form 280-50 not properly completed, unsold tickets not always returned to the financial specialist with cash receipts after each event, and dance admission sales at the door not controlled by tickets. We also could not locate a perpetual ticket inventory of unsold tickets. We recommend that admission to all events be controlled in accordance with the above cited regulation.

Summary of Recommendations

- Purchase card transactions must include supporting documentation that is reviewed and approved by the principal (repeat);
- Fundraiser documentation must include both approval form and completion report (repeat);

- 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;
- Expenditures must be approved by the principal prior to procurement; 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 Ms. Bronda L. Mills, community superintendent. The Office of School Performance will follow up on this audit.


RWP:DKH:sd

Copy to:

Mr. Bowers
Dr. Lacey
Mr. Talley
Ms. Mills
Mrs. DeGraba
Mrs. Milwit
Mr. Doody

June, 2012

MEMORANDUM

To: Ms. Bronda L. Mills, Community Superintendent
From: Robert W. Dodd, Principal 
Subject: Response to Argyle Middle School Audit

The purpose of this memorandum is to document the actions that have been taken at Argyle Middle School to address the recommendations put forth by the Independent Activities Fund Audit for the period August 1, 2009 through September 30, 2011. I would like to thank the Internal Audit Office of MCPS for their support, guidance, and considerable time. The actions that are detailed below are in direct response to specific recommendations documented in the Argyle Audit Report and I believe adequately ensure that Argyle MS is in compliance with the financial policies and procedures directed by MCPS.

Finding

- 1.) Purchase card transactions must include supporting documentation that is reviewed and approved by the principal.

Action

- All purchasing cards are held with the Financial Specialist (FS) until a purchase needs to be made. FS completes the log for each purchase and follows up for all receipts and purchasing documentation. Monthly reminder is sent via email to all card holders to print statements and review and sign purchasing card logs in FS's office.

Finding

- 2.) Fundraiser documentation must include both approval form and completion report.

Action

- Monthly reminder is sent via email to school staff that all fundraising activities must be preapproved by the principal and FS. The Fundraiser Request Form is

completed and approved by the principal and FS and a copy is held in the FS's office until the fundraiser has concluded. All fundraising monies are deposited with Form 280-34 into the appropriate account. After the fundraising event has concluded, all records pertaining to the fundraising event will be turned in along with the Fundraiser Completion form which is given to the principal and FS for signature

Finding

- 3.) 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.

Action

- Monthly reminder is sent via email to all staff that all field trips must be approved by Mr. Edgar at least 4 weeks prior to the date of the field trip. No funds from students will be collected until this calendar approval has taken place. Field trip packets with all necessary forms (calendar approval, trip planning & cost estimates, charter bus list, cafeteria, health room, parent financial responsibility, parent approval, field trip accounting) are available in wall file outside FS's office. All monies are deposited with Form 280-34 into the appropriate account. All disbursements are made from this account when Form 280-54 is submitted.

Finding

- 4.) Expenditures must be approved by the principal prior to procurement.

Action

- Monthly reminder at staff meetings and via email to all staff that if a purchase needs to be made it must be preapproved with Form 280-54. All teachers must have their department heads complete the 280-54 and submit to FS for funds availability and approval. After purchase is made and received, FS collects and attaches all receipts/invoices to Form 280-54.
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Finding

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

Action

- All tickets are kept in the locked file drawer in the FS's office. FS prepares the Ticket and Cash Report Form 280-50 prior to the ticketed event. Prior to the event starting, a check is written to the admissions manager to cash from the event's account to have on hand for a change fund. The admissions manager verifies the beginning ticket number from the roll of tickets. Admissions manager is given the cash box with change fund inside. The admissions manager completes Form 280-50 along with Form 280-34 after the ticketed event and

returns these forms with all monies and unused tickets to the FS. The FS verifies the tickets returned and the cash received and signs off on Form 280-50 as the Ticket Controller and Report Auditor. The FS prints out a receipt for the admissions manager and deposits all monies to the event account.

RWD:dw

Copy to:
MCPS Internal Audit Office