


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

August 30, 2013

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  
October 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 discussion on August 27, 2013, with you, and Mrs. Denia Ramos, financial specialist, we reviewed the status of the conditions described in our prior audit report dated January 3, 2012, and noted the progress made such as prior approval being obtained for most purchases and having supporting documentation for purchase card transactions on file. It should be noted that Mrs. Ramos assumed the duties of her position on August 5, 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

Cash and checks collected by sponsors and others for IAF activities should be remitted promptly and intact to the financial specialist. These receipts must be deposited promptly, and all receipts must be deposited on the last working day of each month and before each weekend or holiday (see MCPS Financial Manual, p.7-4). Some sponsors held fees collected rather than remitting them to the financial specialist on a daily basis. In addition, ticket sales receipts from a dance were held for an

extended period of time and were short of the amount expected. The shortage may have resulted from expenses having been paid out of the cash collected. In our sample, we noted a deposit that was not made before the last working day of the month. To minimize the risk of loss, all funds collected should be remitted and deposited daily, and any expenses related to the activity paid separately. We recommend staff be encouraged to submit cash and checks collected for IAF activities to the financial specialist for prompt deposit in accordance with MCPS policy and procedures.

MCPS employees may not participate in a recommendation or decision on behalf of the school system in any matter which would have a direct financial impact on them (see MCPS Policy BBB, *Ethics*). In addition, employees may not tutor students who attend the school at which they work (see MCPS Regulation GCA-RA, *Employee Conflict of Interest*). We found that one of your staff has an affiliation with a company that was paid by your school to provide tutoring. We recommend that you review the above policy with staff and seek advice in accordance with the guidance provided.

#### Summary of Recommendations

- Funds collected must be promptly remitted intact by sponsors to the financial specialist and promptly deposited in the bank; and
- Conflict of interest guidance found in BOE Policy BBB and MCPS Regulation GCA-RA should be followed.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff, especially the former financial specialist, Mrs. Deanne Weiler. 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:VAD:sd

#### Copy to:

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



October 31, 2013

**MEMORANDUM**

**To:** Dr. Darryl Williams, Associate 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 October 1, 2011 through May 31, 2013. 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.) Cash and checks collected by sponsors and others for IAF activities should be remitted promptly and intact to the financial specialist.

*Action*

- All sponsors and others responsible for receipt collection will be reminded regularly via writing and Outlook email. The financial specialist and principal will regularly review the collection and remittance of sponsor receipts and provide sponsors with prompt and specific feedback about their responsibility and participation in this process. Processes to provide sponsors feedback on their actions related to collection and remittance of receipts will be adjusted based on the actions of specific staff. As a result, the financial specialist will be able to make daily deposits of monies collected by sponsors with Argyle's banking associate.

*Finding*

- 2.) Conflict of Interest guidance found in BOE Policy BBB and MCPS Regulation GCA-RA should be followed.

*Action*

- As the primary fiduciary agent of Argyle Middle School, I did not agree with the merits of this finding nor the evidence and explanation provided thereof. Actions have nonetheless been taken to address the appearance of a conflict of interest. A current Argyle staff member who also works as a paid employee of the George B. Thomas Learning Academy at the Wheaton High School site was coordinating Argyle's efforts to increase the number of students regularly attending ALL of the GBTLA Saturday School sites during the 2012-2013 school year. This outreach to increase student participation and our direct support of their academic success included GBTLA scholarships for students who had financial hardships.
- This staff member is no longer responsible for recruiting students in our effort to increase enrollment at the GBTLA Saturday School sites.

Rd

Copy to:  
MCPS Internal Audit Office