


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

December 4, 2015

MEMORANDUM

To: Mr. James K. Allrich, Principal
Argyle Middle School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
March 1, 2015, through August 31, 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 November 24, 2015, with you, and Mrs. Denia Moreno, financial specialist, we reviewed the status of the conditions described in our prior audit report dated April 9, 2015, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2015. 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

Use of the MCPS purchasing card must be in accordance with the requirements of the MCPS *Purchasing Card Users Guide*. By the fifth of the following month, cardholders must use the

online reconciliation program to identify, describe, and review transactions. Monthly statements must be printed and provided to the principal, with all purchase receipts and invoices attached. The principal must review each cardholder's transactions and approve them by the tenth of the following month, using the online reconciliation program. Transactions on the principal's cards are to be reviewed and approved by the associate superintendent. We found that some cardholders had not promptly prepared their monthly statements, provided their purchase receipts, or reviewed their transactions in the online reconciliation program. We also found that the former principal had not approved all transactions online. In addition, we found that while the financial specialist was on leave, a former administrator and a temporary employee had used her card to make several purchases. Each MCPS purchasing card bears the employee's name and may be used only by that employee to make authorized purchases for MCPS. Action is needed to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Cash and checks collected for IAF activities by sponsors and other authorized individuals must be remitted with MCPS Form 280-34, *Remittance Slip*, to the financial specialist on the day the funds are received. We found instances in which persons collecting funds were holding rather than remitting them timely to the financial specialist. We recommend that all staff who collect funds for school activities be reminded of remittance requirements (see MCPS Financial Manual p. 7-4).

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. A completion report for an activity involving the sale of items should include the total number of items for sale and cost of each, selling prices, and any remaining inventories to determine whether all sums collected were remitted to the financial specialist. Although the sponsor of a T-shirt fund-raiser submitted a fund-raiser request form for your approval to conduct an activity, a completion report was not submitted at the conclusion of the activity so that results could be evaluated. Also, the sponsor submitted receipts for only 41 of the 59 shirts ordered but did not include an inventory report to account for the remaining shirts. Following internal control procedures provides for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion of the activity.

Sponsors of field trips should have a complete class or club roster of student names and annotate how much each student paid, students who did not participate in the trip, and students who received waivers, scholarships or reduced fees. This data should be turned in to the business office at the completion of each trip, and compared to remittances recorded in the trip account history report. The data should also be used to estimate future trips. Although the sponsors are now submitting comprehensive fee collection records at the conclusion of trips for analysis by the financial specialist, we found that they did not always respond to the financial specialist's inquiries to resolve discrepancies. We also found instances where the sponsor's comprehensive records indicated that students had paid, but the sponsor's remittance forms did not include these payments. We recommend that sponsors be reminded of their responsibilities and that comprehensive final data must agree with individual remittances recorded in activity accounts (see MCPS Financial Manual, p. 20-10).

Summary of Recommendations

- Purchase card activity must comply with the MCPS *Purchasing Card User's Guide*;
- Funds collected by staff members must be promptly remitted with MCPS Form 280-34 to the financial specialist;
- Fund-raising must conform to *Guidelines for Sponsoring an IAF Fund Raiser*; and
- Field trip records prepared by sponsors providing comprehensive data for all students eligible to participate must reconcile to the funds remitted to the financial specialist.

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. Eric Minus, director of secondary 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
Dr. Williams
Mrs. Chen
Mrs. DeGraba
Mrs. Milwit
Dr. Minus

Fiscal Management Action Plan

School: Argyle Middle School

Principal: James Allrich

Approved by associate superintendent:

Date of approval: 1/2/15

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
1.) Purchase card activity must comply with the MCPS <i>Purchasing Card User's Guide</i>	<ul style="list-style-type: none"> The financial specialist and principal will set up training time with all cardholders. The financial specialist and principal will review procedures on online reconciliation to identify and review transactions. The financial specialist and principal will review and approve transactions, for every cardholder, in our weekly meeting. The financial specialist and principal will ensure that fundraiser sponsors take full responsibility for all aspects of fundraising accounting and monitoring. The financial specialist and principal will continue setting up meeting with staff to remind procedures and where to locate remittance forms The financial specialist and principal will review fundraising protocol at staff meetings, including completion report, inventory report, remittance, and how to analyze results 	For now on moving forward. Staff training scheduled for February 8 th	Statement and receipts will be submitted to the financial office and signed by the principal. Timely review and approval of online transitions by principal
2.) Funds collected by staff members must be promptly remitted with MCPS Form 280-34 to the financial specialist;	<ul style="list-style-type: none"> The financial specialist and principal will review fundraising protocol at staff meetings, including completion report, inventory report, remittance, and how to analyze results 	For now on moving forward. Staff training scheduled for February 8 th	Completed MCPS form 280-34 submitted within 1 business day of event
3.) Fund-raising must conform to <i>Guidelines for Sponsoring an IAF Fund Raiser</i>	<ul style="list-style-type: none"> All fundraising requests will be approved by the principal in conjunction with the financial specialist. 	For now on moving forward. Staff training scheduled for February 8 th	Fund-raising completion report will be submitted to financial specialist office within 5 business days

<p>4.) Field trip records prepared by sponsors providing comprehensive data for all students eligible to participate must reconcile to the funds remitted to the financial specialist</p>	<ul style="list-style-type: none"> • The financial specialist and principal will review field trip protocols at team meeting and/or during staff meetings. • The financial specialist will email and copy principal to ensure that field trip sponsors and participating teachers provide a final field trip accounting form (attach to email) and any other required and needed forms. • The financial specialist and principal will continue training staff on field trip procedures and protocols. 	<p>For now on moving forward. Staff training scheduled for February 8th</p>	<p>Field Trip accounting form will be submitted to financial specialist office within 5 business days</p>
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Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, Room 11.