


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

May 8, 2013

MEMORANDUM

To: Dr. Edgar E. Malker, Principal  
Montgomery Village Middle School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
September 1, 2011, through March 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 meeting on May 2, 2013, with you, and Mrs. Audry Patton, financial specialist, we reviewed the status of the conditions described in our prior audit report dated November 22, 2011. We were pleased to note that previously identified control weaknesses have been strengthened, but that continued action is needed in some areas described below. 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

While we commend you for progress made, we noted that during our review of disbursements, many invoices submitted for payment had not been marked by the recipient to indicate

satisfactory delivery of goods or services. This process ensures that goods or services have been delivered in the quantity and quality required (see MCPS Financial Manual p. 20-5).

We previously reported instances in which sponsors had collected funds for a variety of activities but had held them, rather than promptly remitting them to the financial specialist. In our analysis of receipts, we again found instances in which funds were being held, rather than promptly remitted. Funds collected by staff should be remitted on a daily basis. We recommend all staff be required to follow procedures as specified in the MCPS Financial Manual page 7-3.

#### Summary of Recommendations

- Invoices submitted for payment must be marked to certify the satisfactory receipt of goods or services (repeat); and
- Staff must be instructed to promptly remit all funds collected to the financial specialist (repeat).

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, community superintendent. The Office of School Support and Improvement will follow up on this audit.

RWP:LS:sd

Copy to:

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



Fiscal Management Action Plan as of May 8, 2013

School: Montgomery Village Middle School

Principal: Dr. Edgar E. Malker - 

Approved by Community Superintendent: Dr. Darryl L. Williams - \_\_\_\_\_

Date of Approval: \_\_\_\_\_

| Findings and Recommendations of School's Financial Report  | Description of Resolution And Person(s) Responsible  | Timeline  | Evidence of Completion  |
|--|--|---|---|
| <p><b>Finding:</b></p> <ul style="list-style-type: none"> <li>Many invoices submitted for payment had not been marked by the recipient to indicate satisfactory delivery of goods and services.</li> </ul> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>Invoices submitted for payment must be marked to certify the satisfactory receipt of goods or services (<i>repeat</i>). This process ensures that goods or services have been delivered in the quantity and quality required (<i>see MCPS Financial Manual, p. 20-5</i>).</li> </ul> | <ul style="list-style-type: none"> <li>Financial Specialist will continue to prepare all appropriate documentation for Principal to review and approve all orders and disbursements for payments of goods and services.</li> <li>Financial Specialist in conjunction with Administrative Secretary and Building Services will develop a system to ensure proper checks and balances are in place for received goods and services (inventory items).</li> <li>Financial Specialist will follow up with appropriate staff members regarding items received/delivered in terms of based quantity and quality. If items do not meet standard, Financial Specialist with follow-up with Principal as needed.</li> </ul> | <ul style="list-style-type: none"> <li>May 2013 – ongoing</li> <li>August and January of each year (or as needed).</li> </ul> | <ul style="list-style-type: none"> <li>Financial Specialist will send an email reminder that goods and services have been received and that the invoice and/or packing slip needs to be signed and returned to the Financial Office.</li> <li>Signed logs, etc.</li> </ul>  |
| <p><b>Finding:</b></p> <ul style="list-style-type: none"> <li>There were instances wherein sponsors had collected funds for a variety of activities but had held them, rather than promptly remitting them to the financial specialist. Funds collected by staff should be remitted on a daily basis.</li> </ul> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>Staff must be instructed to promptly remit all funds collected to the financial</li> </ul>   | <ul style="list-style-type: none"> <li>Financial Specialist will remind sponsor at the start of the school year as well as at the start of each fund-collecting event of the importance of prompt deposits. Financial Specialist will deposit funds to bank promptly (or on a daily basis).</li> <li>Principal and Financial Specialist will remind staff of this requirement at August (pre-service) and January staff meetings as well as acclimation process for new sponsor.</li> </ul>  | <ul style="list-style-type: none"> <li>May 2013 – ongoing</li> <li>August and January of each year (or as needed).</li> </ul> | <ul style="list-style-type: none"> <li>Financial Specialist will create and maintain sign-in log with signatures. Initial meeting sign-in log with sponsor accompanied by email reminder filed in log.</li> <li>Dates on collection forms, remittance forms, and deposit slips.</li> <li>Meeting agendas and sign-in logs.</li> </ul> |

specialist (repeat). We recommend all staff be required to follow procedures as specified in the MCPS Financial Manual, Page 7-3.

*Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, Room 11.*