


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

May 17, 2012

MEMORANDUM

To: Dr. Benjamin T. OuYang, Principal
Parkland Magnet Middle School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
October 1, 2009, through February 29, 2012

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 designated 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 May 15, 2012, with you and Dr. Christopher Garran, community superintendent, we reviewed conditions described in our previous report dated January 15, 2010, and the status of present conditions. As noted below, we found material weaknesses in processes designed to ensure proper protection and use of school funds.

Findings and Recommendations

MCPS Financial Manual, Chapter 7: *Cash Control of School Funds*, and Chapter 20: *Independent Activity Funds* contain detailed procedures to ensure all funds due to a school are protected from loss or theft, and ensure that all MCPS policies and regulations are followed. Our review of the financial and other records at your school indicates that important control processes are not being followed. For example, we found the following:

- Important safeguards for the remittance, receipting and depositing of funds were largely ignored;
- Requirements for keeping accounting records and preparing of monthly reports are not being adhered to;
- Requirement for preparation of monthly sponsor reports were ignored;
- The required independent bank reconciliation was not being prepared;
- Requirements for keeping financial records for field trips were not adhered to; and
- Procedures for controlling admission receipts were not followed.

Although we normally make recommendations to address specific weaknesses we find during our review of IAF funds, we believe the systemic weaknesses in this situation requires an effort to reestablish all of the required internal control processes by whatever means available to you.

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

RWP:MJB:sd

Copy to:

Mr. Bowers
Dr. Lacey
Mr. Talley
Dr. Garran
Mrs. DeGraba
Mrs. Milwit
Mr. Doody



Fiscal Management Action Plan

School: Parkland Magnet Middle Principal: Benjamin T. OuYang, Ph.D.

Approved by community superintendent:  Date of approval: 6/20/12

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p>Important safeguards for the remittance, receipting and depositing of funds were largely ignored</p>	<p>The principal reviews bank statements for daily deposits and positive balances.</p> <p>The principal checks deposits infrequent or large.</p> <p>Each staff member is given a remittance slip for money asked to be deposited</p>	<p>monthly</p>	<p>Signed bank statements from the principal</p> <p>The deposits are randomly checked with deposit slips</p> <p>Monthly sponsor reports are checked with recent activity</p> <p>Inservice for staff at preservice training on monthly sponsor reports scheduled</p>
<p>Requirements for keeping accounting records and preparing of monthly reports are not being adhered to</p>	<p>Monthly sponsor reports are now being issued with those that have new activity.</p> <p>The principal and principal's secretary review sign and date American Express summary reports</p>	<p>monthly</p>	<p>Dr. Garran has already approved of the last American Express report</p>
<p>Requirement for preparation of monthly sponsor reports were ignored</p>	<p>Monthly sponsor reports are now being issued. For next year, the financial secretary and principal will be scanning for sequential list of activity transfers</p>	<p>Monthly</p>	<p>This is still a work in progress because of old funds not assigned to certain sponsor accounts. MJ is working on this problem by comparing bank statements</p>
<p>The required independent bank reconciliation report was not being prepared</p>	<p>The principal's secretary has been assigned to complete the manual bank reconciliation report</p>	<p>Monthly</p>	
<p>Requirements for keeping financial records for field trips were not adhered to</p>	<p>Staff members are given a report of their financial monthly sponsor report and compare it to the spreadsheet made of their deposits</p> <p>Sponsors and Ms. Wan provide comprehensive data to the financial specialists to account for all students eligible to participate and amount each paid (full cost, scholarship, didn't go on the trip).</p>	<p>TBD on an event by event basis</p>	<p>After the most recent field trip, Ms. Wan also sent the sponsors a record of funds collected to check with their deposit slips.</p>

Procedures for controlling admission receipts were not followed	Tickets are now numbered and a balance is maintained with receipts given for deposits Admission events must be conducted in accordance with MCPS Regulation DMB-RA.	TBD on an event by event basis	Tickets for the musical all had numbers on them and were checked with the cash that was collected. The admission manager was Mr. Bergmann and the ticket controller was Ms. Fagan.

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