


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

December 19, 2016

MEMORANDUM

To: Mrs. Khanny Yang, Principal  
Parkland Middle School

From: Roger W. Pisha, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Independent Activity Funds for the Period  
June 1, 2015, through October 31, 2016

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 the IAFs are administered in accordance with MCPS policies, regulations, and procedures.

The 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 the 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 December 12, 2016, with you and Mrs. Celia D. Chavez-Franco, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated June 29, 2015, and the status of present conditions. 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 improvements in controls over disbursements were noteworthy, we again found that invoices or packing slips for goods and services were not consistently marked by the recipient to certify that goods or services were received in satisfactory quantity or quality. We recommend a check not be issued until the recipient of goods or services certifies satisfactory receipt (refer to *MCPS Financial Manual*, chapter 20, page 4).

During our review of purchases, we found the school had acquired two, 3-dimensional printers. All equipment acquired by a school whether by gift or by purchase becomes the property of MCPS (refer to *MCPS Financial Manual*, chapter 20, page 16). MCPS Regulation EDC-RA, *Furniture and Equipment*, provides guidance for adjusting the school inventory to account for property acquisitions and disposals. We recommend appropriate staff become familiar with compliance of property control procedures.

Yearbook sponsors are required to keep detailed records of the number of books sold, the price charged, and the number of books distributed free of charge (refer to *MCPS Financial Manual*, chapter 20, page 14). The records kept by the yearbook sponsor did not enable us to reconcile the number of books purchased with the number sold, given free, and the remaining inventory. Therefore, we were unable to determine that all funds generated from this activity had been remitted. We recommend that the yearbook sponsor be counseled and assisted with the record-keeping required for this activity and that the reconciliation be verified by the school financial specialist.

We also found that although field trip sponsors were compiling fee information on funds collected, the completed trip information was not being reconciled to assure all funds collected were recorded in the account history report for the trip. We recommend that field trip financial records submitted by sponsors be reconciled to account reports (refer to *MCPS Financial Manual*, chapter 20, page 10).

#### Summary of Recommendations

- Receipt of goods or services should be notated on documentation supporting purchases (**repeat**).
- Equipment purchased by the school must be added to the property inventory.
- Yearbook sponsor records must account for the number of books purchased, sold, distributed at no cost, and ending inventory.
- The school financial specialist must reconcile field trip data provided by sponsors with account reports.

Other matters were discussed and satisfactorily resolved. We appreciate 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 Unit within 30 calendar days of this report, with a copy to Dr. Eric L. Minus, director of school support and improvement of middle schools. In your response, please share a detailed plan for addressing these issues including appropriate staff training and support. The Office of School Support and Improvement will follow up on this audit.

RWP:LAS:lsh

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Dr. Johnson

Mr. Civin

Dr. Williams

Mrs. Camp

Mrs. Chen

Ms. Diamond

Dr. Minus

Mr. Tallur

Mr. Ikheloa



## Fiscal Management Action Plan

School: Parkland Magnet Middle School  
 Associate Superintendent: Dr. Daryl Williams

Principal: Khanny Yang  
 Director: Dr. Eric Minus

Approved by: 

Date of approval: 1/17/17

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Receipt of goods or services should be notated on documentation supporting purchases (repeat)	Ms. Chavez-Franco will have all staff notate and document receipt of goods and services to support purchases they have made.	Throughout the school year.	Notation documented on all purchases made.
Equipment purchased by the school much be added to the property inventory.	Ms. Chavez-Franco requested and received inventory barcode stickers. These were affixed on the two printers purchased.	Throughout the school year.	Purchased equipment will be inventoried and barcoded accordingly (DMMS and/or media center)
Yearbook sponsor records must account for the number of books purchased, sold, distributed at no cost, and ending inventory.	The yearbook sponsor will use the report sales yearbook form, received by the auditor.	At the end of the school year when yearbooks are being purchased and distributed.	The yearbook sponsor will provide documentation for all year books that are purchased, sold, distributed at no cost, and ending inventory.
The school financial specialist must reconcile field trip data provided by sponsors with account reports	Ms. Chavez- Franco will reconcile field trip data provided by sponsors with account reports	Throughout the school year for every field trip	Ms. Chavez-Franco will reconcile all field trip data provided by sponsors with account reports.
Training during pre-service and at the January staff meeting will be conducted to review the audit findings and upgraded financial processes/procedures to resolve audit findings.	Training provided to all staff to review the financial audit findings and upgraded processes and procedures for field trips and receipt of goods to resolve audit findings.	Pre-Service and January staff meeting	Staff meeting agendas with the financial specialist to review the processes and procedures for field trips and documentation of the receipt of goods.

Note: A copy of the approved plan is to be sent to the Internal Audit Office, URSC Germantown, MD