


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

April 6, 2016

MEMORANDUM

To: Mr. Everett M. Davis, Principal  
Redland Middle School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
June 1, 2014, through February 29, 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 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 April 4, 2016, with you and Mrs. Barbara Dorsey, financial specialist, we reviewed the status of the conditions described in our prior audit report dated July 1, 2014, 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

During our meeting, we commented on improvements made in controls over purchases but noted that additional improvements are needed. In our sample of disbursements, we noted instances in which invoices or packing slips had not been notated by recipients of goods to verify items had

been satisfactorily received. We also noted purchases that had been recorded in the general account that should have been recorded in accounts which have annual limits so that authorized spending could be monitored. We further noted an instance in which merchandise purchased had been delivered to the sponsor's home address, and instances in which purchases were incorrectly recorded in commission accounts for items not related to the production of the commissions. Action is needed to bring controls over purchases into compliance with chapter 20 of the MCPS Financial Manual.

#### Summary of Recommendations

- Purchaser must confirm receipt of goods or services prior to disbursement;
- Accounting transactions must conform to the IAF chart of accounts; and
- Merchandise purchased with IAF must be delivered to the MCPS warehouse or school.

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. Michael Zarchin, director of middle schools. The Office of School Support and Improvement will follow up on this audit.

RWP:LS:sd

Copy to:

Dr. Zuckerman  
Dr. Statham  
Dr. Navarro  
Dr. Williams  
Mrs. Chen  
Mrs. DeGraba  
Mrs. Milwit  
Dr. Zarchin

**Fiscal Management Action Plan**

**School:** Redland Middle School

**Principal:** Everett Davis

**Approved by associate superintendent:** \_\_\_\_\_

**Date of approval:** \_\_\_\_\_

<b>Findings and Recommendations of School's Financial Report</b>	<b>Description of Resolution And Person(s) Responsible</b>	<b>Timeline</b>	<b>Evidence of Completion</b>
Purchaser must confirm receipt of goods/services prior to disbursement	Review procedures with sponsors/staff responsible	Completed & will review again at the new school year	Meeting notes Staff Meeting
Accounting transactions must conform to the IAF chart of accounts	Review procedure with financial specialist	Completed & will review again at the new school year	Meeting notes Monthly meeting with financial assistant
Merchandise purchased with IAF must be delivered to the MCPS warehouse or school	Review procedures with sponsors, specifically the individual cited	Completed & will review again at the new school year	Phone call Staff Meeting