


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

January 27, 2015

MEMORANDUM

To: Dr. Joan Benz, Principal
Winston Churchill High School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
September 1, 2013, through December 31, 2014

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 January 22, 2015, with you, Ms. Lisa Wellek, business administrator, and Mrs. Lynn Besch, financial specialist, we reviewed the status of the conditions described in our prior audit report dated January 24, 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

MCPS Form 281-53, *Restricted IAF Purchases*, specifies what type of purchases require chief operating officer (COO) approval to commit IAF funds. During our review of disbursements, we again found that prior written approval of the COO was not always on file for contracts greater

than \$7,499 and other procurements of \$7,500 or more. Also, the Procurement Unit did not negotiate the purchase of used equipment (see MCPS Procurement Manual, p. 22). We recommend use of Form 281-53 when appropriate to ensure compliance with MCPS procurement requirements. To attain appropriate approval and control, we further recommend any purchase of equipment be coordinated with the MCPS Procurement Unit and any contract for field maintenance be secured through an MCPS purchase order (see MCPS Financial Manual, p. 20-7).

All equipment acquired by a school whether by gift or by purchase becomes the property of MCPS (see MCPS Financial Manual, p. 20-15). MCPS Regulation EDC-RA, *Control of Furniture and Equipment Inventory*, provides guidance for adjusting the school inventory to account for property acquisitions and disposals. We again found several items of equipment were acquired using IAF that were not added to the MCPS inventory and affixed with barcodes. We recommend appropriate staff become familiar with property control compliance procedures.

Fund-raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund-Raiser*. Although sponsors are submitting a fund-raiser request form for your approval to conduct an activity, they are not always submitting a completion report that indicated items available for sale so that results could be evaluated. 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. 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 to annotate the amount each student paid, date paid, eligible students who did not participate in the trip, and students who received waivers, scholarships or reduced fees. This data should be provided to the financial agent at the completion of each trip, and compared to remittances recorded in the trip account history report. We found that not all sponsors are providing completed data at the conclusion of each trip, and that data is not being reconciled to the final account history report. We recommend trip sponsors use MCPS Form 280-41, *Field Trip Accounting*, or its equivalent, for recording of trip fees and provide complete data at the completion of each trip (see MCPS Financial Manual, p. 20-10).

Summary of Recommendations

- Obtain COO approval for purchases over \$7,500, and Procurement Unit coordination for purchase of used equipment (repeat);
- Furniture and equipment control must comply with MCPS Regulation EDC-RA (repeat);

- Fund-raiser completion reports prepared by sponsors must provide sufficient information to analyze results; and
- Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate, and to reconcile funds collected with costs of the trip.

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 S. Garran, associate superintendent of high schools. The Office of School Support and Improvement will follow up on this audit.

RWP:MJB:sd

Copy to:


Mr. Bowers
Dr. Navarro
Dr. Statham
Mr. Sanderson
Dr. Garran
Mrs. DeGraba
Mrs. Milwit
Mrs. Chen

Winston Churchill High School

11300 Gainsborough Road
Potomac, Maryland 20854
301-469-1211

January 28, 2015

To: Dr. Christopher S. Garran, Associate Superintendent of High Schools

From: Dr. Joan C. Benz, Principal 

Subject: Response to the Report on Audit of Independent Activity Funds for the Period
September 1, 2013, through December 31, 2014

This response addresses matters raised in the Report on Audit of Independent Activity Funds for the Period September 1, 2013, through December 31, 2014. We appreciated the opportunity to meet with the team representing the Department of Reporting and Regulatory Accountability. Please find the report as follows:

All findings have been addressed either while the Auditors were here or immediately afterwards.

Obtain COO approval for purchases over \$7500, and Procurement Unit coordination for purchase of used equipment. All purchases over \$7500 and used equipment purchases will be reviewed by the School Business Administrator and forwarded to the COO for approval. Once approved, documentation will be attached to purchase as support.

Furniture and equipment control must comply with MCPS Regulation EDC-RA. New items are being purchased through FMS, which automatically barcodes the necessary items and updates the school inventory. Non-FMS purchases that need to be added to the school inventory will be forwarded to Supply and Property Management upon receipt of items to ensure compliance with regulation.

Fund-raiser completion reports prepared by sponsors must provide sufficient information to analyze results. Sponsors have been instructed to submit fundraiser completion reports with accurate analysis information. SBA reviews and discusses analysis with sponsor when submitted.

Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate, and reconciles funds collected with the cost of the trip. Sponsors have been instructed to use Field Trip spreadsheet provided by the Business Office. Field trip records are reconciled by SBA to ensure funds collected match costs of trip.

Fiscal Management Action Plan

School: Winston Churchill High School

Principal: Dr. Joan C. Benz

Approved by associate superintendent: 

Date of approval: 1/29/15

| Findings and Recommendations of School's Financial Report | Description of Resolution And Person(s) Responsible | Timeline | Evidence of Completion |
|--|---|--|--|
| Obtain COO approval for purchases over \$7500, and Procurement Unit coordination for purchase of used equipment | All purchases over \$7500 and used equipment are reviewed by the School Business Administrator and forwarded to the COO for approval. School Financial Specialist will verify before payment is generated. | On-going, as needed | COO approved purchases are attached in support documentation on file in Business Office. |
| Furniture and equipment control must comply with MCPS Regulation EDC-RA | Most equipment and furniture are now being purchased through FMS, which automatically barcodes items and updates inventory. Non-FMS items will be forwarded to Supply and Property Management upon receipt of items. This will be done by SBA, and ITSS depending on the item. | On-going, as needed | More accurate inventory. |
| Fund-raiser completion reports prepared by sponsors must provide sufficient information to analyze results. | Sponsors have been instructed to submit the fundraiser completion report with analysis within 14 days of the close of fundraiser. Reminder notices will be sent by SFS and SBA to sponsor if not compliant. Requests for future fundraisers, or renewal of stipend position, will be denied for sponsors that remain non-compliant. | With 14 days of fundraiser completion. | Properly filled out fundraiser completion reports. |
| Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate, and reconciles funds collected with the cost of the trip. | Sponsors have been instructed to use the Field Trip spreadsheet provided by the Business Office. Field trip records are reconciled by SBA to ensure fund collected match costs of trip. | Within 14 days of the field trip. | Proper Documentation will be kept on file in the Business Office. |

Note: A copy of the approved plan is to be sent to the Internal Audit Office, URSC suite 3380

Reviewed
Joan C. Benz
 1-28-15
EdMunk