


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

January 31, 2022

MEMORANDUM

To: Dr. Joe L. Rubens Jr., Principal
John F. Kennedy High School

From: Mary J. Bergstresser, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2020, through October 31, 2021

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. School 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 fund-raisers. They are responsible for ensuring that the IAFs are administered in accordance with Board of Education policies and MCPS regulations and procedures.

The IAF audits are conducted regularly to evaluate compliance with 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 any significant errors or omissions in the financial records are detected.

At our January 25, 2022, meeting with you; and Mrs. Ingrid G. Higgins, school business administrator, we reviewed the prior audit report dated February 20, 2020, and the status of present conditions. It should be noted that Mrs. Higgins assignment as the school business administrator was effective July 26, 2021. 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

A memorandum is issued annually with guidelines for management and accounting of external exam fees paid for students who are eligible for waivers and fee reductions. We found a lack of adherence to these guidelines. We found numerous errors in recording transactions so that account information needed for the reconciliation of activities was unreliable. The monitoring spreadsheet

used by the school financial agent did not meet MCPS requirements, and we were unable to reconcile amounts collected from students paying full price, and receiving partial hardship waivers, to actual receipts. We recommend that you work with staff to ensure that procedures are in place to effectively manage external exam activities, to ensure that all fees are accurate and well documented, and the account can be reconciled to the account history report.

Notice of Findings and Recommendations

- The exam coordinator must maintain accurate student fee collection records and submit them to financial staff for reconciliation to the general ledger.

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*, using the attached action plan, please provide a written response to the Internal Audit Unit within 30 calendar days of this report. In your response, please share a detailed plan for addressing these issues, including appropriate staff training and support.

Prior to returning your completed audit action plan, please contact Dr. Sarah E. Sirgo, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Dr. Sirgo will indicate whether she will conduct an electronic review of your action plan or schedule a time to meet in person with you and your school financial specialist to support you with developing a well-defined plan to address the findings.

MJB:BK:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. D'Andrea

Dr. Dawson

Ms. Reuben

Mrs. Williams

Dr. Dyson

Mr. Reilly

Mrs. Chen

Mrs. Eader

Mr. Klausling

Mrs. Ripoli

Dr. Sirgo

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

| | |
|--|-----------------------|
| Report Date: | Fiscal Year: |
| School: | Principal: |
| OTLS Associate Superintendent: | OTLS Director: |
| <p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period _____, strategic improvements are required in the following business processes :</p> | |

| Action Steps | Person(s) Responsible | Resources Needed | Monitoring Tools / Data Points | Monitoring: Who & When | Results/Evidence |
|---------------------|------------------------------|-------------------------|---------------------------------------|-----------------------------------|-------------------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

| Action Steps | Person(s) Responsible | Resources Needed | Monitoring Tools / Data Points | Monitoring: Who & When | Results/Evidence |
|--------------|-----------------------|------------------|--------------------------------|------------------------|------------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

| OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL | |
|--|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Please revise and resubmit plan by _____ |
| Comments: _____ _____ | |
| Director: <u> Sarah Sirgo </u> | Date: _____ |