


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

April 14, 2016

MEMORANDUM

To: Mr. Alton E. Sumner, Principal  
North Bethesda Middle School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
July 1, 2013, through November 30, 2015

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 13, 2016, with you and Mrs. Julie Johnson, financial specialist, we reviewed the status of the conditions described in our prior audit report dated August 19, 2013, 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

Cash and checks collected by sponsors and others for IAF activities should be remitted promptly and intact to the financial specialist. These receipts must be deposited promptly, and all receipts must be deposited before each weekend or holiday (see MCPS Financial Manual, p.7-4). As

previously reported, some sponsors continued to hold fees collected rather than remitting them to the financial specialist on a daily basis. In addition, some expenses were paid out of collected funds, rather than being remitted and a separate reimbursement check requested. We also noted that the financial specialist was not always making deposits before each weekend or holiday. To minimize the risk of loss, all funds collected should be remitted daily. We recommend staff be encouraged to submit all cash and checks collected for IAF activities to the financial specialist for prompt deposit in accordance with MCPS policy and procedures.

MCPS Regulation DMB-RA, *Control of Admission Receipts*, provides procedures for the accounting for sales of admission tickets. We again found these procedures were not always followed. The unsold custom printed tickets for a multi-performance event were not retained for audit, and funds were collected at the door for one of these performances without issuing tickets because the admission manager ran out of tickets. We recommend that admission to all events be controlled in accordance with the above cited regulation.

#### Summary of Recommendations

- Cash control of school funds must be in accordance with chapter 7 of the MCPS Financial Manual (repeat); and
- Admission events must be conducted in accordance with MCPS Regulation DMB-RA (repeat).

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff, especially Mrs. Johnson. 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:VAD:sd

#### Copy to:

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

Fiscal Management Action Plan

School: North Bethesda Middle School

Principal: Alton E. Sumner

Approved by associate superintendent: 

Date of approval: 4-29-16

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Cash control of school funds must be in accordance with chapter 7 of the MCPS Financial Manual (repeat)	The financial specialist has sent all sponsors a reminder to remit deposits daily and that no funds may be spent from collected funds before they have been deposited to the IAF account. This will be emphasized with each sponsor at the outset of each activity and at each August Finance Matters presentation.	4/15/16	Email attached.
Admissions events must be conducted in accordance with MCPS Regulation DMB-RA (repeat)	The financial specialist will ensure that no funds are held over weekends or holidays. The financial specialist will retain all leftover custom printed tickets until the next audit. The financial specialist will issue a roll of generic tickets to the drama sponsor to be used in the event that they sell out of the custom tickets.	Ongoing  Ongoing  May 2016 and ongoing  May 2016 and ongoing	August Finance Matters presentation outline  Extra tickets will be stored in the safe with generic MCPS tickets.

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

**Johnson, Julie E**

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**From:** Johnson, Julie E  
**Sent:** Friday, April 15, 2016 10:11 AM  
**To:** Kling, Eric J; Green, Derrick M; Kaiser, Amanda E; Earenfight, Richard H; Martin, Susan B; Cooper, Jennifer K; McFeaters, Jason S; Hepburn, Monica L; McQuaid, Julie J; Nicolas, Monica L; Rice, Ashley B; Werbeck, Daniel E; Kennedy, Teresa M; Hafer, Christine C; Green, Derrick M  
**Cc:** Sumner, Alton E  
**Subject:** Reminder: All funds must be remitted daily

**All Sponsors of Field Trips, Fundraisers, and Other Activities:**

Thank you all for your hard work in running field trips, sponsoring afterschool activities and fundraisers, and tracking library obligations. Thanks to your efforts and careful planning, our students have many exciting enrichments in their school lives. Many of those activities involve collecting funds and you are all excellent at keeping careful records. I know it is time-consuming to do it right – but you do! Thank you!

The results of our recent Financial Audit remind us that all sponsors handling school funds must make every effort to remit collected funds daily. Funds should not be held overnight and must never be held over a weekend or holiday. Thank you for your efforts to always bring collected funds on a daily basis.

Julie

Julie E. Johnson  
School Financial Specialist  
North Bethesda Middle School  
301-897-2266