


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

February 28, 2014

MEMORANDUM

To: Mrs. Monifa B. McKnight, Principal  
Ridgeview Middle School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
May 1, 2012, through December 31, 2013

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 February 20, 2014, with you, and Mrs. Debra Hogan, financial specialist, we reviewed the status of the conditions described in our prior audit report dated July 19, 2012, 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

In accordance with the April 16, 2012, memorandum from the chief operating officer (COO), the expenditure of general funds to provide refreshments for staff meetings and staff appreciation is \$60 per staff FTE per fiscal year. You exceeded this allowable amount for fiscal year 2013 and already for fiscal year 2014. We found instances in which expenditures for these items were incorrectly classified and recorded in various accounts. Such commingling increases the time required to determine whether or not guidelines have been followed and decreases the value of your financial reports for decision making. We also noted that account 0015.0000 was not being used for student assistance, but rather student incentives and recognition. We recommend you correctly classify and

record these transactions for more accurate accountability as well as adhere to the guidelines in the April 16, 2012, memorandum from the COO.

Cash and checks collected for IAF activities by sponsors and other authorized individuals must be remitted to the financial specialist together with a complete MCPS Form 280-34, *Remittance Slip*, on the day the funds are received. These receipts must be deposited promptly, and all receipts must be deposited on the last working day of each month and before each weekend or holiday (see MCPS Financial Manual, p.7-4). We again found instances in which staff collecting funds were holding rather than remitting them timely to the financial specialist, and at times not preparing Form 280-34 with all necessary information. We also noted that the financial specialist was not always making deposits on the last working day of each month and 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 cash and checks collected for IAF activities to the financial specialist for prompt deposit in accordance with MCPS policy and procedures.

Cash and checks collected within the school by sponsors and others for IAF activities are documented by Form 280-34 received by the financial specialist. If funds are received from an outside source, the financial specialist must retain documentation from the source to substantiate the amount of and reason for which the school received the funds.

#### Summary of Recommendations

- Staff appreciation and meeting refreshment combined total expenditures may not exceed \$60 per FTE per fiscal year without prior approval of the COO; and
- Funds collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the financial agent (repeat).

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. Darryl L. Williams, associate superintendent of middle schools. The Office of School Support and Improvement will follow up on this audit.

RWP:MJB:sd

Copy to:

Mr. Bowers  
Dr. Statham  
Dr. Schiavino-Narvaez  
Mr. Sanderson  
Dr. Williams  
Mrs. DeGraba  
Mrs. Milwit  
Mrs. Chen

**Fiscal Management Action Plan**

School: Ridgeview Middle School

Principal: Monifa B. McKnight

*(Associate)*

Approved by community superintendent: *Daysh. Williams*

Date of approval: 3/11/14

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p><b>Staff Appreciation and Meeting Refreshment</b>                      combined total expenditures must not exceed \$60.00 per FTE per fiscal year without prior approval of the COO</p>	<p>Financial Specialist (FS) will keep an updated budget and check monthly to ensure that expenditures are within budget allowance.</p> <p>Financial specialist will check to be sure that purchases meet the requirement appropriate for use of an account to avoid overages occurring due to funds being used from the wrong accounts.</p> <p>All purchases for staff appreciation will be submitted to the Finance Office for processing and submitted to the Principal for final approval (form 280-54).</p>	<p>March 2014-ongoing</p>	<p>Budget draft completed by principal and FA by August 2014 for the next school year.</p> <p>Monthly budget update reports will reviewed each month at end of the month report meetings with principal, FA, and Administrative assistant.</p>
<p><b>Funds collected by Sponsors must be promptly remitted in Tact with form 280-54 to the finance agent (repeat)</b></p>	<p>Adequate documentations will be attached to each MCPS form 280-54. Financial Specialist and Principal will review 280-54s for thoroughness of description of reason for purchase and documentation.</p> <p>All invoices will be signed by FS and staff to indicate receipt of goods or services.</p> <p>Finance Specialist will meet with Sponsors individually to make sure they know that deposits must be submitted with a completed form 280-54.</p> <p>No longer will the Finance Specialist add the account numbers and balances for the sponsors. They will be instructed to make multiple deposits throughout the day when possible to avoid large deposits by end of day, and that deposits must be in to the finance office no later than 2:30.</p> <p>Sponsors that continue to submit large deposits at the end of the day will be shared with the Principal</p>	<p>March 2014-ongoing</p>	<p>Thorough descriptions on requests.</p> <p>Appropriate forms attached to logs at time of audit.</p> <p>Signed invoices by FS and staff receiving any good for RMS.</p>

	for further action.		
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**Note: A copy of the approved plan is to be sent to the Internal Audit Office, URSC suite 3380**

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