


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

June 23, 2015

MEMORANDUM

To: Mr. Damon A. Monteleone, Principal
Richard Montgomery High School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2013, through March 31, 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 June 23, 2015, with you, Ms. Ozmara Hernandez, business administrator, and Mrs. Jennifer Yu, financial specialist, we reviewed the status of the conditions described in our prior audit report dated January 9, 2014, and discussed further actions needed to strengthen the accountability for IAF resources. 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

While we commended you for progress made, some conditions continue to need improvement. In order to properly control receipts, cash and checks collected by sponsors for IAF activities

should be remitted promptly and intact to the financial specialist together with a complete MCPS Form 280-34, *Remittance Slip*. The funds should be counted in the presence of the remitter, and a receipt that is supported by Form 280-34 promptly issued. Receipts must be deposited promptly, and always before each weekend or holiday (see MCPS Financial Manual, p. 7-4). We again found that some sponsors were holding funds collected rather than remitting them to the financial specialist on a daily basis. In addition, we noted that cash was not always counted in the presence of the remitter, and funds were not always promptly deposited. To minimize the risk of loss and provide assurance that available funds will be fully utilized to meet school needs, all funds collected should be remitted to the financial specialist daily for prompt deposit. To mitigate these weaknesses, we recommend strengthening internal control processes in accordance with MCPS procedures.

Summary of Recommendations

- Funds collected by sponsors must be promptly remitted (repeat) to the financial specialist, verified, and promptly deposited.

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

Copy to:

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

Fiscal Management Action Plan

School: Richard Montgomery High School

Principal: Damon Monteleone

Approved by community superintendent: _____

Date of approval: _____

Findings and Recommendations	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p>Funds collected by sponsors must be promptly remitted to the financial specialist, verified, and promptly deposited using MCPS form 280-34</p>	<p>The school business administrator will distribute revised financial manual to resource teachers on in-service week emphasizing the proper process to follow when handling funds collected. A PDF version of the manual will be sent to all staff via email and also posted on T-share for everyone's review.</p>	<p>August 24, 2015</p>	<p>Memo to staff Binder distributed to teacher Sign-in sheets indicating that Staff read the manual</p>
	<p>The financial specialist will send reminders to sponsors via email as needed.</p>	<p>On going</p>	<p>Email reminders</p>
	<p>The school business administrator will hold meetings with sponsors not following the process to go over the proper procedure for prompt deposits, as needed.</p>	<p>On going</p>	<p>Documentation</p>
	<p>School business administrator will monitor repeat offenders' transactions to make sure that the proper process is being followed. If the issue persists, the principal will be informed by the business administrator</p>	<p>On going</p>	<p>Documentation</p>
	<p>The principal will meet with the sponsor so he can pursue a range of possible consequences depending on the seriousness of the issue.</p>	<p>On going</p>	<p>Documentation</p>