


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

February 14, 2018

MEMORANDUM

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

From: Roger W. Pisha, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Independent Activity Funds for the Period  
June 1, 2016, through October 31, 2017

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 and are 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 MCPS policies, regulations, and procedures.

The 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 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 there is compliance with MCPS policies, regulations, and procedures and that any significant errors or omissions in the financial records are detected.

At our January 22, 2018, meeting with you, Ms. Ozmara K. Hernandez, school business administrator; and Mrs. Jennifer L. Yu, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated July 8, 2016, 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

We reviewed the School Funds Online (SFO) accounting system, and found a large dollar balance in the Advanced Placement (AP) exam account at both the beginning and end of Fiscal Year 2017. This excess balance could have resulted from the actual expenses related to the administration of

the exams being less than the fees collected. We recommend that consideration be given to reducing the additional administrative fee per test, and that the excess fund balance be used for items benefiting the AP testing activity.

#### Summary of Recommendations

- Consideration should be given to reducing the additional AP administrative fee and using fund balance in the AP SFO exam account to pay for items benefiting AP testing.

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 form, 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 Mrs. Jennifer L. Webster, director of school support and improvement of high schools. Based on the audit recommendations, Mrs. Webster 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 financial agents to support you with developing a well-defined plan to address the findings.

RWP:KMH:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Dr. Williams

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Tallur

Mrs. Webster

Mr. Ikheloa

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> FY18	<b>Fiscal Year:</b> FY18
<b>School:</b> Richard Montgomery HS - 201	<b>Principal:</b> Damon Monteleone
<b>OSSI Associate Superintendent:</b> Darryl Williams	<b>OSSI Director:</b> Jennifer Webster
<p><b><u>Strategic Improvement Focus:</u></b>          As noted in the financial audit for the period <u>6/1/16-10/31/17</u>, strategic improvements are required in the following business processes :          Monitoring the excess balance in the AP account due to AP Administrative fees collected. Recommendation to reduce the fee and/or use the balance to benefit AP testing.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Albert Online software (AP exam prep/Test prep) will be purchased to support students taking the exam @\$5 per seating.	Joseph Jelen, Magnet Coordinator	Computers, Chrome Books, Online Access	Report of software usage	Jelen/Monthly	Direct benefit to AP Test takers Reduction of excess funds in AP account
New teachers will have the opportunity to get certified by College Board @ 800 per teacher (estimate)	Jelen, Magnet Coordinator	Professional Development Opportunities	Teacher survey	Jelen/annually	Direct student impact through teachers' knowledge & certification Reduction of excess funds in AP account
Purchase of additional table and chairs for testing and outside facility rental to accommodate the number of AP test takers	Jelen, Magnet Coordinator Hernandez, SBA	N/A	N/A	N/A	Direct benefit to AP test takers - creates additional AP testing space. Reduction of excess funds in AP account

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**OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL**

Approved       Please revise and resubmit plan by \_\_\_\_\_

Comments:

Director:       Date: 3/20/18