


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

August 19, 2013

MEMORANDUM

To: Mrs. Katherine W. Lertora, Acting Principal  
Rock Terrace School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
October 1, 2011, through May 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 August 14, 2013, with you, Mrs. Christina Ceden, administrative secretary, and Mr. Kevin Lowndes, director, High School Level-alike Team, we reviewed the status of the conditions described in our prior audit report dated November 2, 2011, and the status of present conditions. It should be noted that the period covered by this audit is prior to your appointment as acting principal on August 1, 2013. 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

Effective internal control includes the receipt and review by the principal of the monthly bank statement, bank reconciliation, and general ledger reports in a timely manner. Review of these important reports must be evidenced by the principal's signature and date. Although most reports were signed, some were not dated to determine whether or not they were reviewed in a timely manner. We recommend you initiate a process that ensures monthly reports are reviewed, dated, and signed timely (see MCPS Financial Manual, p. 20-8).

Each account in the general ledger should be assigned an account sponsor who is expected to follow MCPS policies and procedures as well as guidance provided by the financial agent required to properly control the activity. Sponsors of school activities which involve the collection or disbursement of IAF should be provided an account statement for each month in which transactions have been recorded in their accounts, and be required to verify that transactions have been correctly recorded. We found some sponsors did not sign and return these statements. In addition, we found that some accounts did not have sponsors designated, and several staff believed they were both responsible for a specific account. We recommend that the administrative secretary review all accounts with you to ensure that each account has one designated sponsor. Sponsors should be required to review and resolve any discrepancies in their accounts and return the signed statements to the administrative secretary in a timely manner (see MCPS Financial Manual, p. 20-9).

Transfers between general ledger accounts may be made only after MCPS Form 281-46, *IAF Transfer*, has been executed by both the account sponsor and the principal or acting principal. We found instances when transfer request forms had not been signed by account sponsors, as required. To improve internal controls, we recommend the administrative secretary be instructed to execute transfers only according to requests approved by the principal or acting principal, and the sponsor if applicable (see MCPS Financial Manual, p. 20-10).

MCPS Form 280-54, *Request for a Purchase*, is used to obtain principal approval to proceed with an intended purchase (see MCPS Financial Manual, p. 20-5). The purpose of each disbursement must be fully explained on this form in order to properly record expenditures in appropriate accounts, and to ensure that expenditures comply with IAF requirements. Invoices for goods or services must be signed by the purchaser to indicate satisfactory receipt. In our review of disbursements, we found that invoices were not always signed by the receiver, and many disbursements did not have adequate documentation or descriptions to fully explain the reason for the expenditure. We found that disbursements for several magazine subscriptions and books purchased by the former principal lacked explanations as to the reason, and appeared to be unrelated to the program accounts charged. The former principal approved the payment of a traffic citation issued to the driver of a MCPS vehicle used by the school rather than having the person responsible for driving the van make a check payable to MCPS as directed by the Department of Transportation. We again found that the school purchased gift cards and an iPod Nano without documentation as to the purpose or who received the items. By requiring complete



documentation and explanations for purchases, the principal retains control over the expenditure of IAF funds. For better control, we recommend that purchases for programs be requested by the sponsors of those programs, and approved by the principal. In addition, requests must be fully explained so that the purpose may be properly reviewed prior to the purchase, and that complete documentation must be attached to justify that purchases are appropriate for the school.

MCPS purchasing card members must record purchases on transaction logs and submit them monthly with invoices and receipts attached for review and approval by the principal. Monthly summary reports from American Express are to be reviewed, signed and dated by the principal to ensure that purchases are appropriate and within established limits (see the MCPS *Purchasing Card User's Guide*). No purchase logs could be located at the time of our audit. We recommend that school staff be counseled as to the custodial responsibilities for these and other IAF documents.

Fund raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund Raiser*. Following these internal control procedures provides for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion of the event. Each fund raiser should be approved by the principal in writing and the approval document retained in the school office. Financial activities for each fund raising activity should be recorded in a separate general ledger account in the fund raiser series. Upon conclusion of the activity, a completion report should be prepared that analyzes the results (see MCPS Financial Manual, p. 20-11). We found fund raisers recorded in various club, class, and other accounts. Fund raiser request forms were prepared that appeared to have been forwarded to the principal for approval, but had not been signed. We found that most fund raisers did not have a completion report so that the activity outcome could be analyzed. We recommend that the school adhere to the guidelines for fund raisers.

Review of field trip activities revealed that sponsors provided cost and fee information as funds were collected and remitted but they did not provide comprehensive financial information to the administrative secretary at the completion of trips. Sponsors should record cost and fee information for each field trip on MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and submit the data to the administrative secretary when a trip is completed. The record of the names of participants and sums collected provides assurance that all field trip fees have been remitted. We recommend all sponsors be required to use Form 280-41, or equivalent, and follow the procedures outlined above (see MCPS Financial Manual, p. 20-9).

Middle school students in MCPS participate in a three-day, two-night residential outdoor environmental education program (OEEP). Students are charged an activity fee to be accompanied by their teachers, who, in collaboration with an OEEP staff member, provide instruction and supervision during their stay. Students unable to pay the OEEP activity fee receive waivers, which must be reported to MCPS so that invoicing to schools is adjusted accordingly. We found that the school indicated student payments with an "x" on the accounting form, rather than recording the actual amount paid. In addition, students were charged an extra



\$2 fee for materials that was comingled with the OEEP activity fee. The account appeared to have excess money but due to the comingling of funds, we were unable to determine the reason. We recommend that the sponsor keep accurate records of student payments, including amounts and dates paid, and that materials fees be recorded in an account separate from the OEEP activity fee.

Admission receipts should be controlled according to MCPS Regulation DMB-RA, *Control of Admission Receipts*, with serially numbered tickets, separation of duties, use of the required MCPS Form 280-50, *Tickets and Cash Report of Admissions Manager*, for tracking and reconciling sales, and a perpetual inventory of tickets. We found multiple shortcomings for control over ticketed events. The school did not designate staff to perform the required duties of the ticket controller, admissions manager, and ticket report auditor, and did not control ticket sales for each event with the required ticket form. In addition, a perpetual inventory of tickets was not maintained, and the school used only one type or color of ticket for the prom but sold the tickets at various prices that made it impossible to determine whether or not the school received all revenue to which it was entitled. We recommend that procedures for sale of tickets be reviewed with appropriate staff prior to events, and that procedures adhere to the requirements stated in the regulation.

Contracts for school pictures shall specifically state the terms of the contract including commissions, rebates, bonuses, and free items provided by the contractor. Once the contract is approved by the principal, it must be monitored to ensure compliance. Upon discovery that the commission for FY 2013 had not been received by the school, we contacted the vendor and were informed that commission checks are to be issued to the school. In addition, we found that the school did not adhere to other terms required by the contract. We recommend that financial staff establish a process for monitoring contract activity to ensure that all statements are received and filed, commissions due are received, and the school complies with all terms of the contract.

Your school conducts business-like activities that enable students to gain work experience that generates revenues for the school which are deposited into the IAF. The management of IAF's must be in accordance with sound business practices that include proper accounting procedures and internal controls (see MCPS Financial Manual 20-1). We found that internal control procedures that had been established for these businesses as a result of recommendations from a previous audit had not been maintained, and that the business office was no longer involved in the billing process. We recommend that a process be reestablished to record all work undertaken on pre-numbered work order forms, including a description of the work performed, the amount charged, and the date completed. These forms should be given to the administrative secretary for billing to the customer and follow up, if necessary, until payment has been received.

Each year, MCPS schools with IAF's are required to prepare an annual report disclosing the school's financial position, including any amounts payable to or receivable from outside entities. Due to the lack of records for outstanding customer billings to indicate amounts owed to the school for work completed by the school's business programs, these undetermined amounts owed to the school were not included in the school's annual report. As a result, the school's total



assets were understated. It is important that reports accurately reflect account activity so that the principal, and other users of reports, can be informed of the status of the school's accounts.

The MCPS Financial Manual, p. 20-10, provides guidance on IAF account structure and utilization. The IAF chart of accounts is standardized for consistency in reporting throughout MCPS. We found instances of nonconformity, and noted that some transactions were not properly classified in appropriate accounts. For example, expenses and receipts for fund raisers were sometimes recorded in class or club accounts, rather than in fund raiser accounts, staff development expenses were found in the general account, and staff appreciation items were paid from a fund raiser account. In addition, numerous unrelated expenses were recorded directly in the school's business accounts, rather than transferring funds generated by the programs to appropriate accounts prior to making the disbursement. Such commingling renders difficulty for evaluating the results of activities, and may allow a loss for an activity to go undetected. We recommend that the school's accounts be brought into compliance with the current chart of accounts, and that guidelines for uses of funds be reviewed.

#### Summary of Recommendations

- Monthly financial reports must be signed and dated by the principal to indicate review;
- Monthly account transaction statements provided to sponsors must be affirmed for correctness and returned to the administrative secretary;
- Funds should not be transferred from a sponsor's account without the sponsor's approval;
- Receipt of goods or services must be confirmed prior to disbursement;
- Adequate documentation must be provided to support disbursements;
- Gift cards purchased must be strictly controlled with issuance fully documented (repeat), and are prohibited for staff members unless funds used were contributed by them;
- Purchase card activity must be in compliance with the MCPS *Purchasing Card User's Guide*;
- Fund raising must conform to *Guidelines for Sponsoring an IAF Fund Raiser*;
- Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate, and to reconcile funds collected with costs of the trip (repeat);
- Admission events must be conducted in accordance with MCPS Regulation DMB-RA (repeat);

- Contracts signed by the principal must include detail of terms and be monitored to ensure compliance;
- Manage IAF in accordance with sound accounting practices and effective internal control procedures;
- Annual financial reports must include any accounts receivable and payable; and
- Record accounting transactions in conformity with the IAF chart of accounts.

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. Christopher S. Garran, associate superintendent of high schools. The Office of School Support and Improvement will follow up on this audit.

RWP:DKH:sd

Copy to:

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



RECEIVED  
SEP 05 2013

RECEIVED  
SEP 11 2013  
INTERNAL AUDIT

Attachment

Fiscal Management Action Plan

School: Rock Terrace School

Principal: Kathy Lertora

Approved by community superintendent: 

Date of approval: 9/11/13

| Findings and Recommendations of School's Financial Report   | Description of Resolution And Person(s) Responsible   | Timeline  | Evidence of Completion   |
|---|---|---|--|
| <p>Monthly review by the principal of bank statement, bank reconciliation and general ledger reports in a timely manner as evidenced by the principal's signature and date.</p> | <ul style="list-style-type: none"> <li>Initiate and maintain a process that ensures monthly reports are reviewed, dated, and signed in a timely manner.</li> <li>Administrative secretary schedules monthly meeting with the bookkeeper, administrative secretary and principal to review updates, and sign necessary documentation. Outlook reminders will be set for administrative secretary and principal.</li> </ul>   | <p>September 2013<br/>Monthly</p>   | <ul style="list-style-type: none"> <li>Signed and dated ledger reports</li> </ul>  |
| <p>Not all accounts and ledgers were signed by account sponsors on a monthly basis and some accounts did not have an account sponsor assigned.</p>                              | <ul style="list-style-type: none"> <li>Provide professional development and structured time and supports for administrative secretary for recording receipts, paying receipts, and printing monthly sponsor reports for principal's review.</li> <li>Provide professional development for account sponsors regarding rights and responsibilities as an account sponsor.</li> <li>The financial agent reviews all accounts with principal to ensure that each account has one designated sponsor. Sponsors should be required to review and resolve any discrepancies in their accounts and return the signed statements to the administrative secretary in a timely manner.</li> <li>Administrative secretary maintains a binder or file of the signed sponsor reports. The admin secretary will have process/ checklist to ensure all sponsor reports are returned monthly.</li> </ul> | <p>September 2013<br/><br/>September 2013<br/><br/>August 2013<br/>Monthly<br/><br/>September<br/>Monthly</p> | <ul style="list-style-type: none"> <li>Meeting agendas where professional development provided</li> <li>Signed and dated sponsored reports by account sponsors</li> <li>List of all accounts with sponsors assigned</li> <li>Binder of signed sponsor reports</li> </ul> |



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| <p>Transfers between general ledger accounts may be made only after MCPS Form 281-46, <i>IAF - Transfer</i>, has been executed by both the account sponsor and the principal or acting principal. There were instances found when transfer request forms had not been signed by account sponsors, as required.</p>   | <ul style="list-style-type: none"> <li>• Disbursements for several magazine subscriptions and books purchased by the former principal lacked explanations as to the reason, and appeared to be unrelated to the program accounts charged.</li> <li>• The former principal approved the payment of a traffic citation issued to the driver of a MCPS vehicle used by the school rather than having the person responsible for driving the van make a check payable to MCPS as directed by the Department of Transportation.</li> <li>• We again found that the school purchased gift cards and an iPod Nano without documentation as to the purpose or who received the items.</li> </ul>  | <ul style="list-style-type: none"> <li>• To improve internal controls, the administrative secretary is instructed to execute transfers only according to requests approved by the principal or acting principal, and the sponsor if applicable.</li> <li>• Provide professional development for account sponsors regarding rights and responsibilities as an account sponsor.</li> </ul>  | <ul style="list-style-type: none"> <li>• Ledger reports, transfer request forms</li> </ul>   |
| <p>Invoices were not always signed by the receiver, and many disbursements did not have adequate documentation or descriptions to fully explain the reason for the expenditure.</p> <ul style="list-style-type: none"> <li>• Disbursements for several magazine subscriptions and books purchased by the former principal lacked explanations as to the reason, and appeared to be unrelated to the program accounts charged.</li> <li>• The former principal approved the payment of a traffic citation issued to the driver of a MCPS vehicle used by the school rather than having the person responsible for driving the van make a check payable to MCPS as directed by the Department of Transportation.</li> <li>• We again found that the school purchased gift cards and an iPod Nano without documentation as to the purpose or who received the items.</li> </ul> | <ul style="list-style-type: none"> <li>• Designated person receives and checks items delivered and verify the invoice packing slip are correct with signature. (administrative secretary or activity sponsor)</li> <li>• Professional development to administrative secretary (August 2013), professional staff (August 2013), account sponsors (September 2013) and program sponsors (September 2013) to ensure purchases for programs be requested by the sponsors of those programs, and approved in advance by the principal. In addition, requests must be fully explained so that the purpose may be properly reviewed prior to the purchase, and that complete documentation must be attached to justify that purchases are appropriate for the school. Finally, descriptions of the purpose of the purchase should be as clear as possible on the general ledger.</li> <li>• Professional development on MCPS Form 280-54, <i>Request for a Purchase</i>, was conducted on August 23, 2013 for all professional staff, and select supporting service staff.</li> <li>• Provide clarification to staff members regarding responsibilities for vehicle citations.</li> <li>• Establish structures for school sponsors and administration to have students sign a</li> </ul> | <ul style="list-style-type: none"> <li>• Designated person receives and checks items delivered and verify the invoice packing slip are correct with signature. (administrative secretary or activity sponsor)</li> <li>• Professional development to administrative secretary (August 2013), professional staff (August 2013), account sponsors (September 2013) and program sponsors (September 2013) to ensure purchases for programs be requested by the sponsors of those programs, and approved in advance by the principal. In addition, requests must be fully explained so that the purpose may be properly reviewed prior to the purchase, and that complete documentation must be attached to justify that purchases are appropriate for the school. Finally, descriptions of the purpose of the purchase should be as clear as possible on the general ledger.</li> <li>• Professional development on MCPS Form 280-54, <i>Request for a Purchase</i>, was conducted on August 23, 2013 for all professional staff, and select supporting service staff.</li> <li>• Provide clarification to staff members regarding responsibilities for vehicle citations.</li> <li>• Establish structures for school sponsors and administration to have students sign a</li> </ul> | <ul style="list-style-type: none"> <li>• Signed packing slips</li> <li>• Complete, detailed, signed 280-54, <i>Request for a Purchase</i> forms.</li> <li>• Signed receipts of student rewards</li> <li>• Meeting agendas where professional development provided</li> </ul> |
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|  | <ul style="list-style-type: none"> <li>• Disbursements for several magazine subscriptions and books purchased by the former principal lacked explanations as to the reason, and appeared to be unrelated to the program accounts charged.</li> <li>• The former principal approved the payment of a traffic citation issued to the driver of a MCPS vehicle used by the school rather than having the person responsible for driving the van make a check payable to MCPS as directed by the Department of Transportation.</li> <li>• We again found that the school purchased gift cards and an iPod Nano without documentation as to the purpose or who received the items.</li> </ul>  | <ul style="list-style-type: none"> <li>• Designated person receives and checks items delivered and verify the invoice packing slip are correct with signature. (administrative secretary or activity sponsor)</li> <li>• Professional development to administrative secretary (August 2013), professional staff (August 2013), account sponsors (September 2013) and program sponsors (September 2013) to ensure purchases for programs be requested by the sponsors of those programs, and approved in advance by the principal. In addition, requests must be fully explained so that the purpose may be properly reviewed prior to the purchase, and that complete documentation must be attached to justify that purchases are appropriate for the school. Finally, descriptions of the purpose of the purchase should be as clear as possible on the general ledger.</li> <li>• Professional development on MCPS Form 280-54, <i>Request for a Purchase</i>, was conducted on August 23, 2013 for all professional staff, and select supporting service staff.</li> <li>• Provide clarification to staff members regarding responsibilities for vehicle citations.</li> <li>• Establish structures for school sponsors and administration to have students sign a</li> </ul> | <ul style="list-style-type: none"> <li>• Signed packing slips</li> <li>• Complete, detailed, signed 280-54, <i>Request for a Purchase</i> forms.</li> <li>• Signed receipts of student rewards</li> <li>• Meeting agendas where professional development provided</li> </ul> |



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| <p>receipt for all rewards for positive behavior interventions. When purchases are requested, the administrative secretary will give sponsor form for students to sign receipts of prizes.</p> <ul style="list-style-type: none"> <li>Remind school staff to be in compliance with Purchasing Card Users Guide.</li> </ul>  | <p>September 2013</p> | <ul style="list-style-type: none"> <li>Monthly logs for Purchase Card Users</li> </ul>  |  |
| <ul style="list-style-type: none"> <li>Professional development for staff involved in school fundraising activities.</li> <li>Establish process for ensuring all fundraising contracts signed by principal is established.</li> <li>Complete "Completion Reports" for all fund raisers.</li> </ul>  | <p>September 2013</p> | <ul style="list-style-type: none"> <li>Meeting agendas where professional development provided</li> <li>Fundraising contracts signed by principal</li> <li>Completed paperwork for all fundraisers</li> </ul> |  |
| <ul style="list-style-type: none"> <li>Professional staff, and potential sponsors of field trips receive professional development on required procedures and documentation on August 23, 2013, and completion of reconciliation report at the end of the field trip will be completed by the administrative secretary.</li> </ul>   | <p>August 2013</p>    | <ul style="list-style-type: none"> <li>Meeting agendas where professional development provided</li> <li>Completed field trip paperwork</li> </ul>   |  |
| <ul style="list-style-type: none"> <li>Professional development for the OEEP sponsor for keeping accurate records of student payments, including amounts and dates paid and student waiver information. In addition, review of expectation that materials fees be recorded in an account separate from the OEEP activity fee.</li> </ul>  | <p>October 2013</p>   | <ul style="list-style-type: none"> <li>Meeting agendas where professional development provided</li> <li>Accurate completed paperwork and records for Outdoor Environmental Education Program</li> </ul>       |  |
| <ul style="list-style-type: none"> <li>Professional development for sponsors of activities for ticketed events. Procedures for sale of tickets are reviewed with appropriate</li> </ul>   | <p>September 2013</p> | <ul style="list-style-type: none"> <li>Accurate records of sales for ticketed events in compliance with requirements</li> </ul>   |  |
| <p>No purchase logs could be located at the time of audit.</p> <p>Fund raisers were found recorded in various club, class, and other accounts. Fund raiser request forms were prepared that appeared to have been forwarded to the principal for approval, but had not been signed. Most fund raisers did not have a completion report so that the activity outcome could be analyzed.</p> <p>Review of field trip activities revealed that sponsors provided cost and fee information as funds were collected and remitted but they did not provide comprehensive financial information to the administrative secretary at the completion of trips.</p> <p>For Outdoor Environmental Education Program (OEEP) the school indicated student payments with an "x" on the accounting form, rather than recording the actual amount paid. In addition, students were charged an extra \$2 fee for materials that was commingled with the OEEP activity fee. The account appeared to have excess money but due to the comingling of funds, we were unable to determine the reason.</p> <p>Multiple shortcomings were found for control over ticketed events.</p> <ul style="list-style-type: none"> <li>The school did not designate staff</li> </ul> |                       |   |  |



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| <p>to perform the required duties of the ticket controller, admissions manager, and ticket report auditor, and did not control ticket sales for each event with the required ticket form.</p> <ul style="list-style-type: none"> <li>In addition, a perpetual inventory of tickets was not maintained, and the school used only one type or color of ticket for the prom but sold the tickets at various prices that made it impossible to determine whether or not the school received all revenue to which it was entitled.</li> </ul> | <p>staff prior to events, and that procedures adhere to the requirements stated in the regulation.</p> <ul style="list-style-type: none"> <li>Administrative Secretary maintains an inventory of tickets used for school events.</li> </ul>  | <p>September 2013</p>                             | <ul style="list-style-type: none"> <li>Inventory of tickets</li> </ul>  |
| <p>The picture commission for FY 2013 had not been received by the school. The vendor informed the auditors that commission checks are to be issued to the school.</p>   | <ul style="list-style-type: none"> <li>Financial staff establish a process for monitoring contract activity to ensure that all statements are received and filed, and the commissions due are received, and the school complies with all terms of the contract.</li> </ul>   | <p>August 2013</p>                                | <ul style="list-style-type: none"> <li>Current signed picture contract on file</li> <li>Record of commission checks received</li> </ul> |
| <p>Internal control procedures that had been established for business-like activities that enable students to gain work experience that generate revenues for the school were not maintained. The business office was no longer involved in the billing process.</p>   | <ul style="list-style-type: none"> <li>All sponsors of business-like activities receive specific professional development on financial procedures and maintaining timelines for record keeping of billing/receipts.</li> <li>Reestablish a process to record all work undertaken on pre-numbered work order forms, including a description of the work performed, the amount charged, and the date completed. These forms are to be given to the administrative secretary for billing to the customer and follow up, if necessary, until payment has been received.</li> </ul> | <p>September 2013<br/>Ongoing support, weekly</p> | <ul style="list-style-type: none"> <li>Written procedures and accurate records for business like activities.</li> </ul>                 |
| <p>Due to the lack of records for outstanding customer billings to indicate amounts owed to the school for work completed by the school's business programs, these</p>   | <ul style="list-style-type: none"> <li>Put processes in place to maintain accurate records and billing procedures. IAF annual reports reflect account activity so that the principal, and other users of reports, can be informed of the status of the school's</li> </ul>   | <p>September 2013<br/>Ongoing support monthly</p> | <ul style="list-style-type: none"> <li>Accurate monthly and annual IAF reports</li> </ul>   |



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| <p>undetermined amounts owed to the school were not included in the school's annual report. As a result, the school's total assets were understated.</p> <p>Instances of nonconformity were found in IAF account structures. Auditors noted that some transactions were not properly classified in appropriate accounts.</p> <ul style="list-style-type: none"> <li>• For example, expenses and receipts for fund raisers were sometimes recorded in class or club accounts, rather than in fund raiser accounts.</li> <li>• Staff development expenses were found in the general account.</li> <li>• Staff appreciation items were paid from a fund raiser account.</li> <li>• In addition, numerous unrelated expenses were recorded directly in the school's business accounts, rather than transferring funds generated by the programs to appropriate accounts prior to making the disbursement.</li> </ul> | <p>accounts.</p> <ul style="list-style-type: none"> <li>• Bring the school's accounts into compliance with the current chart of accounts, and review guidelines for uses of funds.</li> </ul> | <p>August 2013<br/>Ongoing</p> | <ul style="list-style-type: none"> <li>• Accurate school accounts in compliance with guidelines</li> </ul> |
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*Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, Room 11.*