


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

June 15, 2016

MEMORANDUM

To: Ms. Carol L. Goddard, Principal
Watkins Mill High School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
August 1, 2014, through February 29, 2016

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 13, 2016, with you, Mrs. Julia Broyles, business administrator, and Ms. Lisa Holderman, financial specialist, we reviewed the status of the conditions described in our prior audit report dated September 16, 2014, 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

MCPS Form 280-54, *Request for a Purchase*, is used to obtain principal approval to proceed with an intended purchase. 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. After the purchase is completed, the purchaser must submit the invoice or documented evidence of purchase, annotated to indicate the satisfactory receipt of the goods or services, to the financial specialist (see MCPS Financial Manual, pp. 20-6, 20-7). In our sample of disbursements, we again found that invoices were not always signed by the receiver to certify satisfactory receipt. We recommend that complete annotated documentation be attached to fully explain the reason for the purchase.

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. Some tickets were printed and numbered by school staff, rather than by an independent vendor. MCPS Form 280-50, *Tickets and Cash Report of Admissions Manager*, was always prepared each time tickets were sold. We also noted that complimentary tickets were not always accounted for properly, including for Prom 2015, which also sold tickets within the same numbered ranges for different prices. We recommend that admission to all events be controlled in accordance with the above cited regulation.

In addition to the above weaknesses previously identified, additional conditions in controls need to be strengthened. Sponsors of school activities which involve the collection or disbursement of IAF should be provided an account history report 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 return these statements. We recommend sponsors be required to review and resolve any discrepancies in their accounts and return the signed statements to the financial specialist. We recommend a procedure be established to ensure that all statements are reviewed and returned (see MCPS Financial Manual, p. 20-9).

Cash and checks collected by sponsors and others for IAF activities should be remitted promptly to the financial specialist. These receipts must be deposited promptly, and all receipts must be deposited before each weekend and holiday (see MCPS Financial Manual, p.7-4). Some sponsors held fees collected rather than remitting them to the financial specialist on a daily basis. 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. The installation and use of a drop safe may assist with this effort.

Summary of Recommendations

- Purchaser must confirm receipt of goods or services prior to disbursement (repeat);
- Admission events must be conducted in accordance with MCPS Regulation DMB-RA (repeat);
- Monthly account history reports provided to sponsors must be affirmed for transaction correctness and returned to the financial specialist; and

- Cash control of school funds must be in accordance with chapter 7 of the MCPS Financial Manual.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff, especially Mrs. Broyles and Ms. Holderman. 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 Mr. Brian Scriven, director 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. Williams
Mrs. Chen
Mrs. DeGraba
Mrs. Milwit
Mr. Scriven

Fiscal Management Action Plan

School: Watkins Mill High School Principal: Carol Goddard

Approved by associate superintendent: _____ Date of approval: _____

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p>Purchaser must confirm receipt of goods or services prior to disbursement (repeat)</p>	<p>Staff will be reminded that all invoices must have annotated documentation of satisfactory receipt for all goods and services. Payment will not be issued without documentation. (Business Administrator, Principal)</p>	<p>Pre-Service Week, August 2016</p>	<p>Invoices will show annotated documentation of satisfactory receipt prior to payment.</p>
<p>Admission events must be conducted in accordance with MCPS Regulation DMB-RA (repeat);</p>	<p>Tickets used for all special events such as prom, homecoming, and theater will either be pre-printed MCPS ticket rolls or printed by an independent vendor. Each event will have a set of sequentially numbered tickets for each date and price break offered. All ticket sales, including complimentary tickets will be itemized on MCPS Form 280-50, <i>Tickets and Cash Report of Admission Manager</i>. MCPS Form 280-50 will be completed each time tickets are sold. (Business Administrator, School Financial Specialist, Event Sponsor)</p>	<p>Ongoing as events take place.</p>	<p>Completed MCPS Form 280-50, <i>Tickets and Cash Report of Admission Manager</i>.</p>
<p>Monthly account history reports provided to sponsors must be affirmed for transaction correctness and returned to the financial specialist;</p>	<p>Monthly account history reports will be generated and distributed to sponsors. Sponsors will be given five days to review, sign, and return to the SFS. Reminders will be sent to sponsors if reports are not returned in a timely manner. (Business Administrator, School Financial Specialist, Sponsor)</p>	<p>Ongoing on a monthly basis.</p>	<p>All signed monthly account history reports will be filed in the financial office.</p>

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.	Procedures will be reviewed/reinforced with sponsors and new sponsors. Deposits will be monitored for timeliness on a daily basis, per Financial Manual, Chapter 7.	Immediately and ongoing.	Internal monitoring by Financial Specialist and Business Administrator. Monthly updates with Principal.

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