


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

April 12, 2012

MEMORANDUM

To: Dr. Michael J. Doran, Principal  
Wootton High School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
October 1, 2010, through January 31, 2012

This audit report presents the results of our examination of the financial records, reports, and internal accounting controls relating to the Independent Activity Funds (IAF) for your school for the period designated above. The examination was made to determine the adequacy of accountability over these funds, compliance with applicable Montgomery County Public Schools (MCPS) policies and procedures, and effectiveness of IAF management.

We appreciated the opportunity to meet with you, Mr. Philip Hill, business administrator, and Mrs. Charlene Wu, financial specialist, on March 28, 2012, to discuss the results of our audit. At our meeting we noted the progress made to improve conditions described in our previous report dated November 24, 2010, such as adherence to procurement rules for field maintenance contracts. Our current audit findings and recommendations appear below.

Findings and Recommendations

While we commended you for progress made, some conditions continue to need improvement. Cash and checks collected by sponsors and other authorized individuals for IAF activities must be remitted to the financial specialist on the day they are received. We again found instances in which staff held funds rather than remitting them timely to the financial specialist (see MCPS Financial Manual p. 7-4). We recommend that all staff who collect funds for school activities be reminded of remittance requirements.

In addition to the above weaknesses previously identified, additional conditions in controls need to be strengthened. All equipment acquired by a school whether by gift or by purchase becomes the property of MCPS and is subject to MCPS Regulation EDC-RA, *Control of Furniture and Equipment Inventory*. We noted computer equipment, obtained by purchase card rather than purchase order as proscribed by MCPS procurement rules, had not been added to the MCPS inventory and affixed with barcodes. We recommend that staff review the policy to ensure that

equipment is obtained through approved channels, properly coded, and added to the fixed asset inventory.

MCPS purchasing card members must record purchases on transaction logs and submit logs 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. We found that the summary reports and some logs were not reviewed by the principal. We also noted that some card members did not submit logs or receipts for monthly review, while some others used obsolete versions of the logs. We recommend purchasing card members be required to comply with the requirements of the MCPS *Purchasing Card Users Guide*.

A school activity involving collection or disbursement of IAF should have a staff sponsor assigned to the account who receives a monthly statement to verify transactions recorded are accurate and complete. Expenditure of any funds must be approved by the principal in advance. After a purchase is completed, the financial specialist should be provided appropriate documentation of the purchase. We noted that the school's post prom activity was run by parents with no staff member as account sponsor. As a result, we found no evidence of monthly account review, advance approval of disbursements missing, and some disbursements without adequate documentation to support the expenditure, including no distribution lists on file for significant prizes awarded at the event. Action is needed to correct these conditions and bring the activity into conformity with MCPS requirements (see MCPS Financial Manual, pp. 20-5, 9).

Accounts with positive balances which have neither receipts nor expenses recorded during the school year and which are not restricted as to use should be closed by transferring the balance to a benefiting account or to the general account as appropriate. Accounts restricted as to use should be spent down in compliance with their restrictions. Inactive accounts with zero balances should be eliminated. We provided your staff with a list of accounts which we deemed to be inactive for them to research and, if in agreement, appropriately eliminate these accounts (see MCPS Financial Manual, p. 20-10).

#### Summary of Recommendations

- Funds collected must be promptly remitted by sponsors to the financial specialist (repeat);
- Equipment transactions must comply with MCPS Regulation EDC-RA;
- Purchase card transactions must be documented, reviewed, and approved in accordance with MCPS procedures;
- Accounting for the post prom activity must be brought into conformity with MCPS requirements; and



- Inactive accounts should be eliminated.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff, especially Mr. Hill and Mrs. Wu. 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. Donna S. Hollingshead, community superintendent. The Office of School Performance will follow up on this audit.

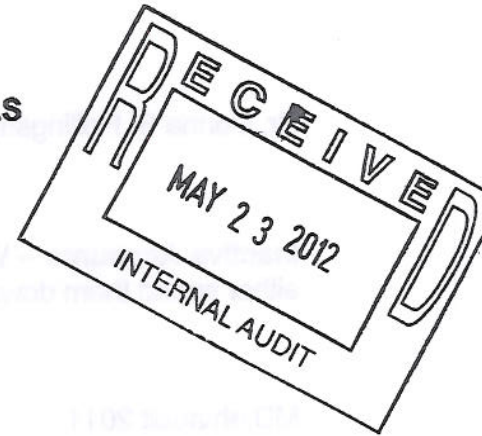
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Copy to:

Mr. Bowers  
Dr. Lacey  
Mr. Talley  
Dr. Hollingshead  
Mrs. DeGraba  
Mrs. Milwit  
Mr. Doody

WOOTTON HIGH SCHOOL  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
ROCKVILLE, MARYLAND

May 10, 2012



**MEMORANDUM**

To: Mr. Roger W. Pisha, Supervisor, Internal Audit  
From: Michael Doran, Principal *MD*  
Subject: Audit – October 1, 2010 through January 31, 2012

We are very happy with the results of our most recent audit. Mrs. Wu continues to maintain excellent financial records and this report reflects that. Although our records are in very good shape, moving forward, we are always open to suggestion on how to improve our processes.

In response to the specific concerns mentioned:

**Staff holding on to funds** – This continues to be a hurdle to overcome. Although we have made great progress in this area, we realize we still have a way to go. With a staff as large as ours, it's a difficult task to make everyone follow the rules all the time. We do follow up with these staff members each and every time they don't make a timely deposit. This is done via e-mail, so there is a record on hand if the problem persists. With sponsors changing often, it remains a difficult task.

**Control of Furniture and Equipment** – We understand that purchasing furniture and equipment with our American Express card is not allowed. We were confused, because we have been encouraged to use our purchase cards when we can to alleviate the costly process of going through the purchase order system. Because of the way it was purchased, the inventory bar code was not obtained. We have since requested these items be added to the MCPS inventory.

**Amex Monthly Reports/Logs** – This audit pointed out a gap in our accounting procedures that will be corrected. Monthly summary reports received by American Express will be reviewed and signed off on by the principal. I will delegate the review of all individual monthly transaction logs to the school's Business Administrator.

**Post Prom Activity** – We've been very fortunate over the years to have wonderful parents who volunteer to provide our kids with a safe/fun alternative to "house parties" after prom. This being said, asking these parents to strictly adhere to the policies and procedures of MCPS is not an easy task. We have done our best, while preserving their efforts. Moving forward I will have my school's Business Administrator added as a sponsor on this account so he can more closely monitor the activity going through the school's IAF.

Dr. Donna S. Hollingshead

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May 10, 2010

**Inactive Accounts** – We plan to go through all inactive accounts over the summer. We'll either spend them down or eliminate them appropriately.

MD:eh\audit 2011

Copy to:

Mr. Bowers  
Dr. Lacey  
Mr. Talley  
Dr. Hollingshead  
Mrs. DeGraba  
Mrs. Mitwit  
Mr. Doody  
Mr. Hill  
Mrs. Wu