MEMORANDUM

To: Dr. Eric L. Minus, Principal
   John F. Kennedy High School

From: Roger W. Pisha, Supervisor, Internal Audit

Subject: Report on Audit of Independent Activity Funds for the Period
         March 1, 2011, through April 30, 2012

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 5, 2012, with you, Mrs. Robin Boodhoo, business administrator, and Mrs. Sompong Gesuwan, financial specialist, we reviewed the status of the conditions described in our prior audit report dated September 29, 2010, 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

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 the statements for accuracy. Without a process in place to ensure these statements were returned, we found that some sponsors did not do so. We recommend that a procedure be established to ensure that all sponsors are required to review, resolve any discrepancies, and return the signed statements to the financial specialist (see MCPS Financial Manual, p. 20-9).

In order to properly control receipts, cash and checks collected by sponsors for IAF activities should be remitted promptly to the financial specialist along with MCPS Form 280-34, *MCPS Remittance slip*. Cash should be counted in the presence of the remitter, and a receipt that is supported by the remittance slip should be issued promptly. Any misprinted receipts should be entered into the accounting system, and all parts of any voided receipt forms should be defaced and retained. We found instances in which funds were held by sponsors rather than remitted and deposited on a daily basis. We also found that not all sponsors used Form 280-34, when remitting money to the financial specialist. To improve controls, we recommend adherence to the procedures in the MCPS Financial Manual, pp. 7-3, 7-4.

Admission receipts for athletic and non-athletic events should be controlled according to MCPS Regulation DMB-RA, *Control of Admission Receipts*. Admissions must be controlled 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 perpetual inventory of tickets. We noted that tickets and Form 280-50 were not used for athletic playoffs and tournament games. For some non-athletic events, the Form 280-50 was not returned by the sponsors on each day tickets were sold, but rather one form was completed at the conclusion of the event. When sellers ran out of tickets for athletic events, admissions were collected without attendees receiving a ticket. We recommend that admission to all events be controlled in accordance with the above cited regulation.

Review of field trip activities revealed that although sponsors are providing cost and fee information as funds are collected and remitted, not all field trip sponsors are providing comprehensive financial information to the financial specialist at the completion of a trip. 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 financial specialist 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. We noted a few field trips where fees collected either exceeded the cost of the trip or were not sufficient to cover expenses of trip. We recommend the pricing of trips be more closely monitored (see MCPS Financial Manual, p. 20-9).

**Summary of Recommendations**

- Monthly account transaction statements provided to sponsors must be affirmed for correctness and returned to the financial agent;
- Funds collected must be promptly remitted by sponsors to the financial agent using MCPS Form 280-34;

- Admission events must be conducted in accordance with MCPS Regulation DMB-RA; and

- 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.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff, especially that of Mrs. Boodhoo and Mrs. Gesuwan. 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 Ms. Bronda Mills, community superintendent. The Office of School Support and Improvement will follow up on this audit.

RWP:MJB:sd

Copy to:
  Mr. Bowers
  Dr. Lacey
  Mr. Talley
  Ms. Mills
  Mrs. DeGraba
  Mrs. Milwit
  Mr. Doody
MEMORANDUM

To: Ms. Bronda L. Mills, Community Superintendent
   Office of School Performance

From: Dr. Eric L. Minus, Principal

Subject: Response to Audit of Independent Activity Funds for the Period
         March 1, 2011, through April 30, 2012

July 19, 2012

In response to the auditor’s findings and recommendations as disclosed in the audit report for the period of March 1, 2011, through April 30, 2012, we believe that progress was made in accordance with the previous report dated September 29, 2010. We understand that we must continue to strengthen our controls, as they relate to remittance receipts, admission controls and field trips.

Remittance Receipts
Sponsors have always been required to deposit funds on a daily basis. They will be disciplined if these procedures are not followed.

In addition, the financial specialist will require a remittance form, MCPS 280-34 with all deposits.

Control of Admission Receipts
In accordance with MCPS Regulation DMB-RA, Control of Admission Receipts, sponsors will be required to obtain tickets from the ticket controller, business administrator, for all events requiring admission and they will also be required to return admission ticket and make deposits on a daily basis.

In addition, the Athletic Director will be required to use admission tickets for athletic playoffs and tournament games.

Field Trips
The business administrator and financial specialist will continue to work with field trip sponsors by offering workshops and individual instruction. They will also be instructed to use the Field Trip Calculator to plan and estimate costs.

In addition, sponsors will be required to keep complete and accurate records of all participating students and the fees they collect by using MCPS 280-41, Field Trip Accounting form, or its equivalent.
Finally, we concur with MCPS Regulation DIA-RA, Accounting for Financial Operations/Independent Activity Funds, as outlined in the Financial Manual, Ch. 7, *Cash Control of School Funds*.

Please express our sincere thanks to the auditing team for their time and effort in reviewing our financial records and making valuable suggestions for strengthening our controls.

EM: rwb

Copy to: Roger Pisha, Supervisor, Internal Audit  
Robin W. Boodhoo, Business Administrator  
Sam Gesuwan, Financial Specialist
# Fiscal Management Action Plan

**School:** JOHN F. KENNEDY HIGH SCHOOL  
**Principal:** Eric L. Minus  
**Approved by community superintendent:** Bronda L. Mills, Community Superintendent  
**Date of approval:** 7/25/12

## Findings and Recommendations of School's Financial Report

<table>
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<tr>
<th>Findings:</th>
<th>Description of Resolution And Person(s) Responsible</th>
<th>Timeline</th>
<th>Evidence of Completion</th>
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| 1. Remittance – Funds were held by sponsors rather than remitted and deposited on a daily basis.  
2. Not all sponsors used MCPS Remittance Slip when remitting money to financial specialist.   | Staff will adhere to MCPS requirements and remit funds on the same day of collection. Financial Specialist will require a remittance form, MCPS 280-34 with all deposits.                      | Immediate   | Timely Remittance; Remittance form attached to each deposit,                           |

**Recommendations:** Adherence to the procedures in the MCPS Financial Manual, pp. 7-3, 7-4.

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| 1. Tickets – MCPS form 280-50 Tickets and Cash Report of Admissions Manager & Tickets were not used for Athletic Playoffs and tournament games.  
2. Non-Athletic Events - In some instances the form was not returned by sponsors on each day tickets were sold, but rather one form was completed at the conclusion of the event.  
3. When sellers ran out of tickets for athletic events, admissions were collected without attendees receiving a ticket. | Athletic Director will be issued and instructed to use admission tickets for athletic playoffs and tournament games.  
Sponsors will be instructed to return admission tickets and make deposits daily. They will be issued a new batch of tickets, for each day of sales.  
Athletic Director will be issued large rolls for all athletic events. | Immediate   | MCPS 280-50, Ticket & Cash Report of Admissions Manager form & Remittance slip |

**Recommendations:** Control admission to all events in accordance with MCPS Regulation DMB-RA, Control of Admission Receipts.

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| Field Trip Activities – Not all field trip sponsors provided comprehensive financial information to the financial specialist at the completion of a field trip.  
Noted: a few field trips where fees collected either exceeded the cost of the trip or were not sufficient to cover expenses of the trip. | Sponsors will be required to record the cost and fee information for each field trip on MCPS form 280-41, Field Trip Accounting form.  
Sponsors will be instructed to use the Field Trip Calculator for field trip planning and costs estimates.  
Financial Specialist will ensure compliance by requesting the names of all participants and the sums collected by the sponsor, upon completion of the field trip. | Immediate   | MCPS form 280-41, Field Trip Accounting and a list of all participants reflecting the sum of the funds collected.  
Field Trip Calculator Form |

**Recommendations:** Adherence to the procedures in the MCPS Financial Manual (see MCPS Financial Manual, pg. 7-4)

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