


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

September 24, 2013

MEMORANDUM

To: Miss Deena Levine, Principal
Poolesville High School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
April 1, 2012, through June 30, 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 September 10, 2013, with you, Ms. Susan Krouner, business administrator, and Ms. Noor Sheriff, financial specialist, we reviewed the status of the conditions described in our prior audit report dated May 31, 2012, and the status of present conditions. We noted the progress made to improve conditions described in our previous report, such as bringing into compliance athletic booster club financial support as well as inventory control of fixed assets. 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

While we commend you for progress made, controls over cash receipts continue to need improvement. Cash and checks collected by sponsors and others for IAF activities should be remitted promptly to the financial specialist. We again found instances in which funds were held rather than remitted on a daily basis. To strengthen controls, we recommend staff be counseled to follow the procedures in the MCPS Financial Manual (see MCPS Financial Manual, p. 7-4).

In addition to the above weakness previously identified, controls over admission events need to be strengthened.

Admission receipts for athletic and non-athletic events should be managed according to MCPS Regulation DMB-RA, *Control of Admission Receipts*. These events must be controlled with serially numbered tickets of a different color for each price, 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. Some specially produced tickets were ordered or created by the event sponsors, rather than the business administrator who served as the ticket controller, and some needed to be hand numbered. Both student and adult athletic season tickets were the same color. Athletic playoff tickets were under the sole control of athletic staff, and no ticket control report was used. Significant cash overages were noted for some athletic events, while some non-athletic events had unexplained differences. Tickets for drama events were sold by assigned seat, making reconciliation difficult and weakening controls due to the inability to use sequentially numbered tickets. We recommend that admission to all events be controlled in accordance with the above cited regulation. Consideration should be given to using a commercial vendor for drama ticket sales provided it's cost effective to do so and the school receives sufficient documentation from the vendor to reconcile ticket sales for each event.

Summary of Recommendations

- Funds collected must be promptly remitted by sponsors to the financial specialist (repeat); and
- Admission events must be conducted in accordance with MCPS Regulation DMB-RA.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff, especially Ms. Krouner and Ms. Sheriff. 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:VAD:sd

Copy to:

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

Fiscal Management Action Plan

School: Poolesville High School

Principal: Deena Levine

Approved by community superintendent: 

Date of approval: 10/15/13

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p>Funds collected must be promptly remitted by sponsors to the financial specialist</p>	<p>We will continue to remind staff to adhere to MCPS policies and procedures regarding prompt remittance of all monies collected from fundraisers, field trips, general sales, etc.</p> <p>At the near conclusion of each fundraiser or field trip, emails will be sent to sponsors with a reminder to remit monies.</p> <p>Additionally, on the field trip cover sheet, sponsors will be asked to note the beginning/ending dates for remittances of student monies.</p> <p>Persons Responsible: Financial Specialist and Business Administrator</p>	<p>ASAP</p> <p>ASAP, as necessary</p> <p>ASAP</p>	<p>General emails to staff; emails to specific sponsors that become part of the documentation/record for each event.</p> <p>Emails to sponsors.</p> <p>Field Trip Cover Page.</p>
<p>Admission receipts for athletic and non-athletic events should be managed according to MCPS Regulation DMB-RA.</p> <p>Some specially-produced tickets were ordered or created by the event sponsors, rather than the Business Administrator who served as the ticket controller.</p>	<p>All special-event tickets will be sequentially-numbered by the vendor; numbers will no longer be hand-written by the sponsor.</p> <p>Person Responsible: Business Administrator</p>	<p>ASAP</p>	<p>Tickets</p>
<p>Both student and adult athletic season tickets were the same color.</p> <p>Athletic playoff tickets were under the sole control of the athletic staff, and no ticket control report was used.</p>	<p>The Athletic Director will no longer produce the athletic season passes. Student and adult athletic tickets will be printed on different-colored stock paper.</p> <p>Person Responsible: Business Administrator</p> <p>Athletic playoff tickets will be immediately provided to the Business Administrator upon the Athletic Director's receipt. As the Ticket Controller, the Business Administrator will complete a ticket report, the money will be deposited with the Financial Specialist, and a</p>	<p>Beginning with the winter athletic season</p> <p>ASAP, as necessary</p>	<p>Tickets</p> <p>Tickets</p> <p>Ticket Report</p>

<p>Significant cash overages were noted for some athletic events.</p> <p>Tickets for drama events were sold by assigned seat, making reconciliation difficult and weakening controls due to the inability to use sequentially-numbered tickets.</p>	<p>reconciliation of the money/tickets will be conducted.</p> <p>Persons Responsible: Athletic Director, Business Administrator, Financial Specialist.</p> <p>The Athletic Director will conduct a meeting with the Athletic Ticket Managers and Assistant Athletic Director to review proper MCPS procedures for athletic event ticket sales.</p> <p>Person Responsible: Athletic Director</p> <p>For our fall 2013 play, we are experimenting with offering both Reserved Admission and General Admission tickets, each at a different price. While the Reserved seating tickets will still not be sequentially numbered (the General Admission tickets will be numbered sequentially), this change will result in a more easily accomplished/accurate ticket reconciliation.</p> <p>Person Responsible: Business Administrator, Drama Director</p>	<p>ASAP</p> <p>ASAP</p>	<p>Email of meeting summary to participants.</p> <p>Play tickets and reconciliation report.</p>
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Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, Room 11.