


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

April 12, 2017

MEMORANDUM

To: Miss Deena Levine, Principal
Poolesville High School

From: Roger W. Pisha, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Independent Activity Funds for the Period
April 1, 2015, through February 28, 2017

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 fund-raisers. They are responsible for ensuring that the IAFs are administered in accordance with MCPS policies, regulations, and procedures.

The 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 the 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.

At our meeting on March 29, 2017, with you, Ms. Susan L. Krouner, school business administrator; and Ms. Theresa A. Shull, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated June 22, 2015, 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 Regulation DMB-RA, *Control of Admission Receipts*, sets forth procedures for the control of admission receipts for school events. To validate receipts received from admission events, the procedures include the use of serially numbered tickets, the use of MCPS

Form 280-50: *Tickets and Cash Report of Admissions Manager*, and maintenance of a perpetual ticket inventory (refer to *MCPS Financial Manual*, chapter 20, page 13). We noted drama events in which reserve tickets were hand numbered and sold, but MCPS Forms 280-50 were not properly completed to reconcile tickets issued with tickets returned and sales receipts. Additional weaknesses included no tickets used for the senior banquet and other events in which complimentary tickets were not separately recorded on the ticket report prior to them being sold. We recommend that MCPS Regulation DMB-RA is reviewed for compliance with appropriate staff prior to admission events.

The procurement of goods and services must be approved in writing by the principal prior to staff proceeding with any intended purchase. A budget is an approval document prepared by the sponsor of a school activity that indicates projected revenue by source and projected expenditure by type of item for a period of time not to exceed a fiscal year (refer to *MCPS Financial Manual*, chapter 20, page 5). The sponsor cannot exceed the total amount of expenditures in the approved budget without receiving prior written approval of the principal for a budget revision. The school financial specialist is responsible for monitoring the revenues and expenditures for conformity with the budget and any revisions approved by the principal. The sponsor is responsible for ensuring that expenditures do not exceed revenues and to request written approval from the principal should the budget need to be amended. We reviewed the athletic budgets for fiscal years 2016 and 2017 and found that Fiscal Year 2016 was not approved in writing by the principal, and Fiscal Year 2017 had not been monitored by the school financial specialist. We also noted that expenditures for several line items exceeded projections on both budgets without prior principal approval to do so. We recommend that your athletic director prepare a detailed budget each year for your written approval that is monitored and revised if needed.

Summary of Recommendations

- Admission events must be conducted in accordance with MCPS Regulation DMB-RA.
- Budgets must be approved by the principal in writing and monitored for compliance.

Other matters were discussed and satisfactorily resolved. We appreciate 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 Unit within 30 calendar days of this report, with a copy to Mr. Brian W. Scriven, director of school support and improvement of high schools. In your response, please share a detailed plan for addressing these issues including appropriate staff training and support. The Office of School Support and Improvement will follow up on this audit.

RWP:MJB:lsH

Copy to:

Members of the Board of Education
Dr. Smith

Miss Deena Levine

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April 12, 2017

Dr. Navarro
Dr. Statham
Dr. Zuckerman
Mr. Civin
Dr. Johnson
Dr. Williams
Mrs. Camp
Mrs. Chen
Ms. Diamond
Mr. Scriven
Mr. Tallur
Mr. Ikhehoa

Fiscal Management Action Plan

School: Poolesville High School

Principal: Deena Levine

Approved by community superintendent: *Ann W. Smith*Date of approval: 5/5/17

| Findings and Recommendations of School's Financial Report | Description of Resolution And Person(s) Responsible | Timeline | Evidence of Completion |
|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------------------------------------------------------|
| Admission events must be conducted in accordance with MCPS Regulation DMB-RA. | <p>Drama reserved seating tickets will be sequentially numbered with seat and row numbers completed by Box Office personnel at the time of sale and noted on the ticket report. Complimentary tickets will be separated and noted by number on the ticket report using tickets at the end of the numbering sequence.</p> <p>Of note: Even though Form 280-50 was not used to reconcile reserved tickets (it was used for general admission tickets), an independent reconciliation was completed for each drama event and no discrepancy in the accounting of the tickets returned and the sales receipts were found by the auditors.</p> <p>Person(s) Responsible: Ticket Controller, Admissions Manager, Report Auditor</p> | Fall 2017 | Remaining Tickets, Ticket Report |
| | <p>We have never issued tickets for the senior banquet. Because tickets are sold in conjunction with other senior activities and not at a dedicated onsite sales table, a process will need to be determined to best issue tickets for the senior banquet.</p> <p>Person(s) Responsible: Ticket Controller, Admissions Manager, Report Auditor, Senior Class Sponsor, Graduation Coordinator</p> | Spring 2018 | Tickets, Ticket Report |
| Budgets must be approved by the principal in writing and monitored for compliance. | The athletic department budget will be completed by the Athletic Director and submitted to the Financial Specialist, School Business Administrator, and Principal for their review and approval. The Athletic Director and Financial Specialist will monitor all purchases | Immediately/Fall 2018 | Approved Athletic Budget and Budget Addenda/280-54s, if necessary |

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| | <p>prior to any athletic expenditures the Athletic Director makes to ensure that budget amounts are not exceeded. Budget addenda and 280-54s will be completed, if necessary. A new FY17 budget has been completed and is pending review and approval.</p> <p>Person(s) Responsible: Athletic Director, Financial Specialist, School Business Administrator, Principal</p> | | |
|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|

Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, Room 123.