MEMORANDUM

To: Mrs. Katherine W. Lertora, Principal
   Rock Terrace School

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

Subject: Report on Audit of Independent Activity Funds for the Period
         January 1, 2017, through February 28, 2018

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. School principals are the fiduciary
agents for the IAFs and are 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 March 23, 2018, meeting with you and Ms. Christina L. Cedeno, school administrative
secretary, we reviewed the status of the conditions described in our prior audit report dated
January 26, 2017, 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

Use of the MCPS purchasing card must be in accordance with the requirements of the MCPS
Purchasing Card Users Guide. By the fifth business day of the following month, cardholders must
use the online reconciliation program to identify, describe, and review transactions. Monthly
statements must be printed and provided to the principal, with all purchase receipts and invoices
Dr. Navarro
Dr. Statham
Dr. Zuckerman
Mr. Civin
Dr. Johnson
Dr. Williams
Mrs. Camp
Mrs. Chen
Ms. Diamond
Mr. Scriven
Mr. Tallur
Mr. Ikheola
Financial Management Action Plan

Report Date: 2018
School: Rock Terrace School SSAP - 916
OSSI Associate Superintendent: Darryl Williams
OSSI Director: Brian Scriven

Fiscal Year: 2018
Principal: Katherine Lertora

Strategic Improvement Focus:
As noted in the financial audit for the period 2017-2018, strategic improvements are required in the following business processes:

Purchase card must comply with the MCPS Purchasing Card User's Guide.

<table>
<thead>
<tr>
<th>Action Steps</th>
<th>Person(s) Responsible</th>
<th>Resources Needed</th>
<th>Monitoring Tools / Data Points</th>
<th>Monitoring: Who &amp; When</th>
<th>Results/Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardholders and principal put monthly calendar reminders to review (and approve) purchases prior to the 10th day of each month.</td>
<td>JP Morgan cardholders, Principal</td>
<td>JP Morgan Online Tool Electronic Calendar</td>
<td>Electronic Calendar</td>
<td>Principal, monthly</td>
<td>Calendar reminders</td>
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<tr>
<td>Cardholders maintain receipts in central location and print account landscape of the purchases they have reviewed for principal to review and approve by the 10th day of each month.</td>
<td>JP Morgan cardholders, Principal</td>
<td>JP Morgan Online Tool Receipts</td>
<td>Binders with receipts and account landscapes of purchases for each account</td>
<td>Principal, monthly</td>
<td>Binders with receipts and account landscapes of purchases for each account</td>
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### STRATEGIC IMPROVEMENT FOCUS:

As noted in the financial audit for the period 2017-2018, strategic improvements are required in the following business processes:

IAF must be managed in accordance with sound accounting practices and effective internal control procedures.

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<td>Bistro lunch tickets sold to staff members will be recorded by the ticket numbers sold on the remittance records.</td>
<td>Bistro Sponsor Administrative Secretary</td>
<td>Numbered Lunch Tickets, Remittance Forms</td>
<td>Remittance Forms</td>
<td>Weekly by Administrative Secretary, Monthly by principal</td>
<td>Remittance Records with tickets sold</td>
</tr>
<tr>
<td>Lunch Tickets given to administrative secretary to record on ticket report. End of the year turn in all unsold tickets to reconcile the account.</td>
<td>Bistro Sponsor Administrative Secretary</td>
<td>Numbered Lunch Tickets, Ticket Report</td>
<td>Ticket Report</td>
<td>Administrative Secretary beginning and end of school year</td>
<td>Numbered Lunch Tickets, Ticket Report</td>
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<td>Bistro and Horticulture Sponsors selling items at special events (i.e. bake sale or plants at Farmers Market) will maintain a record of number of each item sold and cost of the items to submit with the remittance form</td>
<td>Bistro and Horticulture Sponsors Administrative Secretary</td>
<td>Sales list - items and cost</td>
<td>Summary list of sales - items and cost of items sold daily</td>
<td>Bistro and Horticulture Sponsors Administrative Secretary - for special events</td>
<td>Summary lists and remittance forms, sponsor financial binders</td>
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OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL

☐ Approved    ☐ Please revise and resubmit plan by ____________
Comments: ____________________________

Director: [Signature]  Date: 6/5/18