


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

March 18, 2013

MEMORANDUM

To: Dr. Debra S. Munk, Principal
Rockville High School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
December 1, 2011, through December 31, 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 March 7, 2013, with you, Mrs. Patricia Gamage, school business administrator, and Mrs. Bernadette Rager, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated February 1, 2012, 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

In accordance with the August 4, 2008, memorandum from the chief operating officer (COO), the expenditure of general funds to provide refreshments for staff meetings (IAF account 11) and

staff appreciation (IAF account 20) was \$45 per staff FTE per fiscal year through June 30, 2012. You exceeded this allowable amount in fiscal year 2012 by \$1,890 without approval of the COO. The April 16, 2012, memorandum from the COO adjusted the expenditure guideline from \$45 to \$60 per FTE effective FY 2013, but by December 31, 2012, expenditures had exceeded the allowable amount by \$484 without approval of the COO. We recommend you adhere to the guidelines from the COO or request approvals for exceptions as needed.

In order to properly control receipts, cash and checks collected by sponsors for IAF activities should be remitted promptly to the financial specialist, and accompanied by a complete MCPS Form 280-34, *Remittance Slip*. Obligation receipts should be supported by a source document such as a report of the day's collections from the obligation system. Cash should be counted in the presence of the remitter, and a receipt that is supported by the remittance slip or other source document should be issued promptly. We again found instances in which funds were held rather than remitted by sponsors on a daily basis. We continued to find that not all sponsors were using the most current MCPS Form 280-34, and that remittance slips did not always indicate a receipt signature or receipt number. In addition, some areas of remittance forms were left blank and some appeared to have been completed after receipt rather than prior to submission by the account sponsor. Obligation receipts were hand-written without supporting documentation. To improve controls, we recommend adoption of the procedures in the MCPS Financial Manual (see MCPS Financial Manual, p. 7-4).

Fund raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund Raiser*. Sponsors must request approval for fund raisers prior to ordering merchandise for resale. At the conclusion of the activity, a fund raiser completion report must be completed to evaluate results of the fund raiser and to ensure that fund raiser proceeds due the school have been remitted. We found that one sponsor ordered merchandise for a fund raiser prior to the principal's approval, funds were held for several months before remittance to the financial agent in December, and a completion report was not prepared until the following June. Another fund raiser sold merchandise for less than cost without explanation as to the reason. In addition, we found that completion reports were not always on file and that sponsors did not always complete inventory forms to track unsold merchandise. Following internal control procedures provides for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion of the event.

Summary of Recommendations

- Staff appreciation and meeting refreshment expenditures combined may not exceed a specified total amount for a fiscal year without prior approval of the COO;
- Funds collected must be promptly remitted by sponsors to the financial specialist (repeat) and promptly deposited into the bank;
- Remittances must be supported by completed remittance forms signed and dated by the financial specialist (repeat); and

- Fund raising must conform to *Guidelines for Sponsoring an IAF Fund Raiser*.

Other matters were discussed and satisfactorily resolved. We appreciated 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 office within 30 days of this report, with a copy to Dr. Donna S. Hollingshead, community superintendent. The Office of School Support and Improvement will follow up on this audit.

RWP:DKH:sd

Copy to:

Mr. Bowers
Dr. Statham
Dr. Schiavino-Narvaez
Dr. Marks
Dr. Hollingshead
Mrs. DeGraba
Mrs. Milwit
Mrs. Chen



2100 Baltimore Road

Phone: 301-517-8105

Rockville High School



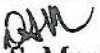
Rockville, MD 20851

Fax: 301-517-8288

April 25, 2013

MEMORANDUM

To: Mr. Roger Pisha, Supervisor
Internal Audit

From: 
Debra S. Munk, Principal

Subject: Response to Report on Audit of Independent Activity Funds
for the Period December 1, 2011 through December 31, 2012

The following steps are being taken as a result of the findings and recommendations stated in our audit report.

- Have filled out form, *Request for Chief Operating Officer Approval for IAF Purchases*, to reflect the staff purchases. This also explains the additional staff over or FTE that is present at all staff events.
- Have stressed again to several sponsors individually the necessity of submitting on the most current form and on a daily basis to the finance office all funds collected.
- Have addressed with the financial specialist that the MCPS Form 280-24 must be completed by the sponsor, signed and all supporting documentation must be attached.
- Will stress to the staff during the pre-service week the *Guidelines for Sponsoring an IAF Fundraiser*. Staff not adhering to these guidelines will no longer be able to hold a fundraiser
- Will make sure that the fundraiser completion reports are completed in a timely fashion at the conclusion of the fundraiser.

If you have any questions, please do not hesitate to call me.

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Copy to:
Dr. Hollingshead