


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

April 15, 2014

MEMORANDUM

To: Ms. Billie-Jean Bensen, Principal
Rockville High School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2013, through February 28, 2014

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 April 4, 2014 with you, Mrs. Patricia Gamage, business administrator, and Mrs. Bernadette Rager, financial specialist, we reviewed the status of the conditions described in our prior audit report dated March 18, 2013, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2013. 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 order to properly control receipts, cash and checks collected by sponsors for IAF activities should be remitted promptly and intact to the financial specialist along with a complete MCPS

Form 280-34, *Remittance Slip*. 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. Obligation receipts should be supported by a source document such as a report of the day's collections from the obligation system. We again found that some sponsors were holding funds collected rather than remitting them to the financial specialist on a daily basis. The financial specialist still did not have a source document for obligations collected from students and was not indicating receipt numbers on remittance slips. To minimize the risk of loss and provide assurance that available funds will be fully utilized to meet school needs, all funds collected should be remitted to the financial specialist daily and promptly deposited. Also, to strengthen controls, we recommend adoption of MCPS cash control procedures (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*. Although most sponsors are submitting a fund-raiser request form for your approval to conduct an activity, they are not all submitting a completion report at the conclusion of the activity so that results could be evaluated. A completion report for an activity involving the sale of items should include the total number of items for sale and cost of each, selling prices, and any remaining inventories to determine whether all sums collected were remitted to the financial specialist. Following internal control procedures provides for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion of the activity.

Sponsors of field trips should have a complete class or club roster of student names to annotate the amount each student paid, date paid, eligible students who did not participate in the trip, and students who received waivers, scholarships or reduced fees. This data should be provided to the financial specialist at the completion of each trip, and compared to remittances recorded in the trip account history report. We found that not all sponsors are providing completed data at the conclusion of each trip, and that data is not always being compared to the final account reconciliation report. We recommend trip sponsors use MCPS Form 280-41, *Field Trip Accounting*, or its equivalent, for recording of trip fees and provide complete data at the completion of each trip (see MCPS Financial Manual, p. 20-9).

Summary of Recommendations

- Funds collected by sponsors must be promptly remitted to the financial agent (repeat);
- Fund-raiser completion reports prepared by sponsors must provide sufficient information to analyze results (repeat); 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. 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:MJB:sd

Copy to:

Mr. Bowers

Dr. Statham

Dr. Schiavino-Narvaez

Mr. Sanderson

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Rockville High School




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April 25, 2014

MEMORANDUM

To: Dr. Christopher Garran, Associate Superintendent of High Schools

From: Billie-Jean Bensen, Principal 

Subject: Template for Response to Auditor's Report

Attached please find Rockville High School's Fiscal Management Action Plan.

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

Copy to:

✓ Internal Audit Office

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