


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

June 5, 2015

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  
March 1, 2014, through April 30, 2015

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 May 28, 2015, with you, Mrs. Patricia Gamage, business administrator, Mr. David Stough, incoming business administrator, and Mrs. Bernadette Rager, financial specialist, we reviewed the status of the conditions described in our prior audit report dated April 15, 2014, and discussed further actions needed to strengthen the accountability for IAF resources. 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 commended you for progress made, some conditions continue to need improvement. 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 together with a complete MCPS Form 280-34, *Remittance Slip*. The funds should be counted in the presence of the remitter, and a receipt that is supported by Form 280-34 promptly issued. Obligation receipts should be supported by a source document such as a report of the day's collections from the obligation system. Receipts must be deposited promptly, and always before each weekend or holiday (see MCPS Financial Manual, p. 7-4). 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. In addition, we noted that cash was not always counted in the presence of the remitter, and funds were not always promptly deposited. 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 for prompt deposit. To mitigate these weaknesses, we recommend strengthening internal control processes in accordance with MCPS procedures.

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, some again did not submit 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 (see MCPS Financial Manual, pp. 20-12, 20-13).

Sponsors of school activities which involve the collection or disbursement of IAF should be provided an account history report for each month in which transactions have been recorded in their accounts, and be required to verify that transactions have been correctly recorded. We found some sponsors did not receive a report for all of their accounts, while some other sponsors failed to return their statements. We recommend sponsors be provided a report for all accounts with activity. Sponsors should be required to review and resolve any discrepancies in their accounts and return the signed statements to the financial specialist. We recommend a procedure be established to ensure that all statements are reviewed and returned (see MCPS Financial Manual, pp. 20-9, 20-10).

### Summary of Recommendations

- Funds collected by sponsors must be promptly remitted (repeat) to the financial specialist and promptly deposited;



- Fund-raiser completion reports prepared by sponsors must provide sufficient information to analyze results (repeat); and
- Monthly account history reports must be provided to sponsors for affirmation of transaction correctness and returned to the financial specialist.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff, especially Mrs. Gamage and Mrs. Rager. 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:

Dr. Zuckerman  
Dr. Statham  
Dr. Navarro  
Dr. Garran  
Mr. Sanderson  
Mrs. Chen  
Mrs. DeGraba  
Mrs. Milwit

Fiscal Management Action Plan

School: Rockville High School

Principal: Billie-Jean Bensen

Approved by community superintendent: 

Date of approval: 6/15/15

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Funds collected by sponsors must be promptly remitted to the financial agent (repeat)	Will stress again to staff this regulation (Business Administrator and Principal) A New Business Administrator and Financial Specialist will be starting July 1 all procedures will be reviewed with staff.	During ILT, Pre-Service weeks and when fundraiser request are submitted	Will review progress monthly
Fund-raiser completion reports prepared by sponsors must provide sufficient information to analyze results (repeat)	Will stress again to staff this regulation (Business Administrator and Principal). If continuing staff will not be able to fund raise. A New Business Administrator and Financial Specialist will be starting July 1 all procedures will be reviewed with staff.	During Pre-Service week	Will review progress monthly
Monthly account history reports must be provided to sponsors for affirmation of transaction correctness and returned to the financial specialist	Will change monthly reports to only exclude the accounts with no activity for the month. (Financial Specialist)	Immediately	Will review progress monthly

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