


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

April 4, 2012

MEMORANDUM

To: Mr. Marc J. Cohen, Principal
Seneca Valley High School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
December 1, 2010, through January 31, 2012

This audit report presents the results of our examination of the financial records, reports, and internal accounting controls relating to the Independent Activity Funds (IAF) for your school for the period designated above. The examination was made to evaluate the adequacy of accountability over these funds, compliance with applicable Montgomery County Public Schools (MCPS) policies and procedures, and effectiveness of IAF management.

In our meeting on March 21, 2012, with you, Mrs. Monique Riddick, business administrator, and Ms. Anissa Marin, financial specialist, we reviewed conditions described in our previous report dated February 25, 2011, and the status of present conditions. It should be noted that prior to Mrs. Riddick's appointment effective July 1, 2011, you were without a permanent business administrator for three months of the audit period. Our findings and recommendations appear below.

Findings and Recommendations

Sponsors of field trips should have a complete class or club roster of student names to annotate how much each student paid, students who did not participate in the trip, and students who received waivers, scholarships or reduced fees. This data should be submitted to the financial agent at the completion of each trip, and compared to remittances recorded in the trip account reconciliation report. We again found that not all sponsors are submitting completed data at the conclusion of each trip, and that data is not 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 trip fees and provide complete data at the completion of each trip (see MCPS Financial Manual, p. 20-9). We also found two instances in which fees were collected in advance of appropriate approvals. We further recommend trip planning be approved by the principal, and community superintendent when necessary, prior to payments collected from students or parents (see MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips and Student Organization Trips*).

Fund raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund Raiser*. We again found weaknesses in following these guidelines to provide for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion of the event. We recommend that financial activities for each fund raising activity be recorded in a separate account in the 800 series and a completion report prepared that analyzes the results (see MCPS Financial Manual, p. 20-11).

Sales of PE uniforms should comply with the requirements outlined in the *Handbook for the Operation of School Stores*. We again noted some weaknesses over the accounting process for the sale of uniforms since the records of sums collected from students could not be reconciled to the records of sales. To improve controls, we recommend tracking of uniform sales on a spreadsheet that can be reconciled to records of account activity. In addition, inventory records should be adjusted for sales, purchases, giveaways, and for garments found not originally recorded in inventory. The inventory should be secured at all times to lessen the likelihood of a loss, and the inventory record should be compared to a physical count conducted at least annually.

The yearbook sponsor is required to keep detailed records of the number of books sold, the price charged as well as the number of books distributed free of charge (see MCPS Financial Manual, p. 20-11). The records kept by the yearbook sponsor again did not enable us to reconcile the number of books purchased with the number sold at the school. We were therefore unable to determine that all funds generated from this activity had been remitted. We also noted that MCPS Form 281-25, *Statement of Profit or Loss on Sale of Merchandise*, was not accurate as it significantly overstated gross profit. We recommend the yearbook sponsor be counseled and assisted with the record-keeping required for this activity.

The monthly bank statement shall be delivered directly to the principal for review of the statement, canceled checks, and other documents. If check images have not been provided by the bank, the principal should have electronic access to the cleared checks via the bank's online system in order to identify the payee on any questionable check (see MCPS Financial Manual, p. 20-8). Documents supporting the IAF reports, including bank statements and canceled checks, are part of the financial records and should be maintained in the school office. We noted that during the audit period the school was not receiving copies of canceled checks from the bank, which prohibited the review of checks written during the audit period. We recommend the bank be requested to provide images of canceled checks each month or provide access to cleared checks through online banking. Check images should be printed each month and presented to principal for review together with the bank statement (see MCPS Financial Manual, p. 20-9).

Summary of Recommendations

- 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 (repeat);

- Fund raising must conform to *Guidelines for Sponsoring an IAF Fund Raiser* (repeat);
- Physical Education uniform sale and inventory processes should comply with the requirements outlined in the *Handbook for the Operation of School Stores* (repeat);
- Yearbook profit or loss statement must be prepared to account for all activity (repeat);
and
- Check images should be provided with monthly statement or online access to print.

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. LaVerne Kimball, community superintendent. The Office of School Performance will follow up on this audit.

RWP:MJB:sd

Copy to:

Mr. Bowers
Dr. Lacey
Mr. Talley
Dr. Kimball
Mrs. DeGraba
Mrs. Milwit
Mr. Doody

Office of the Principal

SENECA VALLEY High School

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April 25, 2012



MEMORANDUM

To: Mr. Roger W. Pisha, Supervisor, Audit Unit

From: Marc J. Cohen, Principal *MJC*

Subject: IAF Audit Response for the Period December 1, 2010, through January 31, 2012

The following is a response to the findings and recommendations to the Report on the Audit of Seneca Valley High School's Independent Activity Funds (IAF) for the period of December 1, 2010, through January 31, 2012.

Upon the appointment of Mrs. Monique Riddick as the new school business administrator effective July 1, 2011, several new processes and procedures were designed and instituted to address the financial management of the Seneca Valley High School's IAF. The attached policies and procedures were presented to all staff during a mandatory pre-service meeting. Additional trainings on IAF policies and procedures were conducted by Mrs. Riddick throughout the school year.

Several of the findings included in the current audit were identified by Mrs. Riddick upon her arrival. She immediately implemented strategies to correct the areas of deficiency and provided guidance and support to staff and sponsors. In addition, a fiscal management action plan (see attached) has been developed to address the findings and recommendations in order to ensure consistent compliance with all MCPS financial policies and procedures.

Thank you for your time and effort to assist our staff in maintaining effective fiscal management of IAF. Please let me know if you have any further questions or suggestions.

MNR:lsf

Attachments

cc: Mrs. Riddick

Fiscal Management Action Plan

School: Seneca Valley High School

Principal: Marc Cohen

Approved by Community Superintendent William D. Keibel Date of approval 5/1/12

Findings and Recommendations of School's Financial Report	Description of Resolution	Person(s) Responsible	Timeline	Evidence of Completion
Field Trip Findings <ul style="list-style-type: none"> Not all sponsors are submitting completed data at the conclusion of each field trip. Fees were collected on two field trips in advance of appropriate approvals. Field Trip Recommendations <ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> School-wide staff training presented by the school business administrator during pre-service week. Field trip sponsors are provided a copy of the field trip guidelines memo from the Office of School Support and Improvement prior to planning each field trip. A field trip process map will be created by the school business administrator, distributed to all staff, and posted on T-shared in the staff field trip folder. Field trips are reviewed upon completion by the school business administrator to ensure all required paperwork has been completed. Message posted on Seneca Valley High School 	School Business Administrator, Resource Teachers, and Field Trip Sponsors	<ul style="list-style-type: none"> August 2011 and 2012 Immediately August 2012 Immediately April 19, 2012 	<ul style="list-style-type: none"> Copy of pre-service presentation posted on T-shared and attendance sign-in sheet Sent via email upon every field trip inquiry Copy of process map Complete field trip file Copy of email on file Copies of completed field trips with all necessary paperwork on file.

<p>Fund Raiser Finding</p> <ul style="list-style-type: none"> Weakness existed in following the <i>Guidelines for Sponsoring an Independent Activity Fund Fund Raiser</i> to provide for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion of the event. <p>Fund Raiser Recommendations</p> <ul style="list-style-type: none"> Conform to <i>Guidelines for Sponsoring an Independent Activity Fund Fund Raiser</i> Record each fund raising activity in a separate account in the 800 series and complete a completion report prepared that analyzes the results. 	<p>Private reminding staff of field trip guidelines, timelines, and procedures.</p> <ul style="list-style-type: none"> School-wide staff training presented by the school business administrator during pre-service week. Mid-year training provided to sponsors of fund raisers. Copy of the <i>Guidelines for Sponsoring an Independent Activity Fund Fund Raiser</i> posted on T-shared under the fund raiser folder. Memorandum of record given to sponsors who violate the <i>Guidelines for Sponsoring an Independent Activity Fund Fund Raiser</i> 	<p>School Business Administrator, Athletic Director, and Financial Specialist</p>	<ul style="list-style-type: none"> August 2011 and 2012 January 2012 Immediately As needed 	<ul style="list-style-type: none"> Copy of pre-service presentation posted on T-shared and attendance sign-in sheet Copy of training materials Copy of memorandum Chart of accounts demonstrating fund raisers posted in 800 series Copies of completed fund raiser completion reports
<p>Sale of PE Uniforms Findings</p> <ul style="list-style-type: none"> Weakness existed over the accounting process for the sale of uniforms since the records of sums collected from students could not be reconciled to the records of sales. <p>Sales of PE Uniforms Recommendations</p> <ul style="list-style-type: none"> Physical Education uniform sale and inventory processes should comply with the requirements 	<ul style="list-style-type: none"> The physical education uniform inventory was completed by the resource teacher. All records are now accurate. 	<p>PE Resource Teacher</p>	<ul style="list-style-type: none"> January 2012 	<ul style="list-style-type: none"> Copy of inventory Sales and inventory reconcile

<p>outlined in the <i>Handbook for the Operation of School Stores</i>.</p>				
<p>Yearbook Findings</p> <ul style="list-style-type: none"> • The records kept by the yearbook sponsor did not enable the auditors to reconcile the number of books purchased with the number sold at the school. Therefore, the auditors were unable to determine that all funds generated from this activity had been remitted. • The MCPS Form 281-25, <i>Statement of Profit or Loss on Sale of Merchandise</i>, was not accurate. <p>Yearbook Recommendations</p> <ul style="list-style-type: none"> • The yearbook sponsor should be counseled and assisted with the record-keeping required for this activity. • Yearbook profit or loss statement must be prepared to account for all activity. 	<ul style="list-style-type: none"> • Yearbook sponsor meets regularly with school business administrator to review account • Yearbook sponsor provided with a copy of yearbook account excel spreadsheet created by audit department to assist with record keeping and yearbook sales and give away accountability 	<p>School Business Administrator, Yearbook Sponsor</p>	<ul style="list-style-type: none"> • Quarterly beginning in August 2011 • August 2011 	<ul style="list-style-type: none"> • Yearbook sales and inventory reconcile • MCPS Form 281-25, <i>Statement of Profit or Loss on Sale of Merchandise</i> completed correctly
<p>Monthly Bank Statement Finding</p> <ul style="list-style-type: none"> • During the audit period, the school was not receiving copies of canceled checks from the bank. <p>Monthly Bank Statement Recommendation</p> <ul style="list-style-type: none"> • Check images should be provided with monthly statement or online 	<ul style="list-style-type: none"> • School pays monthly fee to banking institution to receive copies of canceled checks included with monthly bank statement 	<p>Financial Specialist</p>	<ul style="list-style-type: none"> • March 2012 	<ul style="list-style-type: none"> • Copies of canceled checks are included with monthly bank statement