


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 12, 2016

MEMORANDUM

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

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

Subject: Report on Audit of Independent Activity Funds for the Period
December 1, 2014, through October 31, 2016

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 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.

In our meeting on November 21, 2016, with you, Mrs. Monique N. Riddick, school business administrator, and Mrs. Anissa B. Black, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated January 7, 2015, 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

Admission receipts for athletic and non-athletic events should be controlled according to MCPS Regulation DMB-RA, *Control of Admission Receipts*. Admissions must be controlled with serially numbered tickets, separation of duties, and use of the required MCPS Form

280-50: *Tickets and Cash Report of Admissions Manager*, for tracking and reconciling sales, and perpetual inventory of tickets. For ticketed events, we found in many instances the date signed by the report auditor did not match the actual date the related task was completed. In addition, we were unable to reconcile the Homecoming and Prom accounts due to the fact that the tickets were sold for two separate prices both online and at school. We noted that some events only had a final ticket report on file, even though there were multiple days of sales. Also, unsold athletic season tickets were not returned with the final ticket report therefore enabling the ticket auditor to verify funds collected for tickets sold. We recommend that MCPS procedures for ticket sales be reviewed with appropriate staff prior to events.

Fundraising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fundraiser*. In our sample, we noted that one fundraiser had contracted a vendor to solicit donations for various sports teams, but there was not a signed contract on file. We also noted that the final vendor report was not compared to account activity to verify amounts owed had been received and recorded in proper accounts. Another fundraiser offered scholarships to band camp with no documentation to justify the reduced fee paid by students for camp. The completion report for one fundraiser only listed items sold and not all items available for sale since unsold items were returned to vendor. We recommend compliance with the *Guidelines for Sponsoring an Independent Activity Fund Fundraiser* to ensure accountability of funds raised as well as the opportunity to evaluate the results of the event for future decisions (refer to *MCPS Financial Manual*, chapter 20, pp. 12–13).

Summary of Recommendations

- Admission events must be conducted in accordance with MCPS Regulation DMB-RA.
- Fundraising must conform to *Guidelines for Sponsoring an Independent Activity Fund Fundraiser*.

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 Unit within 30 calendar days of this report, with a copy to Mr. Brian W. Scriven, director of school support and improvement of high schools. In your response, please share a detailed plan for addressing these issues including appropriate staff training and support. The Office of School Support and Improvement will follow up on this audit.

RWP:MJB:lsH

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Dr. Johnson
Mr. Civin
Dr. Williams
Mrs. Camp
Mrs. Chen
Ms. Diamond
Mr. Scriven
Mr. Ikheloa

Fiscal Management Action Plan

School: Seneca Valley High SchoolPrincipal: Marc Cohen

Approved by community superintendent: _____

Date of approval: _____

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Admission Events Findings <ul style="list-style-type: none"> Date signed by report auditor did not always match the date related task was completed. Homecoming and Prom ticket sales were not able to reconcile due to two different ticket prices both online and at school. Unsold athletic season tickets were not return with the final ticket report. Admission Events Recommendations <ul style="list-style-type: none"> Review MCPS procedures for ticket sales with appropriate staff prior to events. 	The school financial specialist will sign all final ticket reports the day the report audit is complete.	Immediately	Copy of final ticket report.
	Sponsors of homecoming and prom will issue different tickets for online sales and at school sales sold at different prices similar to the sales of drama production tickets.		Reconciliation of ticket reports. Copy of different tickets.
	The athletic director will return unsold athletic season tickets to the school financial specialist along with the final ticket report.		Unsold tickets available in the business office for audit review.
Fundraising Findings <ul style="list-style-type: none"> One fundraiser sample indicated the final vendor report was not compared to account activity to verify all funds were collected. No contract was on file for fundraiser. Scholarships offered for one fundraiser did not have documentation to justify reduced fee. Items available for sale were not included on the fundraiser completion report along with items sold. Fundraising Recommendations <ul style="list-style-type: none"> Compliance with the <i>Guidelines for Sponsoring an Independent Activity Fundraiser</i> 	The school business administrator will review the fundraising policies and procedures with each sponsor requesting fundraiser activities.	Immediately	Sponsor signature on fundraiser request form.
	A copy of the terms of service will be maintained on file for all fundraisers by the school business administrator.		Copy of contracts and service agreements on file in the business office.
	Sponsors will submit an MCPS Form 260-1 <i>Fee Waiver Record</i> as documentation for reduced fees.		Copies of MCPS Form 260-1 on file with fundraiser completion report in the business office.
	Sponsors will included items available for sale on the fundraiser completion report.		Copy of fundraiser completion report.

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