MEMORANDUM

To: Mr. William M. Gregory, Principal
Sherwood High School

From: Roger W. Pisha, Supervisor, Internal Audit

Subject: Report on Audit of Independent Activity Funds for the Period
February 1, 2013, through January 31, 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 April 30, 2015, with you, Mrs. Linda Berkheimer, business administrator, and
Mrs. Cynthia Saul, financial specialist, we reviewed the status of the conditions described in our
prior audit report dated March 27, 2013, 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

Cash and checks collected by sponsors for IAF activities should be remitted promptly to the
financial specialist together with the current version of MCPS Form 280-34, MCPS Remittance
Slip. The funds should be counted in the presence of the remitter, and a receipt that is supported by the remittance advice should be issued promptly (see MCPS Financial Manual, p. 7-4). We again found that some sponsors held funds collected rather than remitting them to the financial specialist on the day received. To improve cash management internal controls, we recommend reminding these sponsors of the above procedures.

Summary of Recommendations

* Funds collected must be promptly remitted to the financial specialist (repeat).

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff, especially Mrs. Berkheimer and Mrs. Saul. 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. Navarro
- Dr. Statham
- Dr. Garran
- Mr. Sanderson
- Mrs. Chen
- Mrs. DeGraba
- Mrs. Milwitz
May 1, 2015

MEMORANDUM

To: Mr. Roger Pisha, Supervisor, Internal Audit

From: William M. Gregory, Principal

Subject: Audit of Independent Activity Funds (IAF) for the Period February 1, 2013 through January 31, 2015

Please find attached a Fiscal Management Action Plan in response to the “Findings and Recommendations” from the financial audit of Sherwood High School’s Independent Activity Funds (IAF) for the period February 1, 2013 through January 31, 2015.

I would like to express my appreciation for meeting with me, Mrs. Linda Berkheimer, Business Administrator, and Mrs. Cindy Saul, Financial Specialist on April 30, 2015 to discuss our concerns regarding the findings and recommendations from this audit period. I would also like to thank Mrs. Ginny Denning, Internal Auditor, for her time and expertise in conducting the audit.

WMG:lb
Attachments
Copy to: Dr. Christopher S. Garran
Fiscal Management Action Plan

School: Sherwood High School

Approved by associate superintendent: [Signature]

Date of approval: 7/14/15

Principal: William Gregory

<table>
<thead>
<tr>
<th>Findings and Recommendations of School's Financial Report</th>
<th>Description of Resolution And Person(s) Responsible</th>
<th>Timeline</th>
<th>Evidence of Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds collected must be promptly remitted by sponsors to the financial specialist.</td>
<td>As in past years, training for all IAF Account Sponsors will be provided during the August professional days. The training will be conducted by Ms. Linda Berkheimer, Business Administrator, and Ms. Cindy Saul, Financial Specialist. In addition, IAF Account Sponsors will continue to receive a “Money Matters” guide that provides written instructions for handling funds and making deposits. An “after-hours” deposit safe has been installed to provide additional opportunity for sponsors to make daily/timely deposits. In addition, we have implemented the Online School Payment program that allows parents and students to make payments to Sherwood High School using a credit card. The Principal reviews monthly IAF account activity.</td>
<td>5/15-8/15</td>
<td>See attached, “Money Matters” guide. The FY16 guide will be updated and printed.</td>
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