


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

May 29, 2019

MEMORANDUM

To: Mr. Edward K. Owusu, Principal
Clarksburg High School

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

Subject: Report on Audit of Independent Activity Funds for the Period
March 1, 2018, through April 30, 2019

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. School 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 Board of Education policies, MCPS regulations, and procedures.

The IAF audits are conducted regularly to evaluate compliance with 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 any significant errors or omissions in the financial records are detected.

At our May 16, 2019, meeting with you; Ms. Claudette M. Eader, school business administrator; and Mrs. Sharon M. Weston, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated May 1, 2018, 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

Fund-raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund Raiser*. We found that there was a lack of adherence to these guidelines. We found that not all sponsors were preparing fund-raiser request forms to obtain your approval prior to the start of an activity. We also noted that not all sponsors were remitting funds each day received.

One sponsor used the funds collected during pre-sales to purchase items to sell. We also found that you were selling Gatorade to students after physical education classes and the drinks did not meet MCPS nutritional guidelines. Following these internal control procedures provides for accountability of funds raised, as well as the opportunity to evaluate the results at the conclusion of the event. We recommend that each fund-raiser be approved by the principal in writing prior to the start of activity, and all funds collected need to be remitted timely and intact (refer to *MCPS Financial Manual*, chapter 20, page 13).

Athletic field trips must be conducted in accordance with the systemwide athletic director's memorandum dated August 24, 2018, *Travel Guidelines for Athletics for School Year 2018-2019* (attach). All trips for teams in the MCPS interscholastic athletics program must be approved by the athletic director and/or principal. These trips must comply with all MCPS rules and regulations. and for all out-of-area/overnight trips, a complete packet should be submitted to Mr. Jeffrey K. Sullivan, director of systemwide athletics, at least four weeks before any reservations are confirmed. Once approved by the director, the submission will be forwarded to the Office of School Support and Improvement for final approval. We noted that you had all necessary forms and approval on file, but no money for one athletic trip was ever deposited into the IAF. It appears that the funds collected from students were used to directly pay for lodging and transportation expenses rather than being remitted to the school financial specialist for verification and payment of expenses with a school IAF check upon receipt of invoice and principal approval. We recommend following all MCPS field trip rules and regulations in the future.

Summary of Recommendations

- Fund-raisers must be approved by the principal prior to advertising or conducting the activity, and comply with the *Guidelines for Sponsoring an IAF Fund Raiser*.
- Funds collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the school financial specialist.
- Athletic field trips must be in compliance with all MCPS rules and regulations.

Other matters were discussed and satisfactorily resolved. We appreciate the cooperation and assistance of your staff. In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, using the attached form, please provide a written response to the Internal Audit Unit within 30 calendar days of this report. In your response, please share a detailed plan for addressing these issues, including appropriate staff training and support.

Prior to returning your completed audit action plan, please contact Dr. Michael J. Zarchin, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Zarchin will indicate whether he will conduct an electronic review of your action plan or schedule a time to meet in person with you and your school administrative secretary to support you with developing a well-defined plan to address the findings.

RWP:MJB:lsh

Attachments

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Dr. Williams

Mrs. Camp

Mrs. Chen

Ms. Diamond

Dr. Zarchin

Mr. Tallur

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 3/1/18--4/30/19	Fiscal Year: 3/1/18--4/30/19
School: Clarksburg HS - 249	Principal: Edward Owusu
OSSI Associate Superintendent: Dr. Williams	OSSI Director: Dr. Zarchin
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>1 year</u>, strategic improvements are required in the following business processes :</p> <p>Conform to the Guidelines for Sponsoring an Independent Activity and the MCPS Athletic field trips process</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
All coaches will participate in pre-service and pre-season training to ensure that all all field trips comply with the MCPS athletic field trip regulations and process. All field trips must be approved by the business office and principal prior to any activity takes place regarding the athletic field trip.	Eader/Dalton	none	Oversee the entire field trip process. Check in with coaches regularly to ensure process are being followed	Eader/Dalton On going	
All staff will participate in a pre-service training to ensure that fund-raising conforms with the Guidelines for Sponsoring an Independent Activity Fund Fund Raiser. This will ensure that sponsors prepare fund-raiser request forms for approval prior to the start of an activity.	Eader/Weston	none	Creating a fund raising calendar and monitor deposits during the fund raising period-	Eader/Weston On going	
All staff will participate in pre-service training to ensure that cash handling conforms with the Guidelines for sponsoring an independent activity club/activity.	Eader/Weston	None	None	Eader/Weston On going	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence

OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL

Approved Please revise and resubmit plan by _____

Comments:

Director: _____



Date: 7-26-19