


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

September 26, 2017

MEMORANDUM

To: Mr. Lawrence D. Chep, Principal  
Clopper Mill Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
July 1, 2014, through July 31, 2017

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.

At our September 20, 2017, meeting with you and Mrs. Rola P. Ibrahim, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated September 15, 2014, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2017. 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

In order to properly control funds, all cash and checks collected by sponsors for the IAF activities should be remitted promptly to the school administrative secretary. These funds should then be verified in the presence of the remitter, and a receipt that is supported by MCPS Form

280-34, *Independent Activity Fund (IAF) Remittance Slip*, should be issued promptly. We found instances in which funds were held by sponsors rather than being remitted in a timely manner to the school administrative secretary on a daily basis, and not always promptly deposited into the school's bank account. To minimize the risk of loss and provide availability of funds to meet school needs, we recommend that all funds collected be remitted daily to the school administrative secretary for prompt deposit in the bank (refer to *MCPS Financial Manual*, chapter 7, page 4).

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips and Student Organization Trips*. Trip approval forms should be signed by the principal, and the director of school support and improvement, when required, and retained for future reference. Sponsors of field trips should have a complete class or club roster of student names to annotate the amount each student paid, date paid, eligible students who did not participate in the trip, and students who received waivers, scholarships, or reduced fees. This data, together with a list of all chaperones and volunteers, should be provided to the school administrative secretary at the completion of each trip and compared to remittances recorded in the trip account history report. We found that not all sponsors are providing completed data at the conclusion of each trip, and that data is not being compared to the final account history report. We recommend that all sponsors be required to use MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and follow the procedures outlined above.

#### Summary of Recommendations

- Funds collected by sponsors must be promptly remitted to the school administrative secretary.
- Funds remitted by sponsors must be promptly verified, receipted, and deposited in the bank by the school administrative secretary.
- Field trip records prepared by sponsors must provide a comprehensive data to account for all students eligible to participate and to reconcile funds collected with costs of the trip.

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 Mr. Gregory S. Edmundson, director of school support and improvement of elementary schools. Based on the audit recommendations, Mr. Edmundson 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 administrative secretary to support you with developing a well-defined plan to address the findings.

RWP:AMB:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Dr. Kimball

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Edmundson

Mr. Tallur

Mr. Ikheloa

**FINANCIAL MANAGEMENT ACTION PLAN**

<b>School:</b> Clopper Mill ES - 100	<b>Principal:</b> Mr. Lary Chep	<b>Fiscal Year:</b> FY18
<b>OSSI Associate Superintendent:</b> Dr. Laverne Kimball	<b>OSSI Director:</b> Greg Edmundson	
<p><b>Strategic Improvement Focus:</b>          As noted in the financial audit for the period <u>7/1/14-7/31/17</u>, strategic improvements are required in the following business processes :</p> <p>Funds collected by sponsors must be promptly remitted tot he school administrative secretary          Funds remitted by sponsors must be promptly-verified, receipted and deposited in the bank by the school administrative secretary          Field trip records prepared by sponsors must provide a comprehensive data to account for all students eligible to participate and to reconcile funds collected with costs of the trip.</p>		

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Training was provided to all sponsors during per-service on August 28, 2017, on the correct method of using Form 280-34 to ensure a new remittance form is submitted daily.	Administrative secretary	Form 280-34	Form 280-34 and field trip packet has been given to teachers during per-service	Principal and Administrative Secretary	An account reconciliation report will be provided to each sponsor to affirm correctness.
Funds will be promptly verified, receipted and deposited by both teacher and administrative secretary	Administrative Secretary	Form 280-34 Form 280-41	Field trip packet given to teachers during pre-service	Teacher, Principal and Administrative Secretary	An account reconciliation report will be provided to each sponsor to affirm corrected and cross check names on form 280-41 with class list
Training was provided during pre-service on collecting funds and completing correct forms for field trips	Administrative secretary	Form 280-41	training provided on field trips and packet given to teachers during pre-service on August 28, 2017	Principal and Administrative Secretary	Written reminders will be emailed to delinquent sponsors, followed by a letter of reprimand if process is not followed properly.

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: 10/31/17