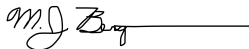


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

May 18, 2021

MEMORANDUM

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

From: Mary J. Bergstresser, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Independent Activity Funds for the Period
August 1, 2017, through February 28, 2021

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 and 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 06, 2021, virtual meeting with you; Mrs. Elba A. Lopez, school administrative secretary (secretary); and Mrs. Doris A. York, visiting bookkeeper, we reviewed the prior audit report dated September 26, 2017, and the status of the present conditions. It should be noted that Mrs. Lopez's assignment as secretary was effective March 12, 2021. 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

All disbursements from a school's IAF, except those made from a school's petty cash fund, will be made by check or ACH drawn on the school's IAF bank account. All checks will be completed with the date, payee, and amount, prior to any signature. No checks will be signed in advance of these completed items. A review of a sample of disbursements found the school executed nine

handwritten checks which did not have the amount filled in prior to releasing the check. Once written, a check must not be altered or erased. If an error is discovered, the word "Void" must be written in ink across the face of the check and a new replacement check written. We recommend adherence to check writing procedures (refer to the *MCPS Financial Manual*, chapter 20, page 6). It is further recommended that small purchases in which the amount is not known in advance be made with a school purchasing card.

Cash and checks collected for IAF activities by sponsors and other authorized individuals must be remitted with MCPS Form 280-34, *Independent Activity Funds (IAF) Remittance Slip*, to the secretary on the day the funds are received. We found instances in which staff collecting funds for field trips were not completely filling out Form 280-34 with all of the required information. In most cases, the secretary did not sign and date the remittance forms, indicating the date remittances were received. To improve internal controls regarding cash receipts, we recommend that all staff who collect funds for school activities be reminded of remittance requirements (refer to the *MCPS Financial Manual*, chapter 7, page 4).

Notice of Findings and Recommendations

- Checks will not be signed and released by the principal until fully completed.
- MCPS Form 280-34 must be fully completed by the sponsor prior to submitting deposits to the secretary (**repeat**).

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 Ms. Nicole A. Sosik, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your action plan. Based on the audit recommendations, Ms. Sosik will indicate whether she will conduct an electronic review of your action plan or schedule a time to meet in person with you and your secretary to support you with developing a well-defined plan to address the findings.

MJB:ABP:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Ms. Stratman

Dr. Wilson

Mrs. Williams
Mr. Koutsos
Mrs. Chen
Mr. Klausing
Mr. Marella
Mr. Reilly
Ms. Sosik
Mr. Tallur
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: May 6, 2021

Fiscal Year: May 6, 2021

School: Clopper Mill ES - 100

Principal: Lawrence D. Chep

OTLS

Associate Superintendent: James P Koutsos

OTLS

Director: Nicole A Sosik,

Strategic Improvement Focus:

As noted in the financial audit for the period 8/11/17-2/28/21, strategic improvements are required in the following business processes :

Checks signed and released by the principal. MCPS Form 280-34 must be fully completed by the sponsor prior to submitting deposits to the secretary.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Training will be provided to all sponsors during pre-service, reinforcing the expectation to review and certify the accuracy of their monthly statement, and the requirement of returning a signed copy to the administrative secretary. An account reconciliation report will be provided to each sponsor to affirm correctness.	Elba Lopez Larry Chep	Written Expectations for staff	Accuracy of Form 280-34 completion data.	Elba Lopez - each time form is submitted	100% of Form 280-34 form completed by all sponsors.
Checks will only be signed and released by the principal until fully completed.	Larry Chep Elba Lopez	Written Expectations for staff	Secretary and principal will monitor that all checks are fully completed.	Elba Lopez and Larry Chep (and possibly AP). At all times when checks are requested and written.	All checks will be completed with the date, payee, and amount, prior to any signature.

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

OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL	
<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____	
Director: <u> <i>Nicole Sosik</i> </u>	Date: <u>5/19/2021</u>