


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

November 15, 2017

MEMORANDUM

To: Dr. Melissa A. Brunson, Principal
Cloverly Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2012, through August 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 and are charged with determining the manner in which funds are raised and expended for activities such as field trips, admission events, and fund-raisers. 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 November 7, 2017, meeting with you; and Mrs. Laura P. Wellen, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated January 22, 2013, 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

Cash and checks collected by sponsors for IAF activities shall be remitted promptly with MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, to the school administrative secretary on the same day they are received for prompt deposit in the bank (refer to

MCPS Financial Manual, chapter 7, p. 4). We found instances in which sponsors held funds collected for field trip and other school activities, and did not remit them promptly to the school administrative secretary. We also noted that the school administrative secretary was not always making timely deposits. To minimize the risk of loss or theft, and to make funds available to meet students' needs, we recommend that all funds collected should promptly be remitted and deposited in the bank.

Documentation supporting the IAF reports is part of the financial records that should be maintained in the school office and filed in a logical manner to be readily available for audit. We noted that the deposit documentation did not include the School Funds Online (SFO) accounting receipts with the respective MCPS Forms 280-34, and was not filed according to the MCPS guidelines (Refer to *MCPS Financial Manual*, chapter 7, page 4). We recommend that all SFO generated receipts be attached to the respective MCPS Forms 280-34, signed, dated, and filed in sequential order together with the SFO deposit analysis form and bank deposit receipt.

Summary of Recommendations

- Funds collected by sponsors must be promptly remitted with MCPS Form 280-34 to the school administrative secretary for prompt deposit in the bank.
- Documentation supporting receipt and deposit of funds must be complete and filed in accordance with MCPS guidelines.

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. Audra M. Fladung, director of school support and improvement of elementary schools. Based on the audit recommendations, Ms. Fladung 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 school administrative secretary to support you with developing a well-defined plan to address the findings.

RWP:BK: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
Ms. Fladung
Mr. Reilly
Mr. Tallur
Mr. Ikheloa

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: November 15, 2017	Fiscal Year: November 15, 2017
School: Cloverly ES - 308	Principal: Dr. Melissa Brunson
OSSI Associate Superintendent: Dr. LaVerne Kimball	OSSI Director: Ms. Audra Fladung

Strategic Improvement Focus:
 As noted in the financial audit for the period 2012-2017, strategic improvements are required in the following business processes :
 (1) collection of funds by sponsors (2) documentation of receipts and deposit of funds in accordance with MCPS guidelines

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Communicate to teachers the requirement of turning in field trip money attached to form 280-34 on the same day it is received; monitor that teachers are adhering to this requirement	Dr. Brunson, principal	Form 280-34	Checklist and anecdotal notes	Principal on a quarterly basis	
Communicate to the administrative secretary the requirement that any funds from sponsors be deposited at the bank as they are received; monitor that the administrative secretary is adhering to this requirement	Dr. Brunson, principal	MCPS Financial Manual	Checklist and anecdotal notes	Principal on a quarterly basis	
Communicate to the administrative secretary the requirement of ensuring all documents are signed, dated, attached and filed in sequential order together with the School Funds On-line (SFO) deposit analysis form and bank deposit receipts; monitor that the administrative secretary is adhering to this requirement	Dr. Brunson, principal	MCPS Financial Manual	Checklist and anecdotal notes	Principal on a quarterly basis	

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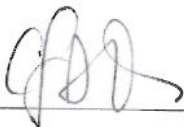
OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL

☒ Approved

☐ Please revise and resubmit plan by _____

Comments:

Director: _____



Date: 12.13.17