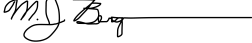


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

November 23, 2021

MEMORANDUM

To: Mr. Michael D. Bayewitz, Principal
Cloverly Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
October 1, 2018, through October 31, 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 fund-raisers. 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 November 19, 2021, meeting with you and Mrs. Laura P. Wellen, school administrative secretary (secretary), we reviewed the prior audit report dated October 25, 2018, and the status of the 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 and others for IAF activities must be remitted promptly to the secretary. These receipts must be deposited promptly and all receipts must be deposited on the last working day of each month and before each weekend or holiday (refer to the *MCPS Financial Manual*, chapter 7, pp.4- 5). We noted that sponsors held funds collected rather than remitting them to the secretary on a daily basis. We also noted that the secretary is not always making daily deposits when funds are over the daily holding threshold. To minimize the risk of loss, all funds

collected must be remitted daily. We recommend that staff be encouraged to submit cash and checks collected for IAF activities to the secretary for prompt deposit in accordance with MCPS policy and procedures.

Notice of Findings and Recommendations

- Cash and checks (funds) collected by sponsors must be promptly remitted to the secretary.
- Cash and checks (funds) remitted by sponsors must be promptly receipted and deposited in the bank by the secretary in accordance with chapter 7, pages 4–5 of the *MCPS Financial Manual*.

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 action plan, 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. Donna Redmond Jones, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Dr. Redmond Jones 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:BK:lsb

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight
Mr. D'Andrea
Ms. Dawson
Ms. Reuben
Mrs. Williams
Dr. Dyson
Mr. Reilly
Mrs. Chen
Mrs. Eader
Mr. Klausing
Dr. Redmond Jones
Ms. Ripoli
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 10/1/18 - 10/31/21	Fiscal Year: 10/1/18 - 10/31/21
School: Cloverly ES - 308 ▼	Principal: Michael D. Bayewitz
OTLS Associate Superintendent: Dr. Cheryl Dyson	OTLS Director: Dr. Donna Redmond Jones

Strategic Improvement Focus:

As noted in the financial audit for the period 10/1/18 - 10/31/21, strategic improvements are required in the following business processes :
 Funds collected by sponsors must be promptly remitted; funds remitted by sponsors must be promptly receipted and deposited.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Administrative secretary will deposit all cash at bank on a daily basis.	Admin Secretary	Bank Information	Monthly Reports Bank Statements	Admin Secretary Visiting Bookkeeper Principal	Deposit receipts
Administrative secretary will remind staff to remit cash and checks on a daily basis	Admin Secretary Principal	Staff Bulletin Outlook Email	Monthly Reports Bank Statements	Admin Secretary Visiting Bookkeeper Principal	IAF Remittance Slips (280-34)
School will purchase a safe to increase our holding limit to \$250.	Admin Secretary Principal	Safe	Monthly Reports Bank Statements	Admin Secretary Visiting Bookkeeper Principal	
Staff who collect money and/or sponsor activities will be trained on financial procedures at the start of the school year.	Admin Sec Principal	MCPS financial manual	Monthly reports Bank Statements	By Sept. of each school year, Principal	Training handouts Meeting attendance list

