

Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

October 19, 2021

MEMORANDUM

To: Ms. Sherri A. Gorden, Principal
Cresthaven 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 August 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 October 6, 2021, virtual meeting with you; Mrs. Terri L. Hawthorne, school administrative secretary, and Ms. Barbara Miller, visiting bookkeeper, we reviewed the prior audit report dated December 13, 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 Raiser*. Each fund-raiser must be approved by the principal in writing and the approval retained in the school office. Financial activities for each fund-raising activity must be recorded

in a separate account in the 7000 series and a completion report prepared that analyzes the results (refer to the *MCPS Financial Manual*, chapter 20, page 13). We found that there was a lack of adherence to these guidelines. We recommend that you follow the internal control guideline procedures to provide for accountability of funds raised, as well as the opportunity to evaluate the results at the conclusion of the event.

Notice of Findings and Recommendations

- Fund-raising must conform to *Guidelines for Sponsoring an IAF Fund-Raiser (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 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. Mary Jane Q. Ennis, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Dr. Ennis 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.

MJB:RCM:lsh

Attachment

Copy to:

Members of the Board of Education
Dr. McKnight
Mr. D'Andrea
Ms. Dawson
Ms. Reuben
Mrs. Williams
Mrs. Morris
Mr. Reilly
Mrs. Chen
Mrs. Eader
Dr. Ennis
Mr. Klausling
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date:

Fiscal Year:

School:

Principal:

OTLS

Associate Superintendent:

OTLS

Director:

Strategic Improvement Focus:

As noted in the financial audit for the period _____, strategic improvements are required in the following business processes :

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

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: _____ <i>Jane Q. Ennis</i> _____	Date: _____