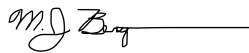


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

May 10, 2021

MEMORANDUM

To: Mrs. Nora G. Dietz, Principal
Capt. James Daly Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
April 1, 2018, through March 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 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 3, 2021, virtual meeting with you; Mrs. Julie K. Carlton, school administrative secretary (secretary); and Ms. Carol A. Kelly, school visiting bookkeeper, we reviewed the prior audit report dated May 29, 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

Cash and checks collected by sponsors and others for IAF activities must be remitted promptly to the secretary. The secretary will count the remitted funds in the presence of the remitter or an independent person. A pre-numbered receipt shall be completed by the secretary, and the original shall be given to the person who remitted the funds. This establishes documentary evidence for both parties that provides a written record of the source and amount of the funds for accounting purposes (refer to the *MCPS Financial Manual*, chapter 7, page 4). We noted that the secretary

received funds collected from the grade-level team leaders instead of each staff member that was submitting the funds. In your action plan, you indicated that individual staff members remitting funds would be issued a receipt. To improve cash control procedures and minimize the risk of loss of funds, we recommend that each staff member remitting funds receive a receipt from the SFO accounting program to support funds remitted and deposited. A copy of the receipt could be given to the team lead for accounting purposes.

Notice of Findings and Recommendations

- Individual staff member remitting funds must be issued a receipt (**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 Mr. Eric A. Wilson, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Mr. Wilson 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 secretary to support you with developing a well-defined plan to address the findings.

MJB:YSG: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. Klausung

Mr. Marella

Mr. Reilly

Mr. Tallur

Mr. Wilson

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 2021	Fiscal Year: 2021
School: Capt. James Daly ES - 111	Principal: Nora G. Dietz
OTLS Associate Superintendent: Mr. James Koutos	OTLS Director: Mr. Eric Wilson
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>2018-2021</u>, strategic improvements are required in the following business processes :</p> <p>Individual staff member remitting funds must be issued a receipt. MCPS financial Manuel, chapter 7, page 4.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Sponsors remitting funds will be issued an individual pre-numbered receipt and a copy of the receipt will be given to the team leader.	Administrative secretary		Daily sponsor submission of funds. Receipt of funds. Daily bank deposits.	Monthly by: MCPS book keeper Principal	Records of the receipts of funds submitted and bank deposit statements.

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>Eric Wilson</u>	Date: <u>6/1/2021</u>