


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

October 11, 2021

MEMORANDUM

To: Mrs. Meredith A. Casper, Principal  
Dr. Charles R. Drew Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
August 1, 2018, through July 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 September 24, 2021, meeting with you; Mrs. Michele F. Whiting, school administrative secretary (secretary), and Mrs. Barbara L. Miller, visiting bookkeeper, we reviewed the prior audit report dated September 13, 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 financial specialist. 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. 5). We noted that sponsors continue to hold fees collected rather than remitting them to the secretary on a daily basis. We also noted that the secretary is not

always making deposits on the last working day of each month and before each weekend or holiday. 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.

Field-trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field-Trips, and Student Organization Trips*. The trip approval forms signed by the principal and the director of learning, achievement, and administration, when required, must be retained. Sponsors of field-trips must have a complete class or club roster of student names to annotate the amount each student paid, date paid, eligible students who did not participate in the trip, and students who received waivers, scholarships, or reduced fees. This data, together with a list of all chaperones and volunteers, should be provided to the secretary at the completion of each trip and compared to remittances recorded in the trip account history report (refer to *MCPS Financial Manual*, chapter 20, page 10). We found that not all sponsors are providing completed data at the conclusion of each trip and that data is not being reconciled to the final account history report by the secretary. All sponsors must be required to use MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and follow the procedures outlined above.

#### Notice of Findings and Recommendations

- Cash and checks (funds) collected by sponsors must be promptly remitted intact with MCPS Form 280-34 Independent Activity Fund (IAF) Remittance Slip to the secretary (**repeat**).
- Cash and checks (funds) remitted by sponsors must be promptly receipted and deposited in the bank by the secretary in accordance with Chapter 7 (p. 4-5) of the *MCPS Financial Manual* (**repeat**).
- Field-trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate, including volunteers and chaperones, and to reconcile funds collected with account history report (**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 J. 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 secretary to support you with developing a well-defined plan to address the findings.

MJB:BK: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

Dr. Ennis

Mrs. Eader

Mr. Klausling

Ms. Webb

**FINANCIAL MANAGEMENT ACTION PLAN**

<b>Report Date:</b>	<b>Fiscal Year:</b>
<b>School:</b>	<b>Principal:</b>
<b>OTLS Associate Superintendent:</b>	<b>OTLS Director:</b>
<p><b><u>Strategic Improvement Focus:</u></b>          As noted in the financial audit for the period _____, strategic improvements are required in the following business processes :</p>	

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

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 type="checkbox"/> <b>Approved</b>	<input type="checkbox"/> <b>Please revise and resubmit plan by</b> _____
Comments: _____ _____	
Director: _____ <i>Jane Q. Ennis</i> _____	Date: _____