


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

September 26, 2017

MEMORANDUM

To: Mr. Shawn E. Krasa, Principal
Thomas Edison High School of Technology

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

Subject: Report on Audit of Independent Activity Funds for the Period
April 1, 2016, through July 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 September 19, 2017, meeting with you and Ms. Barbara J. Baliles, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated June 29, 2016, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2017. 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 for IAF activities by sponsors and other authorized individuals must be remitted with MCPS Form 280-34, *Remittance Slip*, to the school financial specialist on the day the funds are received. The school financial specialist should count the funds received in the presence

of the remitter, issue a receipt, restrictively endorse any checks “for deposit only,” and promptly deposit the funds in the school’s bank account. Funds not promptly remitted and deposited become susceptible to loss or theft, and are not available to disburse from the school’s checking account to pay for school requirements. We found instances in which staff collecting funds for various activities were holding rather than remitting them promptly to the school financial specialist. To minimize the risk of loss or theft, and to make funds available to meet school needs, we recommend that all funds collected should be promptly remitted to the school financial specialist for prompt deposit in the bank (refer to *MCPS Financial Manual*, chapter 7, page 4).

School staff issue financial obligations to students for the replacement cost of unreturned or damaged books, materials, equipment, or uniforms as well as any fees that have not been paid (refer to *MCPS Financial Manual*, chapter 20, page 16). As with all IAFs, the management of financial obligations must be in accordance with good business practices that include sound accounting procedures and internal controls. The current financial obligation tracking process being used at the school lacked significant control features to properly document the issuance of financial obligations and collection of payments. We recommend replacing the current tracking process with full implementation of the MCPS FileMaker Pro obligation accounting system.

Sponsors of field trips should have a complete class or club roster of student names and annotate how much each student paid, date paid, students who did not participate in the trip, and students who received waivers, scholarships or reduced fees. This data should be submitted to the business office at the completion of each trip, and compared to remittances recorded in the School Funds Online (SFO) trip account history report. The data also should be used to estimate future trips (refer to the *MCPS Financial Manual*, chapter 20, page 10). We found that not all sponsors are submitting complete data at the conclusion of each trip, and that data is not being compared to the final SFO account history report. We recommend trip sponsors use MCPS Form 280-41, *Field Trip Accounting*, or its equivalent, and provide complete data at the conclusion of each trip. This data must be reconciled with remittances recorded in activity accounts.

Summary of Recommendations

- Funds collected by sponsors must be promptly remitted with MCPS Form 280-34, *Remittance Slip*, to the school financial specialist and deposited.
- Fully implement the MCPS FileMaker Pro obligation system.
- Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate, and to reconcile funds collected with costs of the trip (**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 Mrs. Jennifer L. Webster, director of school support and improvement of high schools. Based on the audit recommendations, Mrs. Webster 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 administrative secretary to support you with developing a well-defined plan to address the findings.

RWP:MJB:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Dr. Williams

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mrs. Webster

Mr. Tallur

Mr. Ikheloa

FINANCIAL MANAGEMENT ACTION PLAN

School: Thomas Edison High School of Technology - 748

Principal: Mr. Shawn E. Krasa

Fiscal Year: FY18

OSSI

Associate Superintendent: Dr. Darryl Williams

OSSI

Director: Mrs. Jennifer Webster

Strategic Improvement Focus:

As noted in the financial audit for the period 4/1/17-7/31/17, strategic improvements are required in the following business processes :

1. Funds collected by sponsors and remitted to financial specialist
2. Proper use of Filemaker Pro obligation system
3. Field trip records and accountability of funds

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
<p>Sponsor collected funds:</p> <p>-All funds will be collected and remitted each day. -Adjust Ms. Baliles, Financial Secretary, hours to 7am-3:30pm.</p>	<p>All teachers Barbara Baliles Shawn Krasa</p>	<p>Adjustment in financial secretary hours form 280-34</p>	<p>Staff will be reminded that all monies collected (fees, FT, and FR) need to be turned in daily. Follow up with resource teachers to remind teachers.</p>	<p>Barbara Baliles Shawn Krasa</p>	<p>-Copies of 280-234 -Reviewing dates of receipts timeliness (check dates) -Staff meetings</p>
<p>Filemaker Pro obligation system implementation</p> <p>-Implement MCPS Filemaker Pro program by December 1, 2017</p>	<p>Barbara Baliles</p>	<p>Training MCPS Filemaker Pro software</p>	<p>Collaboration with Bill Harmon on follow through of system implementation.</p>	<p>Barbara Baliles Shawn Krasa</p>	<p>Full implementation of financial obligations as per MCPS guidelines.</p>
<p>Field trip records</p> <p>-Update all field trip forms and inform staff of changes -Monitor processes for field trip completion</p>	<p>Barbara Baliles Dana Shelton, Assistant Principal</p>	<p>Updated field trip documents</p>	<p>Update all current forms and monitor field trip documents when requests and documents are submitted.</p>	<p>Barbara Baliles Dana Shelton</p>	<p>-New field trip folders for teachers to access and submit -Ensure all reports are completed at the end of each field trip.</p>

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

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

Approved Please revise and resubmit plan by _____

Comments:

Director: _____



Date: _____

10/19/17