


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 26, 2018

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
August 1, 2017, through July 31, 2018

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, 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 30, 2018, 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 September 26, 2017, 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 for IAF activities by sponsors and other authorized individuals must be remitted with MCPS Form 280-34, *Independent Activity Fund (IAF) 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 the funds 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 (refer to *MCPS Financial Manual*, chapter 7, page 4).

Summary of Recommendations

- Funds collected by sponsors must be promptly remitted with MCPS Form 280-34, *Remittance Slip*, to the school financial specialist (**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 learning, achievement, and administration, Office of School Support and Improvement. 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 school financial specialist to support you with developing a well-defined plan to address the finding.

RWP:RCM:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Mrs. Morris

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Tallur

Mrs. Webster

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY18	FY18
School: Thomas Edison High School of Technology - 748	Principal: Mr. Shawn E. Krasa
OSSI Associate Superintendent: Mrs. Diane Morris	OSSI Director: Mrs. Jennifer L. Webster

Strategic Improvement Focus:
 As noted in the financial audit for the period FY18 , strategic improvements are required in the following business processes :

 Funds collected by sponsors must be promptly remitted with MCPS Form 280-34, Remittance Slip to the school financial specialist.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Communicate at least 4 times a year (to all Staff) and then individually to sponsors the expectations of the daily deposits to the financial office.	Financial Specialist	N/A	Emails and documentation reminders throughout the year.	Financial Specialist and Principal	Monitoring in progress
Reminder of remittance procedures during staff meetings at the start of the semesters.	Financial Specialist	Remittance forms	Signed forms about procedures kept in IAF sponsor book.	Financial Specialist and Principal	Monitor in progress and following up on staff who have not turned in form.

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

Approved

Please revise and resubmit plan by _____

Comments: _____

Director: _____



Date: 1/23/19