


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

February 14, 2020

MEMORANDUM

To: Ms. Christina S. Lee, Principal
Fallsmead Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
October 1, 2018, through December 31, 2019

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 January 31, 2020, meeting with you; Ms. Lori Namerow-Sweeney, assistant principal; and Ms. Patricia A. Litwin, school administrative secretary; we reviewed the prior audit report dated November 19, 2018, and the status of present conditions. It should be noted that your appointment as principal was effective May 14, 2019. 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

MCPS Form 280-54, *Independent Activity Funds Request for a Purchase*, is used to obtain principal approval to proceed with an intended purchase (refer to the *MCPS Financial Manual*, chapter 20, page 4). The purpose of each disbursement must be fully explained on this form in order to properly record expenditures in appropriate accounts and to ensure that expenditures

comply with IAF requirements. In our sample of disbursements we found that the principal's signature date had been frequently prefilled so that it could not be determined when the principal actually signed the form. We recommend that MCPS Form 280-54 be prepared with an estimate of expected expenditure, signed by the staff requesting the funds, reviewed by the school administrative secretary and given to the principal for approval. Once the principal has signed and dated the 280-54 form, the requester can proceed with the intended purchase.

Controls over cash receipts need improvement. Some staff collecting funds for field trips were holding funds rather than remitting them timely to the school administrative secretary. Also, the school administrative secretary was not always making timely deposits and was holding money in excess of permitted amounts. Infrequent deposits increase the possibility of a loss of funds, diminish the schools ability to fund activities, and are contrary to the MCPS Financial Manual. To minimize the risk of loss and provide assurance that available funds will be fully utilized to meet school needs, all funds collected should be remitted to the school administrative secretary daily (refer to the *MCPS Financial Manual*, chapter 7, page 4). In addition, all remittances on hand must be deposited whenever funds exceed allowable limits, before each weekend or holiday and always on the last working day of the month.

Notice of Findings and Recommendations

- Purchase requests must be approved by the principal prior to procurement.
- Cash and checks (funds) collected by sponsors must be promptly remitted to the school administrative secretary (**repeat**).
- Cash and checks (funds) remitted by sponsors must be promptly receipted and deposited in the bank by the school administrative secretary in accordance with Chapter 7 of the *MCPS Financial Manual* (**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 administrative secretary to support you with developing a well-defined plan to address the findings.

MJB:SMY:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Mrs. Morris

Mrs. Camp

Mrs. Chen

Mr. Marella

Mr. Reilly

Mr. Tallur

Mrs. Webster

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 2-14-20	Fiscal Year: 2-14-20
School: Fallsmead ES - 233	Principal: Christina Lee
OSSI Associate Superintendent: Diane Morris	OSSI Director: Jennifer Webster

Strategic Improvement Focus:

As noted in the financial audit for the period 10/1/18-12/31/19, strategic improvements are required in the following business processes :

Purchase requests must be approved by principal prior to procurement; Cash&checks collected by sponsors must be remitted to school admin sec & receipted/deposited in bank.

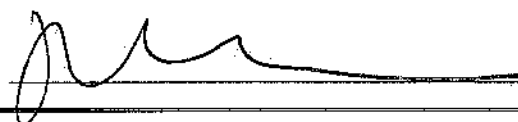
Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Request for Purchase (280-54) forms will not have the date pre-filled on the principal signature line. Instead, the principal will sign the form after the purchase has been pre-approved. All purchasing requests will be made by teachers and approved by principal before procurement.	-Principal -Administrative Secretary -Staff	Form 280-54	-Weekly Bulletin -Staff Meeting training -Leadership Meeting -PreService Week	-Principal -Administrative Secretary -Staff	Teacher will make request for purchase by written communication (email or writing) to receive approval and complete 280-54. Then principal will sign/date.
All sponsors will not hold funds and remit daily for field trips. Administrative secretary will secure funds in school safe and deposit daily at the bank instead of occasionally holding funds over the allowable limit and over the end of the month.	-Sponsors -Administration -Administrative Secretary	Form 280-34	-Weekly Bulletin -Staff Meeting training -Leadership Meeting -PreService Week	-Administration -Administrative Secretary -Staff	Daily sponsor submission of funds. Immediate receipt of funds (signature and signed copy of form) Deposits daily before end of duty day as needed.
All of the above action steps will emphasized, especially purchase request/approval and deposit procedures during the annual preservice training with staff members.	-Administration -Administrative Secretary -Staff	Form 280-54 Form 280-34	PreService Week	-Administration -Administrative Secretary	1.) purchase request approvals will follow the completion of form 280-54 2.) daily deposit of funds by sponsors and admin sec will deposit daily at the bank

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: 2/2/2020