


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

May15, 2017

MEMORANDUM

To: Mrs. Ann B. Dolan Rindner, Principal
Gaithersburg Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
October 1, 2016, through March 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 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 meeting on May 11, 2016, with you and Mrs. Deborah L. Delore, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated December 4, 2015, 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

Controls over cash receipts need improvement. Staff collecting funds were holding rather than remitting them in a timely manner to the school financial specialist. Also, the school financial specialist was not always making timely deposits in the bank. Infrequent deposit of funds increases the possibility of a loss of funds, diminishes the school's ability to promptly pay for

activities, and does not comply with the MCPS Financial Manual guidelines. To minimize the risk of loss and provide available funds to meet school needs, we recommend that all funds collected should be remitted to the school financial specialist daily for prompt deposit in the bank (refer to *MCPS Financial Manual*, chapter 7, page 4).

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips and Student Organization Trips*. Trip approval forms signed by the principal, and the director of school support and improvement, when required, should be retained. Sponsors of field trips should 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 school administrative 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 compared to the final account history report. We recommend that all sponsors be required to use MCPS Form 280-41: *Field Trip Accounting*, or equivalent, and follow the procedures outlined above.

Summary of Recommendations

- Funds collected by sponsors must be promptly remitted to the school financial specialist **(repeat)**.
- Funds remitted by sponsors must be promptly deposited in the bank by the school financial specialist.
- 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.

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*, please provide a response to the Internal Audit Unit within 30 calendar days of this report through Dr. Michael J. Zarchin, director of school support and improvement of middle schools. In your response, please share a detailed plan for addressing these issues including appropriate staff training and support. The Office of School Support and Improvement will follow up on this audit.

RWP:SMY:lsh

Copy to:

Members of the Board of Education
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Ms. Diamond
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FINANCIAL MANAGEMENT ACTION PLAN

School: Gaithersburg Middle School

Principal: Ann Dolan

Fiscal Year: FY17

Associate Superintendent:

Director:

Strategic Improvement Focus:

As noted in the financial audit for the period 10/01/16 – 03/31/17, strategic improvements are required in the following business processes :

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Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools /Data Points	Monitoring: Who & When	Results/Evidence
<p>Staff will be reminded to make daily deposits as Early in the day as possible. When funds are turned In by the sponsor late in the day, the Financial Specialist often verifies the deposit and posts receipt. This has on occasion delayed the current day's Deposit to be held overnight and taken to the bank following day.</p> <p>In the future, the financial specialist will take daily deposit to the bank. Any late in the day sponsor Deposits will be verified and receipted the following Day per auditor recommendation.</p>	<p>Sponsor Financial Spec</p>	<p>IAF Procedures for sponsors.</p>	<p>Monthly IAF Reconciliation report</p>	<p>Principal and Financial Specialist will remind sponsors Monthly.</p>	<p>FY17 and forward will show evidence of timely deposits by sponsors. Bank deposits will not be held overnight by Financial Specialist due to late sponsor deposits.</p>
<p>In addition to the school field trip approval form being approved and signed by the principal, copies of MCPS Field Trip approval forms signed by the principal and the director of school support and improvement, when required, will be retained in financial office field trip file. Currently, detailed records are kept and tallied in the field trip file. MCPS Field Trip Accounting Form (280-41) is being used for sponsor deposits. In the future, sponsors w will provide a complete student roster annotating the amount each student paid, date paid, eligible students who did not participate in the trip, student waivers, scholarships, reduced fees.</p>	<p>Field Trip Sponsors</p>	<p>Field Trip Guidelines</p>	<p>Field Trip Completion Reconciliation</p>	<p>Financial Specialist will Review trip reconciliation.</p>	<p>FY17 and forward will show evidence of continued improved field trip reporting by sponsors.</p>

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