


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

May 29, 2019

MEMORANDUM

To: Mr. Robert A. Obstgarten, Principal
Greencastle Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
July 1, 2017, through March 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 May 21, 2019, meeting with you and Mrs. Linda S. Kuhn, school administrative secretary, we reviewed our prior audit report dated September 5, 2017, and the status of present conditions. It should be noted that your appointment as principal was effective October 8, 2018. 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

To properly control funds, sponsors should remit to the school administrative secretary all cash and checks for IAF activities on the day collected. The school administrative secretary should then verify the funds in the presence of the remitter, issue a receipt, and promptly deposit them in the bank (refer to MCPS Financial Manual, chapter 7, page 4). We noted that staff collecting funds for field trips were holding the funds, rather than remitting them timely to the school

administrative secretary who was not always making timely deposits into the school's bank account. To minimize the risk of loss and provide availability of funds to meet school needs, we recommend that all funds collected be remitted daily to the school administrative secretary for prompt deposit.

Summary of Recommendations

- Funds collected by sponsors must be promptly remitted to the school administrative secretary.
- Remitted funds must be promptly verified, receipted, and deposited in the bank by the school administrative secretary.

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 Mr. Brian W. Scriven, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Mr. Scriven will indicate whether he 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.

RWP:BK:lsh

Attachment

Copy to:

Members of the Board of Education
Dr. Smith
Dr. Navarro
Dr. Statham
Dr. Zuckerman
Mr. Civin
Dr. Johnson
Mrs. Dyson

Mrs. Camp
Mrs. Chen
Ms. Diamond
Mr. Reilly
Mr. Scriven
Mr. Tallur
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 5/29/19	Fiscal Year: 5/29/19
School: Greencastle ES - 334	Principal: Rob Obstgarten
OSSI Associate Superintendent: Cheryl Dyson	OSSI Director: Brian Scriven

Strategic Improvement Focus:

As noted in the financial audit for the period 9/17-5/19, strategic improvements are required in the following business processes :

Funds collected by sponsors must be promptly remitted to the school administrative secretary; Remitted funds must be promptly verified, receipted, and deposited in the bank

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
All sponsors must promptly remit funds to the school administrative secretary	All staff sponsors	None	Remittances will be monitored for accuracy, timeliness, and to ensure staff are not keeping money to submit large amounts all at once	Administrative Secretary and Principal Ongoing	Date of fund remittances recorded and monitored. Amounts of remittances monitored to ensure they are ongoing,
Make expectations for remittances clear to all staff members during pre-service and ongoing through the year	Principal and Administrative Secretary	None	Preservice presentation and ongoing communication	Principal and Administrative Secretary	Preservice presentation and ongoing communication
Ensure remitted funds are deposited to the bank each day	Administrative Secretary	Time	Dates of bank slips	Principal Ongoing	Dates of bank slips to match dates when sponsors remit funds
Provide administrative secretary time to count funds and/or go to the bank	Principal and Assistant Principal	N/A	Dates of remittance slips and bank slips	Principal Ongoing	Dates of bank slips to match dates when sponsors remit funds

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

Approved
 Please revise and resubmit plan by _____

Comments:

Director: *Ben W. Smith* Date: 7/9/19