


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

August 6, 2018

MEMORANDUM

To: Mrs. Dyan L. Harrison, Principal
Kingsview 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 May 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 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 July 26, 2018, meeting with you, Ms. Kelly A. Bean, assistant principal; and Mrs. Elisabeth Gross, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated November 22, 2016, 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

Sixth grade students at each middle school in MCPS participate in a three-day, two-night residential outdoor environmental education program (OEEP) for which they are assessed an activity fee to reimburse MCPS for personal expenses associated with the program. Students unable to pay the OEEP activity fee receive waivers. Any waivers must be reported to MCPS so

that the total amount of the invoice billed to schools is adjusted accordingly (refer to *Grade 6 Residential Program Handbook and Planning Information Fall 2017*). We found that the school did not reconcile all fund collected from students to the OEEP invoices and did not correctly report students who were identified as needing assistance. We recommend that you review the procedures for reporting students needing financial assistance with the sponsor to ensure that the financial assistance forms are accurate, and all funds collected from students are reconciled to the OEEP invoices before payment.

Summary of Recommendations

- OEEP sponsor records must correctly report funds collected and waivers granted for all participating students.

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 Dr. Adrienne L. Morrow, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Morrow 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 agent to support you with developing a well-defined plan to address the findings.

RWP:HT: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

Dr. Morrow

Mr. Tallur

Mr. Ikheloa

*alme
9/10/18*

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 9-5-18	Fiscal Year: 9-5-18
School: Kingsview MS - 708	Principal: Mrs. Dyan L. Harrison
OSSI Associate Superintendent: Dr. Darryl L. Williams	OSSI Director: Dr. Adrienne L. Morrow
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>10/1/16-5/31/18</u>, strategic improvements are required in the following business processes :</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
• Communicate the rules, regulations and financial responsibilities to the Outdoor Environmental Education Program (OEEP) staff/sponsors	Financial Agent (FA), Principal	Grade 6 Residential Handbook and Planning Information	Review Parent Information Guide	FA & Principal October 2018	OEEP sponsor accurately records funds and waivers.
• Review the spreadsheet of the accounts related to OEEP and reconcile waivers granted and funds collected for all participating students.	Financial Agent (FA), Principal		Field Trip Accounting form	FA & Principal October - December 2018	Funds collected and waivers granted align with invoice
• Verify the waivers and funds collected reconcile with OEEP invoice before payment.	Financial Agent (FA)	OEEP invoice	Accounting Form and OEEP Invoice	FA January/February	Funds collected align with invoice

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

Approved Please revise and resubmit plan by _____

Comments:

Director: *Annemie L. Monson* Date: *9/12/18*