


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

November 13, 2018

MEMORANDUM

To: Mrs. Maria D. Watson, Principal
Laytonsville Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2017, through September 30, 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 October 30, 2018, meeting with you and Mrs. Cynthia E. Hustek, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated February 8, 2018, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 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

Sponsors of field trips should have a complete class or club roster of student names and annotate how much each student paid, students who did not participate in the trip, and students who received waivers, scholarships, or reduced fees. This data should be submitted to the business office at the completion of each trip and compared to remittances recorded in the trip account history report.

The data also should be used to estimate the cost of future trips (refer to *MCPS Financial Manual*, chapter 20, page 10). We found that while sponsors are compiling fee information, the data is not being compared to the final account history report to assure that all fees collected have been remitted. We recommend that you establish a process that ensures this required reconciliation is made.

Summary of Recommendations

- Field trip fee reports must be reconciled to the account history report at the conclusion of a 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*, 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 administrative secretary to support you with developing a well-defined plan to address the findings.

RWP:LAS: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. Reilly

Mr. Tallur

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 11/13/2018	Fiscal Year: 11/13/2018
School: Laytonsville ES - 051	Principal: Maria D. Watson
OSSI Associate Superintendent: Dr. Darryl Williams	OSSI Director: Dr. Adrienne Morrow

Strategic Improvement Focus:
 As noted in the financial audit for the period 11/1/17 - 9/20/18, strategic improvements are required in the following business processes :

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Teachers will submit form 280-41 at the conclusion of each field trip for reconciliation by the administrative secretary. Auditor provided an alternate form that will make reconciliation easier.	Teaching Staff/Administrative Secretary	Form 280-41	Reconciliation at the end of each trip against account history report.	Admin. Secretary/Principal	Trips reconciled after completion to ensure funds are calculated properly.

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

Approved
 Please revise and resubmit plan by _____

Comments:

Director: Adrienne L. Morrow Date: 11/14/18