


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 12, 2017

MEMORANDUM

To: Mr. Christopher A. Wynne, Principal
Dr. Martin Luther King Jr. Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
March 1, 2016, through October 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. 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 December 7, 2017, meeting with you and Mrs. Jean A. Marshall, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated April 12, 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

Cash and checks collected by sponsors and others for IAF activities should be remitted promptly to the school financial specialist. These receipts must be deposited promptly, and all receipts must be deposited on the last working day of each month and before each weekend or holiday (refer to *MCPS Financial Manual*, chapter 7, pp. 4-5). We found that some sponsors were holding funds

collected rather than remitting them to the school financial specialist on a daily basis. We also noted that at times the school financial specialist held funds over a weekend or holiday. Infrequent deposits increase the possibility of a loss of funds as well as diminish the school's ability to pay for activities in a timely manner. To minimize the risk of loss and provide assurance funds will be available to meet school needs, we recommend that all funds collected should be remitted to the school financial specialist daily (refer to the *MCPS Financial Manual*, chapter 7, page 4). In addition, we recommend that all remittances on hand must be deposited before each weekend or holiday.

Summary of Recommendations

- Funds collected by sponsors must be promptly remitted to the school financial specialist.
- All remittances on hand must be deposited before each weekend or holiday.

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. Michael J. Zarchin, director of school support and improvement of secondary schools. Based on the audit recommendations, Dr. Zarchin 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:MJB: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
Mr. Tallur
Dr. Zarchin
Mr. Ikheloa



DR. MARTIN LUTHER KING, JR. MIDDLE SCHOOL

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Office of the Principal

January 8, 2018

MEMORANDUM

To: Mr. Roger W. Pisha, Supervisor, Internal Audit
From: Mr. Christopher Wynne, Principal
Subject: School Financial Audit for period March 1, 2016 through October 31, 2017

I am responding to your memorandum dated December 12, 2017 outlining the results of the audit of our Independent Activity Fund (IAF) accounts, policies, and procedures. I appreciated the opportunity to meet with the auditor, Mrs. M.J. Bergstresser, and I have also met with my school financial specialist, Mrs. Jean Marshall, to review the finding and the recommendations.

Attached please find the *Financial Management Action Plan* for Martin Luther King MS-107 dated January 12, 2018 which outlines the steps we are taking to address the finding and insure that all school IAF funds are remitted and deposited in a timely manner. In addition, Mrs. Marshall and I have discussed and processed school action items for the audit findings not included in the audit report.

If you have any questions or need further information, please contact me by telephone or email.
Thank you.

CW:jm

Attachment:

Martin Luther King MS-107 *Financial Management Plan*, January 12, 2018

Mr. Christopher A. Wynne
Principal

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 1/12/2018

Fiscal Year: 2018

School: Martin Luther King MS - 107

Principal: Mr. Christopher Wynne

OSSI

Associate Superintendent: Dr. Darryl Williams

OSSI

Director: Dr. Michael Zarchin

Strategic Improvement Focus:

As noted in the financial audit for the period 3/1/16-10/31/17, 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
FUNDS COLLECTED BY SPONSORS WILL BE PROMPTLY REMITTED TO THE SFS.	Mr. Wynne Ms. Marshall	MCPS Financial Manual, Chapter 7	Principal's memo to IAF account sponsors to address MCPS requirements for daily remittance of funds. Monitor dates on remittance forms, and SFO receipts.	Mr. Wynne Ms. Marshall January 8, 2018 Mr. Wynne, SFS Monthly	All IAF account sponsors reviewed MCPS requirements. Current end of month documents show prompt remittance of funds.
	Mr. Wynne Ms. Marshall	MLK "Money Matters" financial handbook, Section 8	Oral presentation to staff at staff meeting. Revise written MLK Money Matters handbook, Section 8	Mr. Wynne Ms. Marshall January 8, 2018	Reminded staff of proper procedures for collecting and remitting funds. Revision reflects stronger language in "Collecting and Depositing Money" section.
ALL REMITTANCES ON HAND WILL BE DEPOSITED BEFORE EACH WEEKEND OR HOLIDAY.	Mr. Wynne Ms. Marshall	End of Month financial documents and reports.	Monitor dates on remittance forms, SFO receipts and deposit analysis.	Mr. Wynne Ms. Marshall Monthly	Funds remitted to SFS by 3:15 p.m. are deposited by end of SFS duty day at 4:00 p.m.