


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

July 22, 2024

MEMORANDUM

To: Mr. Robert S. Geiger, Principal
New Hampshire Estates Elementary School

From: Mary J. Bergstresser, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Independent Activity Funds for the Period
June 1, 2021, through May 31, 2024

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 and 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 July 10, 2024, meeting with you, and Mrs. Waldy Garcia, school administrative secretary (secretary), we reviewed the prior audit report dated July 9, 2021, and the status of the 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

To properly control funds, all cash and checks collected by sponsors for IAF activities must be remitted promptly to the secretary. These funds must then be verified in the presence of the remitter and a receipt that is supported by MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, must be issued promptly (refer to the *MCPS Financial Manual*, chapter 7, page 5). A pre-numbered receipt shall be completed by the secretary, and the original shall be given to

the person who remitted the funds. This establishes documentary evidence for both parties that provides a written record of the source and amount of the funds for accounting purposes (refer to the *MCPS Financial Manual*, chapter 7, page 4). 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 the *MCPS Financial Manual*, chapter 7, pages 4-5). We noted at times the secretary was not always making timely deposits and was holding money in excess of permitted amounts. We also noted that at times the secretary took funds to the bank before running the deposit analysis to verify the total amount received. To minimize the risk of loss and provide assurance that available funds will be fully utilized to meet school needs, all funds collected must be remitted to the secretary daily and entered into the accounting software. In addition, all remittances on hand must be deposited promptly, and always before each weekend, end of the month, or holiday.

Notice of Findings and Recommendations

- Cash and checks (funds) remitted by sponsors must be promptly receipted and deposited in the bank by the secretary
- Deposits must be posted and finalized prior to taking funds to the bank.

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 action plan, 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. Yolanda R. Allen, director of student support and improvement, Office of Student Support and Improvement, for written approval of your plan. Based on the audit recommendations, Dr. Allen 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 secretary to support you with developing a well-defined plan to address the findings.

MJB:BK:rg

Attachment

Copy to:

Members of the Board of Education
Dr. Taylor
Ms. Alfonso Windsor
Ms. Dempsey
Dr. Johnson
Dr. Moran
Mrs. Williams

Mr. McGee
Mr. Reilly
Mrs. Chen
Dr. Allen
Mr. Klausling
Mrs. Ripoli
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 7/22/2024	Fiscal Year: 2024-2025
School or Office Name: New Hampshire Estates ES	Principal: Robert Geiger
OSSWB Associate Superintendent: Sean McGee	OSSWB Director: Dr. Yolanda Allen
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>6/1/21-5/31/24</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
Administrative secretary will post and finalize deposits before taking funds to the bank.	Waldy Garcia, Administrative Secretary	None	Deposit postings and deposit receipts	Robert Geiger, Principal, monthly	
Administrative secretary will deposit in the bank any cash and checks remitted by sponsors every Friday and daily whenever the receipts exceed \$250.	Waldy Garcia, Administrative Secretary	Front desk coverage	Deposit receipts	Robert Geiger, Principal, monthly	

