


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

March 28, 2022

MEMORANDUM

To: Mr. Jeffrey L. Cline, Principal  
Oak View Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
January 1, 2019, through January 31, 2022

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 fund-raisers. 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 March 22, 2022, meeting with you; Ms. Hanna Kim, assistant principal; and Ms. Wilma Govea, school administrative secretary (secretary), we reviewed the prior audit report dated March 21, 2019, 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

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 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, page 5). In your action plan, you indicated that all collected funds would be remitted and deposited daily. In our sample of receipts, we found instances in which staff collecting funds were holding funds rather than remitting them timely to the secretary. To minimize the risk of loss and to 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 received must be deposited promptly, and always before each weekend, end of the month, or holiday. Staff should monitor their remittances to the secretary to ensure they receive a receipt in a timely manner.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips, and Student Organization Trips*. Trip approval forms signed by the principal, and the director of learning, achievement, and administration, when required, must be retained. Sponsors of field trips should have a complete class or club roster of student names to annotate the amount each student paid, date paid, eligible students who did not participate in the trip, and students who received waivers, scholarships, or reduced fees. This data together with a list of all chaperones and volunteers must be provided to the secretary at the completion of each trip, and compared to remittances recorded in the trip account history report (refer to the *MCPS Financial Manual*, chapter 20, page 10). In your action plan, you indicated that sponsors would keep comprehensive financial information on all student payment records and remind them to the secretary at the completion of a trip. A review of field trip activities revealed that not all field trip sponsors are providing comprehensive financial information to the secretary at the completion of a trip and records are not compared to remittances recorded in the trip account history report. All sponsors must be required to use MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and all fees collected must be remitted daily to the secretary for prompt deposit. We recommend that trip sponsors be required to provide complete data at the conclusion of each trip, and this data be reconciled by the secretary with remittances recorded in activity accounts.

#### Notice of Findings and Recommendations

- Funds collected by the sponsors must be promptly remitted to the secretary (**repeat**).
- Sponsors must keep comprehensive data to account for all students eligible to participate and the secretary must reconcile funds collected with account history report (**repeat**).

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 Mr. Sean P. McGee, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for a written approval of your plan. Based on the audit recommendations, Mr. McGee 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 secretary to support you with developing a well-defined plan to address the findings.

MJB:HT:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. D'Andrea

Dr. Dawson

Ms. Reuben

Mrs. Williams

Mrs. Morris

Mr. Reilly

Mrs. Chen

Mrs. Eader

Mr. Klausling

Mr. McGee

Mrs. Ripoli

Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> 2019-2022	<b>Fiscal Year:</b> 2019-2022
<b>School:</b> Neelsville MS - 115	<b>Principal:</b> Jeff Cline
<b>OTLS Associate Superintendent:</b> Diane Morris	<b>OTLS Director:</b> Sean McGee
<p><b><u>Strategic Improvement Focus:</u></b>          As noted in the financial audit for the period <u>2019-2022</u>, strategic improvements are required in the following business processes :</p> <p>Control of funds including collection, banking, and accounting. Comprehensive data collection and report completion.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Principal will meet with administrative secretary to review all findings of the audit, clarify expectations, processes, procedures, financial review sessions, communication with administration, and the corrective action plan.	Principal Administrative Secretary	Audit report OVES processes and procedures	Email communications between visiting bookkeeper, administration, and administrative secretary Monthly financial review agendas and notes	Principal Monthly	Copies of emails Agendas and notes Notes of file reviews
Annual staff review of MCPS/OVES financial processes and procedures. Review of financial processes and procedures with the sponsor each time a request for a fundraiser or field trip is approved by administration. Final review of all documents and reconciliations of fundraisers and documents at the conclusion of the event.	Principal Administrative Secretary Sponsors	MCPS/OVES financial processes and procedures Event docs	Email communications Calendar dates Notes from meetings	Principal Administrative Secretary Preservice and sponsor meetings	OVES financial presentation Notes from meetings Event documents
Cash and checks collected by sponsor(s) will be remitted daily to admin. sec. with Form 280-34/including updated accounting spreadsheet. Final collection form when all students have paid, etc. will note all collections completed.	Administrative Secretary Sponsor(s) Principal	Form 280-34 Accounting spreadsheet	Communications of non-compliance	Administrative Secretary Principal Daily	Form 280-34 Accounting spreadsheet Compliance notes
Administrative secretary will deposit funds daily prior to the close of school including before a weekend and/or holiday. Administrative secretary will submit all collection reports, receipts, and deposit information to the principal for review during the reconciliation meeting.	Administrative Secretary Principal	Collection reports Receipts Deposit information	Collection reports Receipts Deposit information	Administrative Secretary Principal Daily	Collection reports Receipts Deposit information Compliance notes

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Administrative secretary will review all documents daily to ensure all are accurately complete. Admin. Sec. will have sponsors provide any missing items and correct any errors. Compliance issues with any sponsor(s) will be reported immediately to the principal.	Administrative Secretary Sponsor(s)	Field trip and fundraiser documentation items	Field trip and fundraiser documentation items	Administrative Secretary Principal Daily	Field trip and fundraiser documentation items Compliance notes
Administrative secretary will file all fundraiser/field trip documents in an organized manner and bring them to the reconciliation review which will include the sponsor(s), admin. sec., and administration.	Administrative Secretary Sponsor(s) Principal	All documents and reconciliation reports	Reconciliation reviews	Administrative Secretary Principal Daily Per review	All documents and reconciliation reports Meeting notes
Field trip records will include: roster, paid/date/amount nonparticipating students, waivers, scholarships, reduced fees, donations, chaperones, and volunteers. These records will be part of the end-of-trip reconciliation review with the admin. sec., sponsor(s), and administration.	Sponsor(s) Administrative Secretary Principal	Accounting spreadsheet and reconciliation reports	Accounting spreadsheet and reconciliation reports	Administrative Secretary Principal Per event	All documents and reconciliation reports Meeting notes
Administration will seek support from the Supervisor of the Internal Audit Unit who at this time is MJ Bergstresser to assist the admin. secretary by reviewing financial work at the school site periodically.	Principal	Internal Audit Unit Personnel	Dates of meetings Notes from meetings	Principal	Dates of meetings Notes from meetings

OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL	
<input checked="" type="checkbox"/> <b>Approved</b> <input type="checkbox"/> <b>Please revise and resubmit plan by _____</b>	
Comments: <i>I have reviewed the plan with the administration and we are looking forward to working with the school to support this action plan.</i>	
Director: _____ 	Date: <u>4/28/2022</u>