


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

June 18, 2018

MEMORANDUM

To: Dr. Cynthia Eldridge, Principal
Rocky Hill Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2016, through April 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 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 June 11, 2018, meeting with you, and Mrs. Shubha Prabhu, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated January 3, 2017, and the status of present conditions. It should be noted that Mrs. Prabhu began the duties of her position effective July 24, 2017. 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 for the IAF activities by sponsors must be promptly remitted with MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, to the school financial specialist on the day the funds are received (refer to *MCPS Financial Manual*, chapter 7, page 4). We found

instances in which staff collecting funds for field trips and other activities were holding rather than remitting them timely to the school financial specialist. We recommend that all staff who collect funds for school activities be reminded of remittance requirements.

The yearbook sponsor must maintain a detailed record of the number of books purchased, sold, distributed at no cost, and ending inventory, and prepare a statement of profit or loss at the conclusion of the activity (refer to *MCPS Financial Manual*, chapter 20, page 13). We found that the sponsor's records were not sufficient to account for all yearbooks in order to prepare an accurate statement of profit or loss. We recommend that the yearbook sponsor be counseled and assisted with the recordkeeping required for this activity.

Students may be charged course fees approved by the Office of School Support and Improvement for materials required for a course that are either consumed by the student or become the personal property of the student. However, students may not be charged for general instructional materials required to demonstrate mastery of course objectives or agenda books if they are used as a hall pass (refer to April 28, 2009, chief school performance officer memorandum, *ACTION REQUIRED: Course-related Fees Staff Training*). We noted that students were charged a \$5 fee for the cost of agenda books that were used as a hall pass. We recommend that staff review student fee guidelines to comply with MCPS requirements.

Summary of Recommendations

- Cash and checks collected by sponsors must be promptly remitted to the school financial specialist (**repeat**).
- Yearbook sponsor records must account for the number of books purchased, sold, distributed at no cost, and ending inventory.
- Fee to purchase agenda books is allowed only if it is voluntary and the book is not used as hall pass.

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 Mrs. Elizabeth L. Thomas, director of school support and improvement of middle schools. Based on the audit recommendations, Mrs. Thomas 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:BK: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

Mrs. Tallur

Mr. Thomas

Mr. Ikheloa

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 2018	Fiscal Year: 2018
School: Rocky Hill MS - 707	Principal: Cynthia Eldridge
OSSI Associate Superintendent: Darryl Williams	OSSI Director: Michael Zarchin
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>2016-2018</u>, strategic improvements are required in the following business processes :</p> <p>Cash and check prompt remittance, accurate yearbook records and adherence to the student agenda book regulation.</p>	

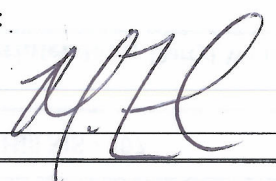
Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
IN PROGRESS: Meet with the team leaders to discuss procedures for field trips/ Outdoor Education in regards to cash and checks being promptly remitted to the school financial specialist.	Financial specialist	Meeting and overview of forms	Meeting in July 2018 during leadership week Review of fall records to ensure compliance	Principal (July 2018) Principal (September 2018)	Team leaders will promptly remit cash & checks to the school financial specialist.
COMPLETED: Meet with the yearbook sponsor to create a report to accurately account for yearbook inventory.	Financial specialist	Meeting and overview of forms	Review of form for 2018-2019 sales	Principal (June 2019)	This form was created in June 2018 and is already being used for reporting.
COMPLETED: Meet with team leaders to ensure that the student agenda book draft does not contain the school hall pass and is sold as a voluntary purchase.	Principal	Meeting and overview of regulation	Review of the student agenda book and the form for sales for 2018-2019	Principal (June 2018) Principal (June 2019)	The agenda book was created without hall passes and the flyers created do not list it as a student requirement.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence

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

Approved Please revise and resubmit plan by _____

Comments:

Director:  Date: 7-18-18