


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

June 24, 2019

MEMORANDUM

To: Dr. Eric L. Minus, Principal
Sherwood High School

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

Subject: Report on Audit of Independent Activity Funds for the Period
April 1, 2018, through March 31, 2019

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 May 30, 2019, meeting with you; Mr. Maychel D. Harris, assistant principal; Mrs. Linda E. Berkheimer, school business administrator; and Mrs. Cynthia A. Saul, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated June 6, 2018, 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

Fund raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund-Raiser*. We found that there was a lack of adherence to these guidelines. We found that not all sponsors were preparing fund-raiser request forms to obtain your approval prior to the start of an activity. We also noted that not all sponsors were submitting a completion report when

the fund-raiser was finalized. Following these internal control procedures provides for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion of the event. We recommend that each fund-raiser should be approved by the principal in writing and the approval retained in the school office. Financial activities for each fund-raising activity should be recorded in a separate account in the 7000 series and a completion report prepared that analyzes the results (refer to *MCPS Financial Manual*, chapter 20, page 12).

Summary of Recommendations

- Fund-raising must conform to *Guidelines for Sponsoring an Independent Activity Fund Fund-Raiser (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 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 learning, achievement, and administration, Office of School Support and Improvement. 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:RCM:ish

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. Zarchin
- Mr. Tallur
- Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY19	Fiscal Year: FY19
School: Sherwood HS - 503	Principal: Eric L. Minus
OSSI Associate Superintendent:	OSSI Director:

Strategic Improvement Focus:
 As noted in the financial audit for the period 4/1/18 - 3/31/19, 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
Sponsors have been reminded that they are required to fill out fund-raiser request forms for approval prior to the start of a fund-raiser. At the completion of the fund-raiser, sponsors will be required to submit a completion report to finalize the fund-raiser	FS - C. Saul (retiring) and SBA - L. Berkheimer	Pre-service training, Money Matters manual for all sponsors	Presentation by SBA and FS in August during pre-service week.	FS and SBA will work with sponsors throughout the year	All sponsors are expected to follow policy. Any issues that arise during the school year will be addressed with sponsors.

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

Approved Please revise and resubmit plan by _____

Comments:

Director:  _____ Date: 7-15-19