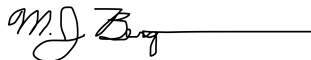


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

December 22, 2021

MEMORANDUM

To: Dr. Arthur Williams, Principal  
Springbrook High School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
October 1, 2020, through October 31, 2021

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 December 13, 2021, meeting with you; Mrs. Susan E. Katz, school business administrator; and Mrs. Melinda J. Larson, school financial specialist, we reviewed the prior audit report dated December 9, 2020, 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

MCPS Form 280-54, *Independent Activity Funds Request For A Purchase*, is used to obtain principal approval to proceed with an intended purchase (refer to the *MCPS Financial Manual*, chapter 20, page 4). The purpose of each disbursement must be fully explained on this form in order to properly record expenditures in appropriate accounts and to ensure that expenditures

comply with IAF requirements. Invoices for goods or services must be signed by the purchaser to indicate satisfactory receipt. The financial specialist should then mark the documentation as “paid” prior to disbursing the funds. In your audit action plan, you indicated the financial agents will review all copies of MCPS Form 280-54 to ensure procedures are being followed. In our sample of disbursements, we found instances in which purchases were not pre-approved and budgets were not approved prior to purchases being made. We recommend that MCPS Form 280-54 be prepared by staff with an estimate of expected expenditure and signed by the principal at the time verbal approval is sought. Certain sponsors would benefit from preparing an annual budget detailing expected income and expenses and obtaining principal approval at the beginning of the school year. These budgets must be monitored by your school financial specialist and revised if necessary.

In order to properly control receipts, cash and checks collected by sponsors and others for the IAF activities must be remitted promptly to the school financial specialist with completed MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*. Cash must be counted in the presence of the remitter and a receipt that is supported by the MCPS Form 280-34 must be issued promptly. Remittances received should, in turn, be promptly deposited into the school’s bank account. In addition, all remittances must be deposited before each weekend or holiday. Large and infrequent deposits increase the possibility of a loss of funds, as well as decrease the school’s ability to fund activities. In your audit action plan, you indicated that the financial agents will continue to educate sponsors to turn in funds daily. During our review of cash receipts, we found instances in which remittances were not turned in daily. We recommend following MCPS cash control procedures (refer to the *MCPS Financial Manual*, chapter 7, pages 3-5).

#### Notice of Findings and Recommendations

- Purchase requests must be preapproved by the principal prior to procurement (**repeat**).
- Funds collected by sponsors must be promptly remitted to the school financial specialist using MCPS Form 280-34 (**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 Mrs. Michelle E. Schultze, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Mrs. Schultze 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 business administrator 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

Mrs. Ripoli

Mrs. Schultze

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN	
<b>Report Date:</b>	<b>Fiscal Year:</b>
<b>School:</b>	<b>Principal:</b>
<b>OTLS Associate Superintendent:</b>	<b>OTLS Director:</b>
<p><b><u>Strategic Improvement Focus:</u></b></p> <p>As noted in the financial audit for the period _____, 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

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

OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL	
<input type="checkbox"/> <b>Approved</b> <input type="checkbox"/> <b>Please revise and resubmit plan by _____</b>	
Comments: _____ _____	
Director: <u>Michelle Schultze</u> Date: _____	