


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 14, 2017

MEMORANDUM

To: Ms. Tivinia G. Nelson, Principal
Strathmore Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
December 1, 2014, through October 31, 2017

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 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 December 12, 2017, meeting with you, Mrs. Carrie L Zimmerman, principal intern; and Ms. Lynne B. Frese, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated December 23, 2014, 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 Regulation DMB-RA, *Control of Admission Receipts*, sets forth procedures for the control of admission receipts for school events. The accounting for these events must be controlled with serially numbered tickets, separation of duties, use of the required MCPS Form 280-50, *Tickets and Cash Report of Admissions Manager*, for tracking and reconciling sales, and

a perpetual inventory of tickets (refer to *MCPS Financial Manual*, chapter 20, page 13). We noted instances in which accounting procedures were circumvented with regard to printing, issuing, and selling tickets for school events. We recommend that procedures for the sale of tickets be reviewed with appropriate staff prior to admission events for compliance with MCPS Regulation DMB-RA.

Summary of Recommendations

- Admission events must be conducted in accordance with MCPS Regulation DMB-RA.

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 this issue, including appropriate staff training and support.

Prior to returning your completed audit action plan, please contact Ms. Cheryl L. Smith, director of school support and improvement of elementary schools. Based on the audit recommendations, Ms. Smith 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 administrative secretary to support you with developing a well-defined plan to address the findings.

RWP:AMB:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Dr. Kimball

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Reilly

Ms. Smith

Mr. Tallur

Mr. Ikheloa

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: December 14, 2017	Fiscal Year: December 14, 2017
School: Strathmore ES - 822	Principal: Tivinia G. Nelson
OSSI Associate Superintendent: Dr. Laverne Kimball	OSSI Director: Ms. Cheryl Smith
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>12/1/14-10/31/17</u>, strategic improvements are required in the following business processes :</p> <p>Admission events must be conducted in accordance with MCPS Regulation DMB-RA</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
When holding ticketed events, we will follow regulation DMB-RA, Control of Admission Receipts. The accounting of these events must be controlled with serially numbered pre-printed tickets.	Lynne Frese	Pre-printed Tickets	Form 280-50 Tickets and Cash Report of Admissions Manager	Sponsor	Administrative Secretary is responsible for inventory of tickets
Review procedures for the sale of tickets with sponsor to ensure compliance with regulation DMB-RA.	Administration Lynne Frese	Form DMB-RA	N/A	Lynne Frese	Compliance with Regulation DMB-RA

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

Approved
 Please revise and resubmit plan by _____

Comments:

Director:  _____ Date: 01.24.18