


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

September 23, 2019

MEMORANDUM

To: Dr. Karin M. Wade, Principal
Travilah Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
May 1, 2017, through June 30, 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 September 12, 2019, meeting with you and Mrs. Patricia W. Hairston, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated June 14, 2017, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2019. 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

In order to properly control receipts, cash and checks collected by sponsors for IAF activities should be remitted promptly and intact to the administrative secretary along with a remittance slip. Cash should be counted in the presence of the remitter, and a receipt that is supported by the remittance slip should be issued promptly. Cash Holding Authority (CHA) is the amount of funds

a school is authorized to hold on its premises overnight (refer to *MCPS Financial Manual*, chapter 7, page 3). Funds received by the administrative secretary must be deposited promptly and all funds must be deposited on the last working day of each month and before each weekend or holiday. We found instances in which there was a delay in issuance of receipts, administrative secretary was not always making timely deposits and money was held in excess of permitted amounts. Infrequent deposits increase the possibility of a loss of funds, diminish the schools ability to fund activities, and are contrary to the MCPS Financial Manual. To minimize the risk of loss and provide assurance that available funds will be fully utilized to meet school needs, all funds collected must be receipted and deposited promptly (refer to *MCPS Financial Manual*, chapter 7, page 5).

Summary of Recommendations

- Cash and checks (funds) remitted by sponsors must be promptly receipted and deposited in the bank by the school administrative secretary in accordance with Chapter 7 of the *MCPS Financial Manual*.

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. Jennifer L. Webster, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Mrs. Webster 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 administrative secretary to support you with developing a well-defined plan to address the findings.

MJB:GWB:lsh

Attachment

Copy to:

Members of the Board of Education
 Dr. Smith
 Dr. McKnight
 Dr. Navarro
 Dr. Statham
 Dr. Zuckerman
 Mr. Civin
 Dr. Johnson
 Mrs. Morris
 Mrs. Camp

Mrs. Chen
 Ms. Diamond
 Mr. Reilly
 Mr. Tallur
 Mrs. Webster
 Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: September 23,2019	Fiscal Year: September 23,2019
School: Travilah ES - 216	Principal: Karin Wade
OSSI Associate Superintendent: Diane Morris	OSSI Director: Jennifer Webster
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>5/1/17-6/30/19</u>, strategic improvements are required in the following business processes :</p> <p>Cash and checks (funds) remitted by sponsors must be promptly receipted and deposited in the bank in accordance with Chapter 7 of the MCPS Financial Manual.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Ensure that remittance forms are aligned with the dates that funds were received.	Patricia Hairston Deborah Delore	MCPS Form 280-34	Review of Form 280-34 (remittance form) and any additional documents relevant to each receipt and/or deposit.	Patricia Hairston, ongoing Deborah Delore, monthly Karin Wade, monthly	Completed 280-34 remittance forms with aligned dates of receipts and deposits.
Mrs. Hairston will deposit all cash and checks funds) in accordance with Chapter 7 guidelines of the MCPS Financial Manual. Mrs. Hairston and Dr. Wade will meet monthly with the bookkeeper Deborah Delore to review all deposits.	Patricia Hairston Deborah Delore	n/a	Daily logs to monitor bank deposits.	Patricia Hairston, monthly Deborah Delore, monthly Karin Wade, monthly	School log showing dates to the bank and alignment of date funds were received.

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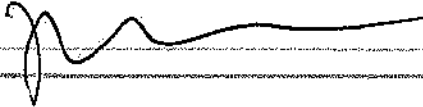
OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSE) REVIEW & APPROVAL

Approved

Please revise and resubmit plan by _____

Comments:

Director:



Date:

9/27/19