


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

May 6, 2020

MEMORANDUM

To: Ms. Carol L. Goddard, Principal
Watkins Mill High School

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

Subject: Report on Audit of Independent Activity Funds for the Period
September 1, 2018, through December 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, 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 February 20, 2020, meeting with you and Mrs. Julia A. Broyles, school business administrator, we reviewed the prior audit report dated January 17, 2019, 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

The MCPS Division of Food and Nutrition Services (DFNS) approved vendor, for the centralized vending contract, assures that all items available to purchase by schools are compliant with MCPS regulation JPG-RA, *Wellness: Physical and Nutritional Health*. At your school store, there are food and beverage items, sold during the school day to students, which are being purchased from sources that do not provide assurance the items comply with regulation JPG-RA. When food items

and beverages, sold to students during the instructional day, are purchased from sources other than the DFNS approved vendor, we recommend that the information from the product ingredient/nutrition label be entered into the Smart Snack Product Calculator. The calculator will determine whether the product meets the required nutrition standards and a report can be printed. The calculator is available at <https://foodplanner.healthiergeneration.org/calculator>. The printed report is to be filed with your school financial agent and available for future audit review.

In addition, because of the uneven pricing of items, the school store sponsor is often holding a large quantity of coins, rather than remitting them to the school financial agent daily. To minimize the risk of loss, all funds collected must be remitted daily. We recommend you change the pricing of items to reduce the need for excess coins and the sponsor be reminded that all funds collected, less established change fund, must be remitted daily to the financial specialist for prompt deposit in accordance with MCPS policy and procedures.

Each year, the Chief Financial Officer (CFO) issues the attached memorandum providing information related to the process for planning and approval of academic local revenue-based summer school programs (LSPs). All funds collected from students for LSPs must be remitted to MCPS and all expenses paid through MCPS. LSPs are designed to be self-supporting with student registration fees sufficient to cover all operational and administrative expenses. We noted that you operated a writing workshop during the summer and did not submit an LSP plan for approval. We recommend that you follow all the guidelines for LSP as outlined in the Local Revenue-based Summer School Program Planning and Approval Process memo from the CFO.

Notice of Findings and Recommendations

- Nutrition standards for food items purchased for sale at school store must follow MCPS regulation JPG-RA, *Wellness: Physical and Nutritional Health*.
- Cash and checks (funds) collected by sponsors must be promptly remitted to school financial specialist.
- Follow all the guidelines for summer camps/programs as outlined in the CFO memo.

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 Mr. Eric A. Wilson, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Mr. Wilson 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.

MJB:HT:sh

Attachments

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Dr. Navarro

Mrs. Ahn

Dr. Wilson

Dr. Zuckerman

Dr. Johnson

Mr. Koutsos

Mrs. Camp

Mrs. Chen

Mr. Marella

Mr. Tallur

Mr. Wilson

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date:

Fiscal Year:

School:

Principal:

**OSSI
Associate Superintendent:**

**OSSI
Director:**

Strategic Improvement Focus:

As noted in the financial audit for the period _____, 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

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	
<input type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____ _____	
Director: <u>Eric Wilson</u>	Date: _____