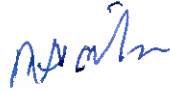


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

June 13, 2019

MEMORANDUM

To: Mr. Gregory C. Mullenholz, Principal
Ashburton Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
June 1, 2016, through April 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 May 29, 2019, meeting with you and Mrs. Marjorie E. Jacobs, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated July 6, 2016, 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

Once a check or receipt has been written, it shall not be erased or altered. If an error is discovered, the check or receipt should be marked "void" and a replacement issued. Any misprinted checks or receipts should be entered into the accounting system, and all three parts of the voided checks and both parts of any voided receipt should be defaced and retained (refer to *MCPS Financial Manual*, chapter 7, page 4, and chapter 20, page 6). We found that not all checks were entered

into the accounting system. that receipts were sometimes printed on the wrong numbered receipt stock and that when the error was discovered that the receipts needed to correct the error were not defaced. In addition, Online School Payment (OSP) receipts were sometimes printed on plain paper with the receipt stock attached, but not defaced. We recommend that when an error occurs while printing, or when checks or receipts need to be voided, that the school administrative secretary void both in the accounting system and on the stock. After voiding or entering the manual receipt, such as for an OSP payment, the accounting system number should be verified against the stock to ensure that they match. Checks and cash receipts written in error must be properly voided.

Summary of Recommendations

- IAF must be managed in accordance with sound accounting practices and effective internal control procedures which includes entering all checks and receipts into the accounting program and when check/receipts are voided they must be defaced and retained.

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. Michelle E. Schultze, director of learning, achievement, and administration, Office of School Support and Improvement. 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 administrative secretary to support you with developing a well-defined plan to address the findings.

RWP:SMY:lsh

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
Mr. Reilly
Mrs. Schultze
Mr. Tallur
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 5/29/2019	Fiscal Year: 5/29/2019
School: Ashburton ES - 425	Principal: Greg Mullenholz
OSSI Associate Superintendent: Dr. Kimberly Statham	OSSI Director: Mrs. Shelley Schultze
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>6/1/16- 4/30/19</u>, strategic improvements are required in the following business processes :</p> <p>"D1: Controls over check and receipt processing needs improvement."</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Checks and receipts will be voided, if needed, and recorded into the accounting system. Care will be taken to match receipt accounting system stock and check numbers. Add to weekly admin meeting finance discussion	Marjorie Jacobs Greg Mullenholz	Updated school finance training is scheduled	Visiting bookkeeper verification of receipt and check stock match; monthly.	Linda Chrisler Greg Mullenholz	Voided checks and receipts will be kept in separate folders.

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

Approved Please revise and resubmit plan by _____

Comments:

Director: 

Date: 7-15-19