


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

May 2, 2019

MEMORANDUM

To: Dr. Louise J. Worthington, Principal  
John T. Baker Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
September 1, 2017, through January 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, 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 April 25, 2019, meeting with you and Mrs. Lynne P. Murray, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated October 3, 2017, and the status of present conditions, noting considerable improvement made since that report. It should also be noted that Mrs. Murray was assigned to her position effective June 5, 2017. 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

Cash and checks collected for IAF activities by sponsors and other authorized individuals must be remitted together with MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, to the school financial specialist on the day the funds are received (refer to *MCPS Financial Manual*, chapter 7, page 4). We found instances in which staff collecting funds were holding rather than

remitting them timely to the school financial specialist. We recommend that all staff who collect funds for school activities be reminded of remittance requirements.

#### Summary of Recommendations

- Cash and checks collected by sponsors must be promptly remitted to the school financial specialist (**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 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 Dr. Jane Q. Ennis, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Ennis 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 finding.

RWP:RCM:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Mrs. Morris

Mrs. Camp

Mrs. Chen

Ms. Diamond

Dr. Ennis

Mr. Tallur

Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> 2019	<b>Fiscal Year:</b> 2019
<b>School:</b> John T. Baker MS - 705	<b>Principal:</b> Dr. Louise J. Worthington
<b>OSSI</b> <b>Associate Superintendent:</b> Ms. Diane Morris	<b>OSSI</b> <b>Director:</b> Dr. Jane Ennis
<p><b><u>Strategic Improvement Focus:</u></b>          As noted in the financial audit for the period <u>9/1/17 - 1/31/19</u>, strategic improvements are required in the following business processes :</p> <ol style="list-style-type: none"> <li>Funds collected by sponsors must be promptly remitted with MCPS Form 280-34 to the SFS and verified in the presence of the remitter.</li> </ol>	

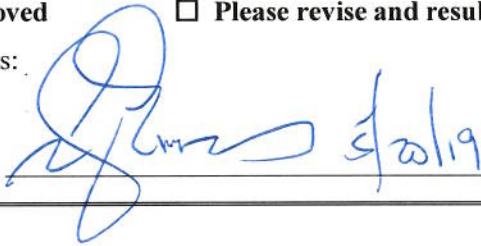
Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
1. Sponsors deposit funds on the day received accompanied with MCPS Form 280-34, Independent Activity Fund (IAF) Remittance Slip and counted with the SFS. If funds left in the night drop box, sponsor will email SFS and return the next day to count fund with the SFS. When the night box is used it will be noted on the Remittance Slip.	Principal, SFS and Sponsors of School Activities	Process for collecting and remitting funds.	Principal, SFS and sponsors on an on-going basis.	Principal, SFS and sponsors on an on-going basis.	Daily Deposit Analysis Form/Slip/280-34 REPEAT. Note: Although training of sponsors continues, use of drop box will be noted on remittance.

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: \_\_\_\_\_