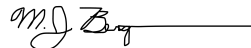


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

November 3, 2021

MEMORANDUM

To: Mrs. Michelle L. Fortune, Principal  
Benjamin Banneker Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
February 1, 2020, through August 31, 2021

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 fund-raisers. 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 October 14, 2021, meeting with you; and Miss. Wendy L. Moten, school financial specialist, we reviewed the prior audit report dated July 21, 2020, 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

Cash and checks collected by sponsors and others for IAF activities must be remitted promptly to the financial specialist. These receipts must be deposited promptly and all receipts must be deposited on the last working day of each month and before each weekend or holiday (refer to the *MCPS Financial Manual*, chapter 7, pp. 4). We noted that sponsors are holding fees collected rather than remitting them to the financial specialist on a daily basis. We also noted that the financial specialist is not always making deposits on the last working day of each month and before

each weekend or holiday. To minimize the risk of loss, all funds collected must be remitted daily. We recommend that staff be encouraged to submit cash and checks collected for IAF activities to the financial specialist for prompt deposit in accordance with MCPS policy and procedures.

The sixth-grade students at each middle school in MCPS participate in a three-day, two-night, Outdoor Environmental Education Program (OEEP), for which they are assessed a fee to reimburse MCPS for personal expenses associated with the program. The student cost for OEEP is \$76. In addition to the cost for OEEP, schools are allowed to charge an activity fee for extra items or activities such as t-shirts, snacks, etc. We found that the school charged students \$9 for items and activities, but did not spend much of the funds that were collected. Fees assessed to students must be set as nearly as possible to only offset the costs incurred by MCPS for items (refer to the *MCPS Financial Manual*, chapter 20, page 2). MCPS only charges schools a fee for the number of students counted on day of arrival. We noted that some students paid full price for the OEEP but were not charged by the Lathrop E. Smith Environmental Education Center (Smith Center). It appears that these students were not included in the head count done at the Smith Center upon arrival. The excess funds were kept by the school and transferred to a seventh grade field trip account to be used in the next fiscal year. We recommend that you remit the excess funds to the Smith Center, as well as review the cost of your activity fee to ensure established fees are commensurate with the cost of expenses.

#### Notice of Findings and Recommendations

- Cash and checks (funds) collected by sponsors must be promptly remitted intact with MCPS *Independent Activity Fund (IAF) Remittance Slip Form* 280-34, to the school financial specialist (**repeat**).
- Cash and checks (funds) remitted by sponsors must be promptly receipted and deposited in the bank by the school financial specialist in accordance with Chapter 7 of the *MCPS Financial Manual* (**repeat**).
- OEEP sponsor records must correctly report funds collected, financial waivers granted, and collected funds that are remitted to Smith Center for all participating students.

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 action plan, 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. Donna Redmond Jones, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Dr. Jones 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 financial specialist to support you with developing a well-defined plan to address the findings.

MJB:BK:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. D'Andrea

Ms. Dawson

Ms. Reuben

Mrs. Williams

Dr. Dyson

Mr. Reilly

Mrs. Chen

Mrs. Eader

Mr. Klausling

Dr. Redmond Jones

Mrs. Ripoli

Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date: November 12, 2021</b>	<b>Fiscal Year: February 1, 2020, through August 31, 2021</b>
<b>School: Benjamin Banneker Middle School</b>	<b>Principal: Mrs. Michelle Fortune</b>
<b>OTLS Associate Superintendent: Dr. Cheryl Dyson</b>	<b>OTLS Director: Dr. Donna Redmond Jones</b>
<p><b><u>Strategic Improvement Focus:</u></b>          As noted in the financial audit for the period February 1, 2020, through August 31, 2021, strategic improvements are required in the following business processes : (a) prompt remittance of funds collected by sponsors, (b) prompt receipt and deposit of funds remitted by sponsors, and (c) accurate recording of Outdoor Environmental Education Program (OEEP) funds collected, financial waivers granted and collected funds remitted.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Ms. Moten will train staff in the process of collecting funds from sponsors and properly remitting them.	Ms. Moten	Slides or training materials for staff and Remittance Slip Form 280-34	<ul style="list-style-type: none"> <li>● Slides from training before field trips and fundraisers</li> <li>● Staff sign-off sheet before field trips and fundraisers</li> </ul>	Ms. Moten and Ms. Fortune weekly check-in	<ul style="list-style-type: none"> <li>● Timely remittance slips.</li> </ul>
Ms. Moten will do a daily drop if over \$250 or weekly drop on Friday to the bank following the process outlined in Chapter 7 of the MCPS Financial Manual	Ms. Moten		<ul style="list-style-type: none"> <li>● Weekly deposits</li> </ul>	Ms. Moten and Ms. Fortune weekly check-in	<ul style="list-style-type: none"> <li>● Deposit receipts.</li> </ul>
Ms. Moten will check the safe each day to ensure that there is no money that had not been accounted for before she leaves for the day.	Ms. Moten		<ul style="list-style-type: none"> <li>● Weekly deposits</li> </ul>	Ms. Moten and Ms. Fortune weekly check-in	<ul style="list-style-type: none"> <li>● Deposit receipts.</li> </ul>

Ms. Moten will train both assistant principals to remit and drop bank funds in case the financial assistant is on leave.	Ms. Moten		<ul style="list-style-type: none"> <li>Weekly deposits</li> </ul>	Ms. Moten and Ms. Fortune weekly check-in	<ul style="list-style-type: none"> <li>Deposit receipts.</li> </ul>
Ms. Moten and the Outdoor Education coordinator will meet prior to Outdoor Education to discuss who needs financial waivers.	Ms. Moten, Outdoor Ed coordinator, and 6th grade counselor	List of students in need	<ul style="list-style-type: none"> <li>List of students in financial need before Outdoor Ed begins</li> <li>List of students who have received waivers</li> <li>Completion of Waiver Form 260-1</li> </ul>	Ms. Moten, Outdoor Ed coordinator, supervising admin	<ul style="list-style-type: none"> <li>Completed fee waiver record forms</li> </ul>
Ms. Moten and the Outdoor Education coordinator will meet prior to Outdoor Education to discuss how funds will be collected, when funds will be counted daily, and where funds will be collected.	Ms. Moten and Outdoor Ed coordinator	Location for school store and time for counting of funds	<ul style="list-style-type: none"> <li>Funds will be collected through the school store before school</li> <li>A time will be set-up to count funds daily with the financial assistant either during period 6 or after school.</li> <li>Once the funds are collected the financial assistant will create a deposit</li> </ul>	Ms. Moten, Outdoor Ed coordinator, supervising admin	<ul style="list-style-type: none"> <li>Deposit slips</li> </ul>
Ms. Moten will ensure remitted funds will be submitted in a timely manner to Outdoor Education.	Ms. Moten and Outdoor Ed coordinator	Remittance slips and funding	<ul style="list-style-type: none"> <li>Ms. Moten will work with Ms. Fortune to review Outdoor Ed accounts and submit remittance in a timely fashion.</li> </ul>	Ms. Moten, Outdoor Ed coordinator, supervising admin	<ul style="list-style-type: none"> <li>Remittance slips</li> </ul>

**OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL**

**Approved**  **Please revise and resubmit plan by** \_\_\_\_\_

Comments:

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\_\_\_\_\_  
\_\_\_\_\_

Director:                     *Donna Richmond Jones*                     Date: 12/21/21