

Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

September 3, 2021

MEMORANDUM

To: Mr. Elliot M. Alter, Principal
Beall Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
September 1, 2018, through July 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 August 27, 2021, meeting with you, and Mrs. Gina M. Gill, school administrative secretary (secretary), we reviewed the prior audit report dated November 7, 2018, 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

To properly control funds, all cash and checks collected by sponsors for IAF activities must be remitted promptly to the secretary. These funds must then be verified in the presence of the remitter and a receipt that is supported by MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, must be issued promptly (refer to the *MCPS Financial Manual*, chapter 7, page 4). In your action plan, you indicated that sponsors would remit funds on a daily basis to the

secretary, and the secretary would make prompt deposits, including on the last working day of the month and before each weekend or holiday. We found instances in which funds were held by the sponsors, rather than being remitted daily, to the secretary, and they were not always promptly deposited into the school's bank account. To minimize the risk of loss and provide availability of funds to meet school needs, all funds collected must be remitted daily to the secretary for prompt deposit.

Notice of Findings and Recommendations

- Cash and checks (funds) collected by sponsors must be promptly remitted with MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, to the secretary (**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 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. Peter O. Moran, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Dr. Moran 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:AMB:lsh

Attachment

Copy to:

Members of the Board of Education
Dr. McKnight
Mr. D'Andrea
Ms. Dawson
Ms. Reuben
Mrs. Williams
Mrs. Dyson
Mr. Reilly
Mrs. Chen
Mrs. Eader
Mr. Klausling
Dr. Moran
Mr. Tallur
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: September 3, 2021 FY21	Fiscal Year: September 3, 2021 FY21
School: Beall ES - 207	Principal: Elliot Alter
OTLS Associate Superintendent: Cheryl Dyson	OTLS Director: Peter Moran
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>9/1/18-7/31/21</u>, strategic improvements are required in the following business processes :</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Staff has been reminded to turn in remittance forms and money daily. Money is always counted in front of the sponsor and an original receipt is given to them. This process is in place and will continue. All funds will continue to be receipted in SFO prior to depositing.	Admin Secretary and sponsors	IAF procedures for sponsors. Financial manual	Monthly IAF reconciliation report	Principal and admin secretary will remind sponsors monthly regarding deposits	FY22 and forward will show evidence of timely deposits by sponsors

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OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL	
<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____	
Director: <u> <i>Peter O. Moran</i> </u> <small>ovz</small>	Date: <u>09/29/21</u>