MEMORANDUM

To: Dr. Beth L. Brown, Principal
    Beverly Farms Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit

Subject: Report on Audit of Independent Activity Funds for the Period
         December 1, 2011, through December 31, 2014

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. 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 IAFs are administered in accordance with MCPS policies,
regulations, and procedures.

IAF audits are conducted regularly to evaluate compliance with MCPS 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 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 there is compliance
with MCPS policies, regulations, and procedures, and that any significant errors or omissions in
the financial records are detected.

In our meeting on January 28, 2015, with you and Ms. Kristin McKinney, administrative
secretary, we reviewed the status of the conditions described in our prior audit report dated
February 6, 2012, 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 assure funds in the school are properly controlled, monies conveyed to staff members by
students and others must be promptly remitted to the administrative secretary along with MCPS
Form 280-34, Independent Activity Fund Remittance Slip. The administrative secretary should
promptly count remittances, complete the lower portion of Form 280-34 and issue a receipt to the remitter. Receipted funds should be deposited into the schools checking account after a deposit analysis has been completed using the accounting software. The receipt issued by the bank evidencing the deposit should be filed with the deposit analysis form, the individual receipt forms which comprise the deposit and the remittance slip supporting the receipt forms. We found this process which is prescribed in Chapter 7 of the MCPS Financial Manual is not being followed.

Summary of Recommendations

- Funds collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the administrative secretary; and

- Funds remitted by sponsors must be promptly verified and receipted, prior to being deposited in the bank by the administrative secretary.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff. In accordance with MCPS Regulation DIA-RA, Accounting for Financial Operations/Independent Activity Funds, please provide a response to the Internal Audit office within 30 days of this report, with a copy to Dr. Donna S. Hollingshead, associate superintendent of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:LS:sd

Copy to:
Mr. Bowers
Dr. Navarro
Dr. Statham
Mr. Sanderson
Dr. Hollingshead
Mrs. DeGraba
Mrs. Milwit
Mrs. Chen
MEMORANDUM

To: Mr. Roger W. Pisha, Supervisor
    Internal Audit

From: Beth L. Brown, Principal
      Beverly Farms Elementary School

Subject: Response to Audit of Independent Activity Funds for the Period
         December 1, 2011, through December 31, 2014

As discussed with Mr. Scollick, the processes for collecting, receipting, and depositing IAF money
as outlined in Chapter 20 of the MCPS Financial Manual, were not followed in the month of
October 2014 for the following reasons:

- We were in transition and hired a new administrative secretary October 1, 2014, who had no
  prior training in elementary school finances. Additionally, she was brought on as a temporary
  worker and therefore could not gain access to the financial software until she was instated as a
  permanent employee.

- Although Ms. McKinney obtained access to SFO in mid-October, the SFO program was not
  working properly and could not be used initially. The previous administrative secretary also
  had technical problems with SFO. We have extensive e-mails (see attached) of our
  communication with SFO and members of the MCPS accounting office as we tried to resolve
  these issues.

- Several field trips were scheduled in October and November, so there was a large volume of
  checks coming in. Ms. McKinney learned how to write manual receipts during this time and
  get the money deposited in the bank.

- Once the technical issues with SFO were resolved and Ms. McKinney had training on SFO,
  the processes for handling IAF money were streamlined according to the manual in November
  2014.

BLB:kam

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Mr. Bowers    Dr. Navarro    Dr. Statham    Mr. Sanderson
Dr. Hollingshead    Mrs. DeGraba    Mrs. Milwit    Mrs. Chen