

Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

October 4, 2019

MEMORANDUM

To: Mrs. Karen E. Caroscio, Principal
Bradley Hills Elementary School

From: Mary J. Bergstresser, Acting Supervisor, Internal Audit Unit *MSB/DKM*

Subject: Report on Audit of Independent Activity Funds for the Period
July 1, 2016, through August 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 October 1, 2019, meeting with you; Ms. EunHee Cho, assistant principal; and Ms. Xuan (Linda) Schultz, school administrative secretary, we reviewed our prior audit report dated July 27, 2016, and the status of present conditions. It should be noted that Ms. Schultz's assignment as school administrative secretary was effective on September 10, 2019. 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 school administrative 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 *MCPS Financial Manual*,

chapter 7, page 4). We found instances in which funds were held by sponsors rather than being remitted on a daily basis to the school administrative secretary and 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, we recommend that all funds collected be remitted daily to the school administrative secretary for prompt deposit.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips, and Student Organization Trips*. Trip approval forms should be signed by the principal, and the director of learning, achievement, and administration, when required, and retained for future reference. Sponsors of field trips should have a complete class or club roster of student names to annotate the amount each student paid, date paid, eligible students who did not participate in the trip, and students who received waivers, scholarships, or reduced fees. This data, together with a list of all chaperones and volunteers, should be provided to the school administrative secretary at the completion of each trip and compared to remittances recorded in the trip account history report. We found that not all sponsors are providing completed data at the conclusion of each trip and that data is not being compared to the final account history report. In your fiscal management action plan dated August 5, 2016 you indicated that the administrative secretary would perform a reconciliation at the completion of each field trip. This reconciliation cannot be completed unless all sponsors submit a final field trip accounting. We recommend that all sponsors be required to submit MCPS Form 280-41, *Field Trip Accounting*, or equivalent and follow the procedures outlined above.

Notice of Findings and Recommendations

- Remitted funds must be promptly verified, receipted, and deposited in the bank by the school administrative secretary.
- Field trip records that are prepared by sponsors must provide comprehensive data to account for all students eligible to participate and to reconcile funds collected with costs of the trip (**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. Donna R. Jones, director of learning, achievement, and administration, Office of School Support and Improvement. 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 administrative secretary to support you with developing a well-defined plan to address the findings.

RWP:AMB:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Mrs. Dyson

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Reilly

Mr. Tallur

Dr. Jones

Mr. Marella

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 2020

Fiscal Year: 2020

School: Bradley Hills ES - 410

Principal: Karen Caroscio

OSSI

Associate Superintendent: Cheryl Dyson

OSSI

Director: Donna Redmond Jones

Strategic Improvement Focus:

As noted in the financial audit for the period 7/1/16 - 8/31/19, strategic improvements are required in the following business processes :

Remitted funds must be promptly verified, receipted, and deposited in the bank & field trip records that are prepared by sponsors must provide comprehensive data about funds

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
The new administrative secretary will purchase new bags to process money.	Administrative Secretary	Funds	Order	Principal September 2019	Purchase Receipt
The new administrative secretary will meet with classroom teachers to explain how to document funds they receive each day and answer any questions they have.	Administrative Secretary	Time at staff meeting Handouts	Anecdotal notes during meeting	Principal October 2019	Meeting Agenda
New administrative secretary will complete School Finance Training I and II.	Administrative Secretary	Schedule of Training	PDO registration	Principal October 2019 January 2020	PDO completion Part I Completed Oct. 2019
Utilize comprehensive data to account for all students eligible to participate and to reconcile funds collected with costs of each field trip.	Administrative Secretary	Final 280-41 Accounting form, Vendor contract, Bus fees, event entrance fees	Final Accounting form 280-41 Remittance forms 280-34 Field trip sponsor forms	Monthly meeting between Principal and Administrative Secretary	Notes from monthly meeting Sponsor forms Field trip reconciliation form

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Team leaders will collect funds when there is a substitute teacher in their grade level and make sure the funds are secured in the safe.	Team Leaders	Money Bags	Substitute Plans	Daily Administrative Secretary Principal	Completion of 280-34 and collection of funds once teacher returns.

OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL

☒ **Approved** ☐ Please revise and resubmit plan by _____

Comments:

Director: _____

Daniel Jones

Date: 10/22/19