


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

January 6, 2023

MEMORANDUM

To: Dr. Shawaan T. Robinson, Principal  
Briggs Chaney Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
December 1, 2020, through October 31, 2022

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 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 December 9, 2022, meeting with you and Mrs. Jan W. Snider, school financial specialist, we reviewed the prior audit report dated January 28, 2021, and the status of the 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**

Sponsors of school activities, that involve the collection or disbursement of IAF must be provided with an account history report for each month in which transactions have been recorded in their account or the account has a balance. We found that this essential internal control procedure was not always being used, and only the principal had been provided copies of the account history report. For Fiscal Year (FY) 2023, the school financial specialist started to print a quarterly report for staff, instead of a monthly report as required. We recommend sponsors be given a monthly statement of their accounts and be required to verify that all transactions affecting the account have

been correctly recorded. After any discrepancies are resolved, the statements must be signed and dated by the sponsor to attest to their accuracy. A procedure should be established to ensure that all statements are reviewed and returned (refer to the *MCPS Financial Manual*, chapter 20, page 10).

In order to properly control receipts, cash and checks collected by sponsors for IAF activities must be remitted promptly and intact to the financial specialist along with a remittance slip. Cash must be counted in the presence of the remitter, and a receipt that is supported by the remittance slip must be issued promptly (refer to the *MCPS Financial Manual*, chapter 7 pages 4-5). We found instances where the school financial specialist is making night deposits because she is receipting the funds late in the afternoon when staff are not in the building. We are unclear as to when funds remitted on a Friday were actually deposited into the night deposit box since the bank did not record the deposit until the next business day. We also found that at times staff were holding funds and not remitting them to the school financial specialist on a daily basis. This may be due to the fact that the school financial specialist was not available or not in the building during school hours. To improve controls, we recommend adoption of the procedures outlined above and that the school financial specialist make deposits during business hours.

### **Notice of Findings and Recommendations**

- Monthly account history reports must be provided to sponsors for affirmation of transaction correctness and returned to the school financial specialist.
- Cash and checks (funds) collected by sponsors must be promptly remitted intact with MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, to the school financial specialist.
- School financial specialist needs to be at the school during school hours in order to receive, verify, record and deposit funds collected.

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 school support and well-being, Office of Student Support and Well-Being, for written approval of your plan. Based on the audit recommendations, Dr. Redmond 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:YSG:rg

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. Hull

Dr. Murphy

Ms. Reuben

Mr. Stockton

Mrs. Williams

Dr. Floyd-Cooper

Mr. Reilly

Mrs. Chen

Ms. Eader

Mr. Klausling

Dr. Redmond Jones

Mrs. Ripoli

Ms. Webb

**FINANCIAL MANAGEMENT ACTION PLAN**

<b>Report Date:</b>	<b>Fiscal Year:</b>
<b>School:</b>	<b>Principal:</b>
<b>OSSWB Associate Superintendent:</b>	<b>OSSWB Director:</b>
<p><b><u>Strategic Improvement Focus:</u></b>          As noted in the financial audit for the period _____, strategic improvements are required in the following business processes :</p>	

<b>Action Steps</b>	<b>Person(s) Responsible</b>	<b>Resources Needed</b>	<b>Monitoring Tools / Data Points</b>	<b>Monitoring: Who &amp; When</b>	<b>Results/Evidence</b>

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)	
<input type="checkbox"/> <b>Approved</b>	<input type="checkbox"/> <b>Please revise and resubmit plan by</b> _____
Comments: _____ _____	
Director: _____ <i>Donna Richmond Jones</i> _____	Date: _____