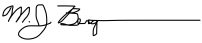


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 30, 2020

MEMORANDUM

To: Mrs. Mary Jo Powell, Principal
Brown Station Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2017, through October 31, 2020

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 15, 2020, meeting with you; Ms. Jessica C. Moon Duvall, assistant principal; Ms. Helen Velez, acting school administrative secretary; and Mrs. Pam K. Dunn, visiting bookkeeper, we reviewed the prior audit report dated December 8, 2017, 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 school administrative secretary (secretary). 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. 4-5). In your action plan, you

indicated that deposits would be made daily and administration would review deposit slips. We noted that your former secretary was not always making timely deposits. At one point, funds were held with remittance slips that spanned over a month and exceeded the amount allowed to be held overnight at the school. Funds were sometimes taken to the bank and later receipted in School Funds Online (SFO). School staff must be instructed to submit cash and checks collected for IAF activities to the secretary for prompt deposit in accordance with MCPS policy and procedures. To minimize the risk of loss, we recommend all funds collected be remitted daily and deposited to the bank promptly. We also recommend that staff monitor their remittances to the secretary to ensure they receive a receipt in a timely manner.

Fund raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund Raiser*. We found that there was a lack of adherence to these guidelines and that not all sponsors were preparing fundraiser request forms to obtain principal approval prior to the start of an activity. We also noted that sponsors were not always submitting a completion report when the fundraiser was finalized. Following these internal control procedures provides for accountability of funds raised, as well as the opportunity to evaluate the results at the conclusion of the event. We recommend that each fund-raiser be approved by the principal in writing and the approval retained in the school office. Financial activities for each fund-raising activity must be recorded in a separate account in the 7000 series and a completion report prepared that analyzes the results (refer to the *MCPS Financial Manual*, chapter 20, page 13).

Sponsors of field trips must 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, must be provided to the secretary at the completion of each trip, and compared to remittances recorded in the trip account history report (refer to the *MCPS Financial Manual*, chapter 20, page 10). In your action plan, you indicated that sponsors would complete MCPS Form 280-41, *Field Trip Accounting*, or equivalent, to document and maintain proper accounting of field trips. We found that not all sponsors are providing completed data at the conclusion of each trip, field trip fees were not always being remitted in a timely manner, and that data is not being compared to the final account history report. We recommend all sponsors be required to use MCPS Form 280-41, or equivalent, and all fees collected be remitted daily to the secretary for prompt deposit. Trip sponsors must be required to provide complete data at the conclusion of each trip, and this data must be reconciled by the secretary with remittances recorded in activity accounts.

Admission receipts for school events must be controlled according to MCPS Regulation DMB-RA, *Control of Admission Receipts*. These events must be controlled with serially numbered tickets, separation of duties, use of the required MCPS Form 280-50, *Tickets and Cash Report of Admissions Manager*, for tracking and reconciling sales, and perpetual inventory of tickets. In your action plan, you indicated that you were in the process of managing the ticket process at your school. We found that the ticket reports on file appeared to have been initiated after the conclusion of the activity, rather than when tickets were issued by the ticket controller to the admissions manager. In many instances, the dates signed by the ticket controller, admissions manager, and report auditor do not appear to be the actual dates the related tasks had been completed. As tickets

are given to the admission's manager, the ticket controller and admission's manager must sign the form as an acknowledgement of actual tickets received for potential event sales. Upon return of the unsold tickets, the admission manager and auditor sign and date ticket report to acknowledge that the tickets and funds returned. Another weakness includes the lack of a perpetual inventory of tickets. We recommend that all admission events be controlled in accordance with the above cited regulation.

Notice of Findings and Recommendations

- Cash and checks (funds) remitted by sponsors must be promptly deposited in the bank by the secretary (**repeat**).
- Cash and checks (funds) remitted by sponsors must be promptly verified and receipted, prior to being deposited in the bank by the secretary (**repeat**).
- Fund-raisers must be approved in writing by the principal prior to advertising or conducting the activity (**repeat**).
- Fund-raiser completion reports must be prepared by sponsors, and must provide sufficient information to analyze results (**repeat**).
- Field trip records prepared by sponsors must provide comprehensive data to account for all eligible to participate, including volunteers and chaperones, and to reconcile funds collected with the account history report (**repeat**).
- Admission events must be conducted in accordance with MCPS Regulation DMB-RA (**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. Rotunda Floyd-Cooper, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools. Based on the audit recommendations, Dr. Floyd-Cooper will indicate whether she will conduct an electronic review of your action plan or schedule a time to meet in person with you and the secretary to support you with developing a well-defined plan to address the findings.

MJB:GWB:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Ms. Stratman

Dr. Wilson
Mrs. Williams
Mr. Koutsos
Mrs. Camp
Mrs. Chen
Mr. Marella
Dr. Floyd-Cooper
Mr. Reilly
Mr. Tallur
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date:	Fiscal Year:
School:	Principal:
OTLS Associate Superintendent:	OTLS Director:
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period _____, 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

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

OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL	
<input type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____ _____	
Director: _____ <i>Rotunda Floyd-Cooper</i>	Date: _____