


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

January 5, 2018

MEMORANDUM

To: Ms. Kristine L. Donohue, Principal
Cannon Road Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Independent Activity Funds for the Period
February 1, 2015, through October 31, 2017

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 and are 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 MCPS policies, regulations, and procedures.

The 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 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 there is compliance with MCPS policies, regulations, and procedures and that any significant errors or omissions in the financial records are detected.

At our December 21, 2017, meeting with you, Mr. David I. Suggs, assistant principal; and Mrs. Susan L. Warner, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated March 20, 2015, and the status of present conditions. It should be noted that your appointment as principal was effective July 12, 2017. 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 for IAF activities by sponsors and other authorized individuals must be remitted with MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, to the school administrative secretary on the day the funds are received. We found instances in which staff collecting

funds for field trips were holding rather than remitting them timely to the school administrative secretary. We recommend that all staff who collect funds for school activities be reminded of remittance requirements (refer to *MCPS Financial Manual*, chapter 7, page 4).

Review of field trip activities revealed that not all field trip sponsors are providing completed financial information to the school administrative secretary at the completion of a trip. Sponsors should record cost and fee information for each field trip on MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and submit the data to the school administrative secretary when a trip is completed (refer to *MCPS Financial Manual*, chapter 20, page 10). The record of the names of participants and sums collected strengthens internal controls by enabling the reconciliation of receipts to funds recorded in the field trip account. We recommend all sponsors be required to use MCPS Form 280-41, or equivalent, and follow the procedures outlined above.

Summary of Recommendations

- Funds collected by sponsors must be promptly remitted with MCPS Form 280-34 to the school administrative secretary (**repeat**).
- Field trip records 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 Ms. Audra M. Fladung, director of school support and improvement of elementary schools. Based on the audit recommendations, Ms. Fladung 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:GWB:lsh

Attachment

Copy to:

Members of the Board of Education
Dr. Smith
Dr. Navarro
Dr. Statham
Dr. Zuckerman
Mr. Civin
Dr. Johnson
Dr. Kimball

Mrs. Camp
Mrs. Chen
Ms. Diamond
Ms. Fladung
Mr. Reilly
Mr. Tallur
Mr. Ikheloa

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: January 5, 2018	Fiscal Year: January 5, 2018
School: Cannon Road ES - 310	Principal: Ms. Kristine L. Donohue
OSSI Associate Superintendent: Dr. Laverne Kimball	OSSI Director: Ms. Audra Fladung
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>2/1/15 - 10/31/17</u>, strategic improvements are required in the following business processes :</p> <p>Remittance of Funds to Admin Secretary. Field trip sponsors must provide comprehensive data to account for all students and to reconcile funds collected.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Staff must not hold funds overnight and will be required to submit to the Admin. Secretary daily using MCPS Form 280-34. Reminders will be sent and those submitting funds late will be reminded in writing with appropriate progressive disciplinary steps if necessary.	Principal Admin Sec Staff	Form 280-34	Completed Form 280-34, IAF Remittance Slip	Admin Secretary and Principal	Funds will be submitted to the Admin Secretary using Form 280-34 IAF Remittance Slip. Funds will be turned in to Admin Secretary daily (as needed)
Field Trip sponsors will be required to provide all completed data at the conclusion of a field trip.	Sponsors Techers Principal Admin Secretary	Form 280-41	Completed Form 280-41	Admin Secretary and Principal	Completed forms will be filed with Field Trip packet.

