


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

October 19, 2022

MEMORANDUM

To: Mr. John W. Taylor, Principal  
Winston Churchill High School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
June 1, 2021, through July 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 October 6, 2022, meeting with you; Mr. Patrick H Bilock, principal intern; Ms. Lisa L. Wellek, school business administrator; and Mrs. Margretta S. Canagarajah, school financial specialist (financial specialist), we reviewed the prior audit report dated July 27, 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**

In order to properly control receipts, cash and checks collected by sponsors for IAF activities must be remitted promptly to the financial specialist. Cash must be counted in the presence of the remitter, and a receipt that is supported by the remittance slip must be issued promptly. Remittances received must, in turn, be promptly deposited into the school's bank account. Large

and infrequent deposits increase the possibility of loss of funds as well as decreases the school’s ability to fund activities. We noted that funds had been held by the financial specialist over the allowable *Cash Holding Authority* (CHA), and receipts were not issued to sponsors in a timely fashion. To minimize the risk of loss or theft and provide availability of funds to meet school needs, all funds collected must be remitted to the financial specialist daily, and all receipts must be deposited once they reach the allowable CHA and always by the last working day of each month and before each weekend or holiday (refer to the *MCPS Financial Manual*, chapter 7, pages 4-5).

**Notice of Findings and Recommendations**

- Cash and checks (funds) remitted by sponsors must be promptly deposited in the bank by the financial specialist in accordance with chapter 7 of the *MCPS Financial Manual*.

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. Tamitha Campbell, acting 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. Campbell 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 financial agents to support you with developing a well-defined plan to address the findings.

MJB:HT:rg

Attachment

Copy to:

- |                                   |               |
|-----------------------------------|---------------|
| Members of the Board of Education | Mr. Reilly    |
| Dr. McKnight                      | Dr. Campbell  |
| Mr. Hull                          | Mrs. Chen     |
| Dr. Murphy                        | Ms. Eader     |
| Ms. Reuben                        | Mr. Klausling |
| Mr. Stockton                      | Mrs. Ripoli   |
| Mrs. Williams                     | Ms. Webb      |
| Dr. Moran                         |               |

**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

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