


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

May 29, 2018

MEMORANDUM

To: Mrs. Nora G. Dietz, Principal
Capt. James Daly Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
March 1, 2015, through March 31, 2018

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 May 17, 2018, meeting with you, Mr. Michael W. Burd, principal intern, and Mrs. Julie K. Carlton, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated April 28, 2015, 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 should be remitted promptly to the school administrative 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 *MCPS Financial Manual*, chapter 7, pp. 4-5). We found that field trip funds collected by

sponsors were remitted to the school administrative secretary on a daily basis, but were held for a period of time instead of being promptly deposited. We also noted that the school administrative secretary receipted funds collected to grade level team leaders instead of to each individual sponsor remitting the funds. To improve cash control procedures and minimize the risk of loss of funds, we recommend that the school administrative secretary issue a receipt to individual sponsors who remit funds, and promptly deposit the funds in the bank.

Summary of Recommendations

- Individual sponsors remitting funds must be issued a receipt.
- Funds remitted by sponsors must be promptly receipted and deposited in the bank by the school administrative secretary.

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 Mr. Gregory S. Edmundson, director of school support and improvement of elementary schools. Based on the audit recommendations, Mr. Edmundson will indicate whether he will conduct an electronic review of your action plan or schedule a time to meet in person with you and your school financial agent 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
Mr. Edmundson
Mr. Reilly
Mr. Tallur
Mr. Ikhleoa

FINANCIAL MANAGEMENT ACTION PLAN

School: Capt. James Daly ES - 111

Principal: Nora G. Dietz

Fiscal Year: 2018

OSSI

Associate Superintendent: Dr. LaVerne Kimball

OSSI

Director: Mr. Gergory Edmundson



Strategic Improvement Focus:

As noted in the financial audit for the period 2015-2018, strategic improvements are required in the following business processes :

Funds collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the administrative secretary in a timely manner. Cash and checks collected by sponsors and others for IAF activities should be remitted promptly to the school administrative 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 MCPS Financial Manuel, chapter 7, pp. 4-5).

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Individual: sponsors remitting funds will be issued a receipt. Funds remitted by sponsors will be promptly receipted and deposited in the bank by the school administrative secretary	Administrative secretary		Daily sponsor submission of funds. Receipt of funds Deposits daily as needed, last working day of the month, and before holidays	Monthly by: MCPS book keeper Principal	Receipts of funds submitted and bank deposit statements and emails.

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

Approved
 Please revise and resubmit plan by _____

Comments:

Director:  Date: 6/25/18