


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

September 1, 2023

MEMORANDUM

To: Mr. Spencer Delisle, Principal
Damascus Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2020, through June 30, 2023

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 August 22, 2023, meeting with you; Ms. Salmaa (Sofia) Sakhi, school administrative secretary (secretary) and Carol Kelly, visiting bookkeeper, we reviewed the prior audit report dated February 20, 2020, and the status of the present conditions. It should be noted that Ms. Sakhi's assignment as secretary was effective May 1, 2023. 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

Once a check or receipt has been written, it shall not be erased or altered. If an error is discovered, the check must be marked "void" and a replacement issued. Any misprinted checks must be entered into the accounting system School Funds Online (SFO), and all parts of the voided check forms must be defaced and retained. We found that at times the prior secretary was entering

misprinted checks in SFO as \$0 but not voiding the check in the system. Additionally, checks were voided in SFO, but voided check stock and or documentation for voids were not kept on file. In your action plan you stated a void binder would be created to maintain all voided checks, and all voided checks would be marked as “void”. We recommend that checks written in error are properly voided in SFO, check stock is defaced and all documentation retained with IAF records (refer to the *MCPS Financial Manual*, chapter 20, page 6).

Cash and checks collected by sponsors and others for IAF activities must be remitted promptly to the secretary. These receipts must be deposited promptly, and 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, pages 4-5). In your action plan you indicated that staff would be reminded that they must remit funds daily by 2:00 p.m. and that bank deposits will be made by 4:45 each day. In our sample of deposits, we found that staff continue to hold funds and not remit on the day collected. We also noted that one of your prior secretaries were not always making deposits timely or on the last working day of each month, before each weekend or holiday. We recommend to minimize the risk of loss, that it is communicated to staff to remit funds to the secretary on the day funds are collected for IAF activities. Additionally, the secretary must deposit funds at the bank timely and always before a weekend, end of month and before a holiday.

Notice of Findings and Recommendations

- Checks that are voided must be defaced and retained with supporting documentation for the purpose of the void (**repeat**).
- Cash and checks (funds) remitted by sponsors must be promptly remitted to the secretary and receipted and deposited in the bank by the secretary in accordance with Chapter 7 of the *MCPS Financial Manual* (**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 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 Mr. Sean P. McGee, 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, Mr. McGee 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 secretary to support you with developing a well-defined plan to address the findings.

MJB:LMB:rg

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. Hull

Dr. Murphy

Ms. Morris

Mr. Stockton

Mrs. Williams

Dr. Moran

Mr. Reilly

Mrs. Chen

Ms. Eader

Mr. Klausling

Mr. McGee

Mrs. Ripoli

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: September 1, 2023	Fiscal Year: September 1, 2023
School: Damascus ES - 702	Principal: Spencer Delisle
OSSWB Associate Superintendent: Dr. Peter Moran	OSSWB Director: Mr. Sean McGee
Strategic Improvement Focus: As noted in the financial audit for the period <u>1/1/20-6/6/23</u> , strategic improvements are required in the following business processes : handling voided checks and ensuring purchases are approved and timely remitted and timely.	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Voided checks will always be defaced as void and kept in a separate folder with IAF records. Misprinted checks will be entered in SFO as void, then posted, then voided in the SFO referred to "void to void". All voids will have supporting documentation attached.	Salmaa Sakhi - Administrative Secretary	Admin Secretary will ensure justification is attached for voided checks.	Monitor and verify all voided checks are defaced and voided with supporting documentation attached.	Spencer Delisle - Principal Salmaa Sakhi - Administrative Secretary B-monthly checks	
Sponsors collecting school funds will remit all funds on the same day to admin secretary, along with form 280-34. Admin secretary will go to the bank each day.	Salmaa Sakhi - Administrative Secretary	If sponsors are unable to remit funds timely, principal will email sponsor.	Monitor dates on 280-34 are prior to purchase date, and verify all funds are timely remitted and deposited.	Spencer Delisle, Principal Salmaa Sakhi, Administrative Secretary Monthly	


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OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

Approved

 Please revise and resubmit plan by _____

Comments: _____

Director: 

 Date: 10/5/23