


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

April 10, 2018

MEMORANDUM

To: Mr. Mark E. Craemer, Principal
Darnestown Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
May 1, 2016, through January 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 April 4, 2018, meeting with you and Mrs. Theresa H. Frazier, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated June 17, 2016, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 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

To minimize the risk of loss and provide assurance that funds will be available to meet school needs, all funds collected should be remitted together with MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, to the school administrative secretary daily for prompt deposit

in the bank (refer to *MCPS Financial Manual*, chapter 7, page 4). We noted that staff collecting funds for field trips were not remitting them in a timely manner to the school administrative secretary. We recommend that sponsors remit funds collected promptly to the school administrative secretary.

Summary of Recommendations

- Funds collected by sponsors must be promptly remitted to the school administrative secretary (**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 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. Ikheloa

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: April 10, 2018	Fiscal Year: April 10, 2018
School: Darnestown ES - 351	Principal: Mark Craemer
OSSI Associate Superintendent: Dr. LaVerne Kimball	OSSI Director: Greg Edmundson
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>5/2016 - 1/2018</u>, strategic improvements are required in the following business processes :</p> <p>Funds collected by sponsors must be promptly remitted to the school administrative secretary.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Training of staff at 1) Staff Meeting (this school year) and 2) Pre-service Meetings (future school years).	Principal	Form 280-34	Staff Meeting Agenda Pre-service Agenda	Principal Ongoing	Dates on deposited checks, Form 280-34, and bank deposits will be in close proximity.
Funds collected by sponsors will be submitted to the administrative secretary on the day that they are collected.	Sponsors	Form 280-34	Receipts Bank deposits Deposited check dates	Principal Administrative secretary Periodically throughout year	Dates on deposited checks, Form 280-34, and bank deposits will be in close proximity.

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

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

Approved

 Please revise and resubmit plan by _____

Comments: _____

Director: 

 Date: 4/15/18