


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

April 5, 2019

MEMORANDUM

To: Mr. Daniel Walder, Principal
Diamond Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
March 1, 2016, through February 28, 2019

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, 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 April 3, 2019, meeting with you and Mrs. Diane D. McCaffrey, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated March 18, 2016, 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 remitted by sponsors must be promptly receipted and deposited in the bank by the school administrative secretary (refer to *MCPS Financial Manual*, chapter 7, page 5). Controls over cash receipts need improvement. The school administrative secretary was not always making timely deposits and was holding money in excess of permitted amounts. Infrequent deposits increase the possibility of a loss of funds, diminish the schools ability to fund activities, and are

contrary to the *MCPS Financial Manual*. To minimize the risk of loss and provide assurance that available funds will be fully utilized to meet school needs, we recommend that funds be deposited to the bank promptly, always on the last day of the month and before each weekend or holiday.

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 280-41 forms should then be reconciled with the trip account to ensure all fees were collected and that established fees are commensurable with trip expenses. We found that the 280-41 forms were completed by the sponsors, but the field trips were not being reconciled at the completion of each trip. We recommend sponsors be required to use Form 280-41, or equivalent, and with the assistance of the school administrative secretary, prepare a reconciliation at the end of the field trip.

Summary of Recommendations

- Cash and checks remitted by sponsors must be promptly receipted and deposited in the bank by the school administrative secretary in accordance with Chapter 7 of the *MCPS Financial Manual*.
- Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate, and must reconcile funds collected with costs of the trip.

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 Dr. Adrienne L. Morrow, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Morrow 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:SMY:lsh

Attachment

Copy to:

Members of the Board of Education
 Dr. Smith
 Dr. Navarro
 Dr. Statham
 Dr. Zuckerman

Mr. Civin
 Dr. Johnson
 Dr. Williams
 Mrs. Camp
 Mrs. Chen

Ms. Diamond
 Dr. Morrow
 Mr. Reilly
 Mr. Tallur
 Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 2018-2019	Fiscal Year: 2018-2019
School: Diamond ES - 570	Principal: Daniel Walder
OSSI Associate Superintendent: Dr. Darryl Williams	OSSI Director: Dr. Adrienne Morrow
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>3/1/16-2/28/19</u>, strategic improvements are required in the following business processes :</p> <p>Admin Secretary will consistently receipt/deposit cash/checks by sponsors to the bank. Fieldtrip sponsors must reconcile funds with trip cost and account for all students.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Admin secretary will deposit cash/checks submitted by account sponsors more regularly, and will never hold more than \$250.00 overnight. No funds will be held over a weekend.	Administrative Secretary	Identified time frames for bank deposits	Observation Periodic checks	Principal Monthly	
Admin secretary will use the school's money safe when funds are being collected in order to plan a bank deposit.	Administrative Secretary	School Safe Information	Observation Periodic checks	Principal Monthly	
Field trip sponsors along with the admin secretary will reconcile field trip funds.	Field Trip Sponsors and Administrative Secretary	Field Trip documents and receipts	Periodic checks Field Trip Reconciliation Form	Admin Secretary & Principal Quarterly	

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

Approved Please revise and resubmit plan by _____

Comments:

Director: *Adrienne J. Morrow* Date: *4/23/19*