

Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

August 22, 2016

MEMORANDUM

To: Mrs. Meredith M. McNerney, Principal
Gaithersburg Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2014, through June 30, 2016

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. 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 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.

In our meeting on August 16, 2016, with you and Mrs. Rosa M. Baxter, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated January 31, 2014, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2016. 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

During our previous audit, we noted finding several checks that had been signed prior to entry of the payee and amount to be disbursed. Once again, we found checks that been signed without complete information shown. Checks must be completed in all respects prior to being signed

(refer to *MCPS Financial Manual*, chapter 20, page 5). We renew our recommendation that the school obtain and use a purchasing card for those instances in which the amount of a purchase is not known in advance.

In order to properly control receipts, they should be remitted promptly to the administrative secretary along with MCPS Form 280-34: *MCPS Remittance slip*. We found instances in which funds were held, rather than remitted promptly as well as instances in which funds were not promptly receipted and deposited, and an instance in which funds were deposited prior to being receipted into the accounting system. To improve controls, we recommend close adherence to the procedures in the *MCPS Financial Manual*, chapter 7, pp. 3–4.

Summary of Recommendations

- Checks will not be signed and released by the principal until fully completed (**repeat**).
- Purchase card should be obtained to use for those instances in which the amount of a purchase is not known in advance (**repeat**).
- Cash control of school funds must be in accordance with chapter 7 of the *MCPS Financial Manual*.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff. In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, please provide a response to the Internal Audit Unit within 30 calendar days of this report, with a copy to Mr. Eric A. Wilson, director of school support and improvement of elementary schools. In your response, please share a detailed plan for addressing these issues including appropriate staff training and support. The Office of School Support and Improvement will follow up on this audit

RWP:LAS:ish

Copy to:

Members of the Board of Education
Dr. Smith
Dr. Navarro
Dr. Statham
Dr. Zuckerman
Dr. Kimball
Mrs. Camp
Mrs. Chen
Mrs. DeGraba
Ms. Diamond
Mr. Wilson
Mr. Ikheloa



Office of the Principal

35 North Summit Ave
Gaithersburg, Maryland 20877

October 2016

MEMORANDUM

To: Mr. Roger W. Pisha, Supervisor, Internal Audit
From: Meredith McNerney, Principal
Gaithersburg Elementary School
Subject: Response to Report on Audit of Independent Activity Funds

This memo is in response to the Audit of Independent Activity Funds. The report outlined the following findings and recommendations:

Summary of Recommendations

- Checks will not be signed and released by the principal until fully completed (**repeat**).
- Purchase card should be obtained to use for those instances in which the amount of a purchase is not known in advance (**repeat**).
- Cash control of school funds must be in accordance with chapter 7 of the *MCPS Financial Manual*.

Attachment #2 provides an Action Plan outlining the steps that will be taken to correct the findings of the audit report.

If you require any additional information regarding our next steps, you may contact me at the school (301-499-4552.). Thank you.

Meredith McNerney
Principal

Fiscal Management Action Plan

School: Gaithersburg Elementary School

Principal: Meredith McNerney

Approved by associate superintendent: _____ Date of approval: _____

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Checks will not be signed and released until fully completed	We will ensure checks are fully completed before they are signed and released Admin Secretary (substitute now – November) Principal	Starting in October – June 2017	Dates on checks
Purchase card should be used when amount is not known in advance	Principal and admin secretary will use the purchase card in the event a purchase needs to be made an exact amount is not pre-determined	October – June 2017	Credit card statement
Cash control of school funds must be in accordance of Chapter 7	Field trip money must be collected and recorded daily. We will use official forms for recording field trip money collected and received.	October – June 2017	Form 280-41