


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 31, 2019

MEMORANDUM

To: Mr. Cary D. Dimmick, Principal
Gaithersburg High School

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

Subject: Report on Audit of Independent Activity Funds for the Period
October 1, 2018, through September 30, 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 December 3, 2019, meeting with you; Mrs. Patricia E. Donner, school business administrator; and Mrs. Debra J. Hudson, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated January 17, 2019, 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

Gifts of value greater than \$10,000 must be approved by the chief operating officer (COO) or his/her designee prior to acceptance (refer to the *MCPS Financial Manual*, chapter 19, page 3). A memorandum needs to be sent to the COO requesting approval along with documentation from the donor identifying their expected donation as backup. We found that the Martyn Foundation

donated \$40,000 to your school in March, 2019. The COO was not contacted to obtain approval prior to acceptance of the gift. We recommend that in the future you seek COO approval prior to accepting any gifts of value greater than \$10,000.

Notice of Finding and Recommendation

- Prior approval from COO must be obtained on gifts of value greater than \$10,000.

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 financial agents to support you with developing a well-defined plan to address the findings.

MJB:HT:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Mr. Koutsos

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Tallur

Dr. Morrow

Mr. Marella

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY20	Fiscal Year: FY20
School: Gaithersburg HS - 551	Principal: Cary Dimmick
OSSI Associate Superintendent: James Koutsos	OSSI Director: Dr. Adrienne Morrow
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>10/1/18 - 9/30/19</u>, strategic improvements are required in the following business processes :</p> <p>Prior Approval from COO must be obtained on gifts of value greater than \$10,000.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
We will seek prior approval from COO on gifts of value greater than \$10,000.	Patricia Donner (School Business Administrator)	none	none	Cary Dimmick (Principal) will ensure prior approval received from COO before accepting gift.	Approval from COO will be received before gift accepted.

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: Adrienne L. Mowder Date: 2/27/20