


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

June 30, 2022

MEMORANDUM

To: Dr. Mary Jane Q. Ennis, Principal
Georgian Forest Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
July 1, 2019, through May 31, 2022

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 fund-raisers. 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 June 21, 2022, meeting with you; Mrs. Grace V. Ibanez-Barnes, school administrative secretary (secretary); and Mrs. Barbara Miller, visiting bookkeeper, we reviewed the prior audit report dated July 18, 2019, and the status of the present conditions. It should be noted that your appointment of principal was effective March 25, 2022. 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

Sponsors of school activities which involve the collection or disbursement of IAF must be provided an account history report for each month in which transactions have been recorded in their account, or the account has a balance. We found this essential internal control procedure was not always being followed. We recommend sponsors be given a monthly statement of their

accounts and be required to verify that all transactions affecting the account have been correctly recorded. After any discrepancies are resolved, the statements must be signed and dated by the sponsor to attest to their accuracy. A procedure needs to be established to ensure that all statements are reviewed and returned (refer to the *MCPS Financial Manual*, Chapter 20, page 10).

Cash and checks collected for IAF activities by sponsors and other authorized individuals must be remitted with MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, to the secretary on the day the funds are received. These receipts must be deposited promptly, and all receipts 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). Additionally, the secretary must sign, date, and review the MCPS Form 280-34 for accuracy. In your action plan, you indicated that all cash and checks would be deposited promptly by your secretary. We found that not all sponsors are completing the MCPS Form 280-34 with all necessary information, and your secretary was not always signing, dating, and reviewing the form. We also noted that at times funds were not remitted to your secretary timely and funds were held over the allowable Cash Holding Authority. Infrequent deposits increase the possibility of a loss of funds, diminish the school's 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, all funds collected must be remitted to the secretary daily and all remittances on hand must be deposited promptly and before each weekend or holiday (refer to the *MCPS Financial Manual*, chapter 7, page 4) Additionally, the secretary must review the MCPS Form 280-34, remittance forms upon receipt for accuracy and completion, and resolve any discrepancies immediately.

Sponsors of field trips must have a complete class or club roster of student names to annotate the amount each student paid, date paid, eligible students who did not participate in the trip, and students who received waivers, scholarships, or reduced fees. This data together with a list of all chaperones and volunteers must be provided to your secretary at the completion of each trip, and compared to remittances recorded in the trip account history report (refer to the *MCPS Financial Manual*, chapter 20, page 10). In your action plan, you indicated that sponsors would keep comprehensive financial information on all student payment records and remit them to the secretary at the completion of a trip. A review of field trip activities revealed that not all field trip sponsors are providing comprehensive financial information to the secretary at the completion of a trip and records are not compared to remittances recorded in the trip account history report. All sponsors must be required to use MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and remit to your secretary at the conclusion of the trip. We further recommend that this data be reconciled by your secretary with remittances recorded in activity accounts.

Notice of Findings and Recommendations

- Monthly account history reports must be provided to sponsors for affirmation of transaction correctness and returned to the secretary.
- Cash and checks (funds) collected by sponsors must be promptly remitted intact with completed MCPS Form 280-34 to the secretary (**repeat**).

- Cash and checks (funds) remitted by sponsors must be promptly receipted and deposited in the bank by the secretary (**repeat**).
- Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate, including volunteers and chaperones, and the secretary must reconcile funds collected with the account history report (**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 Dr. Sarah E. Sirgo, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Dr. Sirgo 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 secretary to support you with developing a well-defined plan to address the findings.

MJB:LB:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. D'Andrea

Dr. Dawson

Ms. Reuben

Mrs. Williams

Dr. Dyson

Mr. Reilly

Mrs. Chen

Mrs. Eader

Mr. Klausling

Dr. Sirgo

Mrs. Ripoli

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY 2021 - 2022	Fiscal Year: FY 2021 - 2022
School: Georgian Forest ES	Principal: Dr. Jane Q. Ennis
OTLS Associate Superintendent: Dr. Rotunda Floyd-Cooper	OTLS Director: Dr. Sarah E. Sirgo

Strategic Improvement Focus:
 As noted in the financial audit for the period 7/1/19-5/31/22, strategic improvements are required in the following business processes:
 Daily cash and checks deposits and field trips accounting.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Monthly account history reports will be provided to sponsors monthly. Sponsors will verify that transactions have been posted correctly. Signed reports will be returned to the secretary.	Admin Secretary Sponsors Principal Bookkeeper	MCPS Fin Manual	Financial Manual, Chapter 20, page 10	Admin Secretary & Sponsors Daily Principal & Bookkeeper/ Monthly	Monthly statements will be signed and dated by the sponsors to check their accuracy and returned to secretary
Cash and checks (funds) collected by the sponsors will be promptly remitted intact to secretary for deposit. Sponsors will be instructed to use MCPS form 280-34 when depositing collected funds.	Admin Secretary Sponsors Principal Bookkeeper	MCPS Fin Manual	MCPS Fin Manual, Chapter 7, pages 4-5 MCPS Form 280-34	Admin Secretary daily Principal & Bookkeeper Monthly	Bank Deposits Bank Statements Reconciliation of Records
Cash and checks (funds) remitted by sponsors will be promptly receipted and deposited in the bank by the school administrative secretary in accordance with Chapter 7 of the MCPS Financial Manual.	Admin Secretary Sponsors Principal Bookkeeper	MCPS Fin Manual	MCPS Financial Manual, Chapter 7.	Admin Secretary & Sponsors/Daily Principal & /Bookkeeper Monthly	Reconciliation of Field Trips Accounting with Trip History Reports Bank Deposits Bank Statements

Field trip records prepared by sponsors will provide comprehensive data to account for all students eligible to participate and to reconcile funds collected with costs of the trip.	Admin Secretary Sponsors Principal Bookkeeper	MCPS Fin Manual	MCPS Fin Manual, Chapter 20, page 10	Admin Secretary & Sponsors Daily Principal & Bookkeeper/ Monthly.	Reconciliation of Field Trips Accounting with Trip History Reports Bank Deposits Bank Statements
--	--	-----------------	--------------------------------------	---	---

OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL

Approved **Please revise and resubmit plan by _____**

Comments: _____

Director: *Sarah Sirgo* Date: July 7, 2022