


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

March 28, 2019

MEMORANDUM

To: Dr. Bernard X. James, Principal
Kemp Mill 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 January 31, 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 March 21, 2019, meeting with you; Ms. Martha G. Stevens, assistant principal; and Ms. Zuleika Rodriguez, school administrative secretary, we reviewed our prior audit report dated March 31, 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

To properly control funds, all cash and checks collected by sponsors for IAF activities should be remitted promptly to the school administrative secretary. These funds should then be verified in the presence of the remitter and a receipt that is supported by MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, should be issued promptly (refer to MCPS Financial Manual, chapter 7, page 4). We found instances in which funds were held by sponsors rather

than being remitted on a daily basis to the school administrative secretary. To minimize the risk of loss and provide availability of funds to meet school needs, we recommend that all funds collected be remitted daily to the school administrative secretary for prompt deposit.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips, and Student Organization Trips*. Trip approval forms should be signed by the principal, and the director of learning, achievement, and administration, when required, and retained for future reference. Sponsors of field trips should 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, should be provided to the school administrative secretary at the completion of each trip and compared to remittances recorded in the trip account history report. We found that not all sponsors are providing completed data at the conclusion of each trip and that data is not being compared to the final account history report. We recommend that all sponsors be required to use MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and follow the procedures outlined above.

Summary of Recommendations

- Funds collected by sponsors must be promptly remitted to the school administrative secretary (**repeat**).
- Field trip records that are prepared by sponsors must provide comprehensive data to account for all students eligible to participate and to reconcile funds collected with costs of the trip (**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 Dr. Sarah E. Sirgo, director of learning, achievement, and administration, Office of School Support and Improvement. 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 school administrative secretary to support you with developing a well-defined plan to address the findings.

RWP:AMB:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith
Dr. Navarro
Dr. Statham
Dr. Zuckerman
Mr. Civin
Dr. Johnson
Mrs. Dyson
Mrs. Camp
Mrs. Chen
Ms. Diamond
Mr. Reilly
Dr. Sirgo
Mr. Tallur
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: March 28, 2019	Fiscal Year: March 28, 2019
School: Kemp Mill ES - 805	Principal: Dr. Bernard X. James, Sr.
OSSI Associate Superintendent: Mrs. Cheryl Dyson	OSSI Director: Dr. Sarah Sirgo

Strategic Improvement Focus:

As noted in the financial audit for the period 3/1/16-1/31/19, strategic improvements are required in the following business processes :

- 1) Funds collected by sponsors must be promptly remitted. 2) Sponsors must provide comprehensive data and reconcile funds collected with costs of the trip.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Cash collected will be counted in front of the receiver and a receipt will be issued at that time by the administrative secretary. Cash will be submitted by sponsors on a daily basis and the administrative secretary will make deposits daily.	Sponsors and Administrative Secretary		Administrative Secretary will remind sponsors daily via email of the protocol.	Principal and bookkeeper. Monthly	Receipts of funds submitted and bank deposit statements.
Sponsors will provide complete class or club rosters and note how much each student has paid, to include the date, and any waivers or scholarships for students. Also, sponsors will include if a student is not attending the trip or activity. Sponsors will also provide this at the completion of the trip and compare remittance recorded to the trip	Sponsors and Administrative Secretary	Form 280-41 MCPS Field trip calculator		Assistant Principal and bookkeeper Monthly	Completed Form 280-41 and any additional documents relevant to each trip.
account history report. The data will be used by the sponsors and administrative secretary to plan for future trips. Sponsors will plan carefully to ensure that they do not overcharge or undercharge for a trip for students. Sponsors will use MCPS Form 280-41 to record trip fees and provide complete data at the end of each trip. Trip planning will be					

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
reviewed by the administrative secretary, assistant principal, and principal to ensure that fees are appropriate.					

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

Approved
 Please revise and resubmit plan by _____

Comments: _____

Director: Sarah Sirgo
 Date: 4/8/19