


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

February 1, 2019

MEMORANDUM

To: Ms. Laurie C. Jenkins, Supervisor
Lathrop E. Smith Environmental Education Center

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

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2018, through December 31, 2018

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 January 24, 2019, meeting with you and Mrs. AnneMarie Walker, administrative secretary, we reviewed our prior audit report dated February 26, 2018, and the status of present conditions. It should be noted that you were without a full-time administrative secretary from January 17, 2018, through June 30, 2018. This audit report presents the findings and recommendations resulting from our examination of the IAF records and financial accounts for your programs 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 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 administrative secretary and not always promptly deposited into the school's bank account. To minimize the risk of loss and provide availability of funds to meet the needs of program activities, we recommend that all funds collected be remitted daily to the administrative secretary for prompt deposit.

Summary of Recommendations

- Funds collected by sponsors must be promptly remitted to the administrative secretary (**repeat**).
- Remitted funds must be promptly verified, receipted, and deposited in the bank by the administrative secretary.

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 Mr. Eric A. Wilson, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Mr. Wilson will indicate whether he will conduct an electronic review of your action plan or schedule a time to meet in person with you and your administrative secretary to support you with developing a well-defined plan to address the findings.

RWP:AMB:lsh

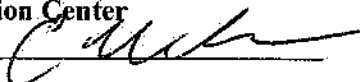
Attachment

Copy to:

Members of the Board of Education
Dr. Smith
Dr. Navarro
Dr. Statham
Dr. Zuckerman
Mr. Civin
Dr. Johnson
Mrs. Morris
Mrs. Camp
Mrs. Chen
Ms. Diamond
Mr. Reilly
Mr. Wilson
Mr. Tallur
Ms. Webb

Fiscal Management Action Plan

School: Lathrop E. Smith Environmental Education Center

Approved by community superintendent: 

Principal: Laurie C. Jenkins

Date of approval: 2/11/19

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Funds collected by sponsors must be promptly remitted to the administrative secretary.	<p>This was called a repeat on the February 1, 2019 Report on Audit of Independent Activity Funds, but in fact there were no funds collected at all from January 2018 to the present time. OEEP has not been and is not sponsoring any activity that includes collecting funds.</p> <p>If the event that we decide in the future to sponsor fee activities again, the Administrative Secretary will review Page 7-3 of the JFY2019 School Finance Manual with the sponsor to ensure proper and prompt handling of collected funds.</p> <p>Person responsible: Administrative Secretary, Account sponsors</p>	As needed	As applicable, receipts of funds submitted and bank deposit statements.
Remitted funds must be promptly verified, receipted, and deposited in the bank by the administrative secretary.	<p>If the event that we decide in the future to sponsor fee activities again, the Administrative Secretary will review Page 7-3 of the JFY2019 School Finance Manual with the sponsor to ensure proper handling of collected funds: verify, receipt, and deposit in the bank.</p> <p>Person Responsible: Administrative Secretary</p>	As needed	As applicable, receipts of funds submitted and bank deposit statements.

Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, Room 11.