MEMORANDUM

To: Ms. Stacey M. Brown, Principal
    William Tyler Page Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
         August 1, 2016, through June 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 September 11, 2019, meeting with you and Ms. Tierra S. Sweat, school administrative
secretary, we reviewed the status of the conditions described in our prior audit report dated
September 9, 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

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
administrative secretary on the day the funds are received. All funds remitted to the administrative
secretary must be recorded into School Funds Online (SFO) before depositing into the school
checking account. We found instances in which staff collecting funds for field trips and fundraisers
were holding funds rather than remitting them timely to the administrative secretary. We also noted
the administrative secretary was not always making timely deposits and was holding money in excess of permitted amounts, and on occasion funds were being deposited into the school checking account prior to entry in SFO. 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 should be remitted to the administrative secretary daily and entered into SFO prior to being deposited (refer to MCPS Financial Manual, chapter 7, pp. 4-5). In addition, all remittances on hand must be deposited before each weekend, end of month or holiday.

Summary of Recommendations

- Cash and checks (funds) collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the school administrative secretary (repeat).

- Cash and checks (funds) remitted by sponsors must be promptly receipted and deposited in the bank by the school administrative secretary in accordance with Chapter 7 of the MCPS Financial Manual (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. Donna R. Jones, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, she 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.

MJB:RCM:ish

Attachment

Copy to:

- Members of the Board of Education
  - Dr. Smith
  - Dr. McKnight
  - Dr. Navarro
  - Dr. Statham
  - Dr. Zuckerman
  - Mr. Civin
  - Dr. Johnson

- Mrs. Dyson
- Mrs. Camp
- Mrs. Chen
- Ms. Diamond
- Dr. Jones
- Mr. Reilly
- Mr. Tallur
- Ms. Webb
### FINANCIAL MANAGEMENT ACTION PLAN

**Report Date:** 10/23/19  
**School:** William Tyler Page ES - 312  
**Principal:** Stacey M. Brown  
**OSSI Associate Superintendent:** Cheryl Dyson  
**OSSI Director:** Donna Redmond Jones  
**Fiscal Year:** 10/23/19

### Strategic Improvement Focus:
As noted in the financial audit for the period 8/1/16 - 6/30/19, strategic improvements are required in the following business processes:

- Sponsors must promptly remit funds collected to the admin secretary using MCPS Form 280-34; Admin sec must promptly receipt these funds and deposit them in the bank,

<table>
<thead>
<tr>
<th>Action Steps</th>
<th>Person(s) Responsible</th>
<th>Resources Needed</th>
<th>Monitoring Tools / Data Points</th>
<th>Monitoring: Who &amp; When</th>
<th>Results/Evidence</th>
</tr>
</thead>
</table>
| Enroll and complete the School Finance 1 and 2 Training | Ms. Sweat Admin, Sec.  
Ms. Brown Principal | School Finance Binder  
(chapter 7) | | Ms. Sweat completed both PDO courses.  
Ms. Brown completed School Finance 1 (8/19)  
and is enrolled in School Finance 2 (3/2/20) |
| Meet with Ms. Sweat weekly to discuss and review school finances. | Ms. Sweat Admin, Sec.  
Ms. Brown Principal | Reoccurring Calendar Appt.  
Page Financial Documents  
Action Items list with due dates | Weekly Ms. Brown | Completed action items lists with dates. Using this process ensures weekly monitoring of financial responsibilities. |
| Meet monthly with bookkeeper to discuss and review school finances. | Ms. Sweat Admin, Sec.  
Ms. Brown Principal  
Bookkeeper | Page Financial Documents  
and monthly reports | Monthly Ms. Brown | During monthly meeting, school Financial Reports and Documents are reviewed to ensure financial processes are being followed. |
| Provide coverage for admin. secretary to go to the Bank during the day. | Ms. Brown Principal  
Ms. Sweat Admin Sec | Staff member to cover phones | Daily Principal | Daily Deposit Slips, School Receipts and SFO Deposit Analysis documents  
Completed 280-34 Forms |
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<tr>
<td>Meeting with teachers/team leaders/sponsors about the financial procedures and expectations for cash handling.</td>
<td>Ms. Brown Principal</td>
<td>Finance Google Slides Presentation and hand-outs</td>
<td>Deposit slips Bank statements Completed 280-34 Forms</td>
<td>Daily Review by Ms. Sweat and Ms. Brown</td>
<td>Daily Deposit slips Bank statements Completed 280-34 Forms</td>
</tr>
<tr>
<td>Provide a Finance and Field Trip Google Folder for staff to use to reference financial procedures.</td>
<td>Ms. Brown Principal</td>
<td>Finance Google Slides Presentation and hand-outs in folder</td>
<td></td>
<td></td>
<td>Teachers have a reference to financial procedures that can be accessed at anytime.</td>
</tr>
</tbody>
</table>

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

☑️ Approved  ☐ Please revise and resubmit plan by __________

Comments: 

Director: ___________________________  Date: 11/4/19