


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

October 25, 2018

MEMORANDUM

To: Ms. Deena Levine, Principal
Poolesville High School

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

Subject: Report on Audit of Independent Activity Funds for the Period
March 1, 2017, through June 30, 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. 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 October 4, 2018, meeting with you, Ms. Susan L. Krouner, school business administrator; and Mrs. Lillian Flores, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated April 12, 2017, 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

All checks drawn on the school's IAF bank account will bear two signatures, one of which must be that of the principal, except for when the principal is absent from the school or the check is made payable to the principal. The principal will designate by a written memorandum an individual who has IAF bank account signature authority to serve for this purpose during any time period of absence. The duration of authority conveyed by the principal will not exceed one fiscal year. Two other individuals who have IAF bank account signature authority must sign any check

payable to the principal (refer to *MCPS Financial Manual*, chapter 20, pp. 6-7). Our review of cancelled checks disclosed some that were disbursed without two signatures, and one cancelled check without any signature. We recommend that check signing procedures be followed to ensure the principal retains control over the expenditure of IAFs.

To minimize the risk of loss or theft, cash and checks collected by sponsors of IAF activities shall remit the funds promptly to the financial agent on the same day they are received (refer to *MCPS Financial Manual*, chapter 7, page 4). We noted that staff collecting funds for field trips, fundraisers, school store, and athletic events were holding, rather than remitting funds timely to the school financial specialist, causing the school to exceed its cash holding authority. We recommend that staff be reminded to remit funds collected to the school financial specialist on the day received to minimize the risk of loss or theft and to provide available funds to meet school needs.

The attached October 19, 2017, memorandum, *Fiscal Year 2018 Exam Fee Subsidies for Students with Financial Need*, from the chief financial Officer (CFO), provides guidelines for management and accounting of external exam fees paid for students who are eligible for waivers and fee reductions. We found that the amount of waivers was not recorded in the School Funds Online account #2150.0000, Exam Waiver/MCPS Reimb, as directed in these guidelines. We recommend that the school business administrator and AP testing coordinator collaborate to ensure IAF accounting accurately reflects that all AP exam and registration fee subsidies paid for low-income eligible students are charged to IAF account #2150.0000 in accordance with these guidelines.

Summary of Recommendations

- All checks will bear two signatures, one of which must be that of the principal, with certain exceptions.
- Cash and checks collected by sponsors must be promptly remitted to the financial agent.
- Management and accounting of external exam fees must comply with CFO guidelines.

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. Mary Jane Q. Ennis, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Ennis 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.

RWP:KMH:lsh

Attachments

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

Dr. Ennis

Mr. Tallur

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: Partial FY17 & FY18

Fiscal Year: Partial FY17 & FY18

School: Poolesville HS - 152

Principal: Deena Levine

OSSI

Associate Superintendent: Mrs. Diane Morris

OSSI

Director: Dr. Jane Ennis

Strategic Improvement Focus:

As noted in the financial audit for the period 3/1/17 - 6/30/18, strategic improvements are required in the following business processes :

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
All checks will bear two signatures, one of which must be that of the principal, with certain exceptions	Financial Specialist	None	Visual review of checks prior to dissemination	Financial Specialist: When checks are re-routed back to the Financial Office after being signed	All checks will be reviewed to ensure that 2 signatures are on all outgoing checks.
Cash and checks collected by sponsors must be promptly remitted to the financial agent	School Financial Specialist (SFS) School Business Administrator (SBA), Sponsors	Emails/Face-to-Face Interactions	Form 280-34 (IAF Remittance Slip), Calendar of Events	SFS/SBA: On-going and as needed	Guidelines will continue to be sent to field trip, fundraiser, and other sponsors to remind staff regarding daily deposits to SFS of collected funds.
					Individual meetings will also be held with sponsors who are unclear on proper MCPS rules and procedures.
Management and accounting of external exam fees must comply with CFO guidelines	School Business Administrator, AP Coordinator, Financial Specialist	None	Form 280-54 (Request for Purchase) when writing check to College Board, and ACH deposit for AP waivers	SBA/AP Coordinator/SFS in June when transactions occur	Acct # 2150.0000 , not 2100.0000, will be used to expend the one-time payment to College Board, and deposit one-time deposit of AP waiver reimbursement

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: _____

Date: 11/12/18