


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

November 5, 2019

MEMORANDUM

To: Mr. Mark A. Carothers, Principal
Poolesville High School

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

Subject: Report on Audit of Independent Activity Funds for the Period
July 1, 2018, through July 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 October 28, 2019, 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 October 25, 2018, and the status of present conditions. It should be noted that your appointment as principal was effective July 11, 2019. 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 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, pp. 4-5). We noted that staff collecting funds for field trips, fundraisers, school store, and athletic events were holding them, 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.

Notice of Findings and Recommendations

- Cash and checks collected by sponsors must be promptly remitted to the financial agent **(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. 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 administrative secretary to support you with developing a well-defined plan to address the findings.

MJB:RCM:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Mrs. Morris

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Tallur

Dr. Ennis

Mr. Marella

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 11/5/19	Fiscal Year: 11/5/19
School: Poolesville HS - 152	Principal: Mark Carothers
OSSI Associate Superintendent: Diane Morris	OSSI Director: Jane Ennis

Strategic Improvement Focus:

As noted in the financial audit for the period 7/1/18 - 7/31/19, strategic improvements are required in the following business processes :

Cash and checks collected by sponsors must be promptly remitted to the financial agent.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
To ensure that staff remit monies promptly to the financial specialist, we will continue to remind staff of the requirement to remit funds collected to the school financial specialist on the day received to minimize the risk of loss or theft.	School Business Administrator	None	Email has been sent to all staff with information about results of the current audit along with a reminder that monies must be remitted in a timely fashion	School Business Administrator (SBA)	Email documentation
	School Business Administrator, Financial Specialist	Remittance Notice	When staff are notified of fundraising or field trip approvals, Financial Specialist will attach remittance notice to remind staff that collected monies	School Financial Specialist (SFS) & SBA	An increased rate of compliance should be evident after continued reminders about prompt remittance of collected monies.
			must be deposited on the day of collection.		
	School Business Administrator	None	For staff who have a continued pattern of non-compliance, individual meetings will be scheduled to discuss proper MCPS financial procedures	SBA & SFS: Continued and consistent review of compliance	Meeting Documentation

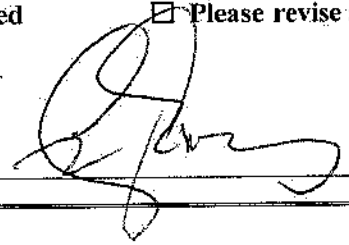
Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence

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

Approved Please revise and resubmit plan by _____

Comments:

Director:



Date:

12/1/19