


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

March 8, 2022

MEMORANDUM

To: Dr. Catherine R. Allie, Principal
Potomac Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
May 1, 2019, through December 31, 2021

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 fund-raisers. They are responsible for ensuring that the IAFs are administered in accordance with Board of Education policies and 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 2, 2022, meeting with you; Ms. Kelly Matos De Oliveira, school administrative secretary (secretary), and Mrs. Debra Taylor-Miller, visiting bookkeeper, we reviewed the prior audit report dated June 4, 2019, and the status of present conditions. It should be noted that Ms. Matos de Oliveira's assignment as secretary was effective November 8, 2021. 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 by sponsors and others for IAF activities must be remitted promptly to the secretary. These receipts must be deposited promptly, and all receipts must be deposited on the last working day of each month and before each weekend or holiday (refer to the *MCPS Financial Manual*, chapter 7, pages 4-5). We noted that former secretaries were not always making

timely deposits and some staff were holding funds. We also found that funds were sometimes taken to the bank and later receipted in *School Funds Online (SFO)*. We recommend school staff be encouraged to submit cash and checks collected for IAF activities to the secretary for prompt deposit in accordance with MCPS policy and procedures. To minimize the risk of loss, we recommend all funds collected be remitted daily and deposited to the bank promptly.

Sponsors of field trips must 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, must be provided to the secretary at the completion of each trip, and compared to remittances recorded in the trip account history report (refer to the *MCPS Financial Manual*, chapter 20, page 10). In your action plan, you indicated that sponsors would receive training regarding maintaining comprehensive field trip accounting data. We found that not all sponsors are providing completed data at the conclusion of each trip, field trip fees are not always being remitted in a timely manner, and that data is not being compared to the final account history report. All sponsors must be required to use MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and all fees collected must be remitted daily to the secretary for prompt deposit. We recommend that trip sponsors be required to provide complete data at the conclusion of each trip, and this data be reconciled by the secretary with remittances recorded in activity accounts.

Notice of Findings and Recommendations

- Cash and checks (funds) collected by sponsors must be promptly remitted to the secretary and funds must be deposited in the bank by the secretary in a timely manner (**repeat**).
- Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate, including volunteers and chaperones, and the secretary must reconcile funds collected with the account history reports (**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 action plan, 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. Peter O. Moran, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Dr. Moran 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 secretary to support you with developing a well-defined plan to address the findings.

MJB:LMB:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. D'Andrea

Dr. Dawson

Ms. Reuben

Mrs. Williams

Dr. Dyson

Mr. Reilly

Mrs. Chen

Mrs. Eader

Mr. Klausling

Dr. Moran

Mrs. Ripoli

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 2021-2022	Fiscal Year: 2021-2022
School: Potomac ES - 601 <input type="button" value="v"/>	Principal: Catherine Allie
OTLS Associate Superintendent: Cheryl Dyson	OTLS Director: Peter Moran
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>2019-2021</u>, strategic improvements are required in the following business processes :</p> <p>1. Cash and checks collected by sponsors must be promptly remitted to the secretary and funds must be deposited in the bank by the secretary in a timely manner.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
1- Cash collected will be counted in front of receiver and a receipt will be issued at that time. Cash will be submitted by sponsors on a daily basis and the administrative secretary will make deposits to include on the last working day of each month and before each weekend / holiday.	Administrative Secretary - Kelly Matos de Oliveira	Handouts with specific instructions at the beginning of each school year.	- Daily sponsor submission of funds. - Immediate receipt o sponsors.	- Administrative Secretary on daily basis when funds are submitted.	-Receipts will be given to sponsors and office will keep a copy and attach it to the bank deposit slipt.
			- Deposits will be made daily as needed, last working date of the month, and before holidays and weekends.	- Book keeper when doing end of the month reconciliation.	-Bank statments will be checked monthly as well to monitor deposits made to the account.
			- If there is a need to keep money in the school safe, it will not exceed \$250.00.		

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 2021-2022	Fiscal Year: 2021-2022
School: Potomac ES - 601 ▼	Principal: Catherine Allie
OTLS Associate Superintendent: Cheryl Dyson	OTLS Director: Peter Moran
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>2019-2021</u>, strategic improvements are required in the following business processes :</p> <p>2. Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participants. 3. The secretary must reconcile funds collected with the account history reports.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
2. - Sponsors will provide complete class roster and note how each student has paid, including the date. Sponsors will include students who are not attending the field trip or activity. - This information will also be provided at the completion of the trip so that remittance records is compared with the account history report. The data will be used by sponsors and administrative secretary to plan for future trips. -Sponsors will use MCPS resources such as trip calculator to ensure that students are charged appropriately.	Administrative Secretary - Kelly Matos de Oliveira	-MCPS trip calculator will be shared with sponsors.	- Sponsors will need to complete the field trip request form and submit it to secretary / principal for approval.	-Administrative Secretary -Principal	- Completed 280-41 Form and additional documentation relevant to each trip.
		-Field trip packages will be given to sponsors with information and resources.			
3. Sponsors will use MCPS form (240-41) to record trip fees and provide complete data at the end of each trip. Administrative Secretary will reconcile funds collected with account history reports.	Administrative Secretary, teachers, sponsors, principal.	MCPS forms: 280-41 280-34	- Checking forms, ensure all information is correct. - Ensure sponsors provided all relevant documentation.	Administrative Secretary as needed for each field trip/ event.	- All forms required will be verified as well as account balances.

