


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

March 9, 2020

MEMORANDUM

To: Mrs. Elise M. Burgess, Principal
Dr. Sally K. Ride Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
September 1, 2016, through December 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 February 20, 2020, meeting with you, and Mrs. Barbara M. Ruppel, school administrative secretary, we reviewed the prior audit report dated September 27, 2016, and the status of present conditions. It should be noted that your school administrative secretary's assignment was effective August 9, 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

Cash and checks collected by sponsors and others for IAF activities must be remitted promptly to the school administrative secretary. Cash should be counted in the presence of the remitter and a receipt that is supported by the remittance slip should be issued promptly. These receipts must be deposited promptly and all receipts must be deposited on the last working day of each month before

each weekend or holiday (refer to the *MCPS Financial Manual*, Chapter 7, pp. 4-5). In your action plan dated October 4, 2016, you indicated that sponsors would remit funds on a daily basis to the school administrative secretary, and she would make prompt deposits, including on the last working day of the month and before each weekend or holiday. We found at times sponsors are holding fees collected rather than remitting them to the school administrative secretary on a daily basis. Large and infrequent deposits increase the possibility of loss of funds as well as decrease the school's ability to fund activities. To minimize the risk of loss or theft and provide availability of funds to meet school needs, all funds collected must be remitted to the school administrative secretary daily for prompt deposit. In addition, all remittances on hand must be deposited before each weekend or holiday.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips and Student Organization Trips*. 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. For any student who receives a waiver MCPS form 260-1, *Fee Waiver Record*, must be prepared and remitted to the school administrative secretary to retain for audit. This data, together with a list of all chaperones and volunteers, must be provided to the school administrative 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). We found that not all sponsors are providing completed data at the conclusion of each trip, and that data is not being compared to the final account history report. We recommend that trip sponsors be required to provide complete data at the conclusion of each trip, and this data be reconciled by the school administrative secretary with remittances recorded in activity accounts.

Notice of Findings and Recommendations

- Cash and checks (funds) collected by sponsors must be promptly remitted intact with MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, to the school administrative secretary (**repeat**).
- Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate, and school administrative secretary must reconcile funds collected with account history report

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 Mrs. Michelle E. Schultze, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Mrs. Schultze 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:GWB:lsh

Attachment

Copy to:

- Members of the Board of Education
- Dr. Smith
- Dr. McKnight
- Dr. Navarro
- Dr. Wilson
- Dr. Zuckerman
- Dr. Johnson
- Mr. Koutsos
- Mrs. Camp
- Mrs. Chen
- Mr. Marella
- Mr. Reilly
- Mrs. Schultze
- Mr. Tallur
- Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: March 9, 2020	Fiscal Year: March 9, 2020
School: Dr. Sally K. Ride ES - 242	Principal: Elise M. Burgess
OSSI Associate Superintendent: James Koutsos	OSSI Director: Michelle Schultze
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>2016-2019</u>, strategic improvements are required in the following business processes :</p> <p>Remittance of Funds with MCPS Form 280-34 properly completed & Field Trip reconciled funds collected with account history report attached</p>	

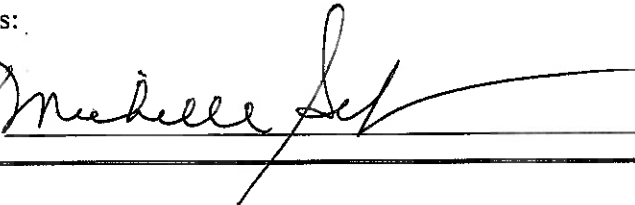
Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Cash and checks (funds) collected by sponsors will be promptly remitted intact with MCPS Form 280-34, Independent Activity Fund (IAF) Remittance Slip, to the school administrative secretary.	teachers admin. secretary	Form 280-34	*Checking weekly about remittance with admin. secretary-ensuring forms are submitted with slip	Weekly/Admin. Admin. Secretary	
Field trip records prepared by sponsors will provide comprehensive data to account for all students eligible to participate, and school administrative secretary will reconcile funds collected with account history report.	admin. secretary teachers	provided and prepared packets	*Checking packets as they come in for all components completed	Admin. Secretary/ Admin.	
All staff will be reminded to complete 280-34 or remitted funds on discrepant dates from forms.	Mrs. Burgess	reports from auditors	*E-mails from individuals describing action plans	Administration Teachers February 2020	All non-compliant teachers were met with and all responded via email with knowledge of use of 280-34/remit same day

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: 3.19.20