


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

May 1, 2019

MEMORANDUM

To: Mrs. Deborah C. Ryan, Principal  
Rosemary Hills Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
February 1, 2016, through February 28, 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 April 24, 2019, meeting with you; Mrs. Jessica M. Blasic, assistant principal; and Mrs. Sheila E. Dutch, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated March 11, 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 school administrative secretary on the day the funds are received (refer to *MCPS Financial Manual*, chapter 7, page 4). We found instances in which staff collecting funds for field trips were holding, rather than

remitting, funds to the school administrative secretary in a timely manner. We recommend that all staff who collect funds for school activities be reminded of remittance requirements.

Sponsors should record amounts and dates of collections for each field trip on MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and submit the data to the school administrative secretary when a trip is completed (refer to *MCPS Financial Manual*, chapter 20, page 10). The record of the names of participants, dates, and sums collected, strengthens internal controls by enabling the school administrative secretary to perform a reconciliation of receipts collected to sums recorded in the field trip account. Review of field trip activities revealed that not all field trip sponsors are providing completed financial information to the school administrative secretary at the completion of a trip. We also found that the school administrative secretary was not reconciling the trips to compare what sponsors records showed to what was recorded in IAF accounts. We recommend that all sponsors' be required to use Form 280-41, or equivalent, and follow the procedures outlined above.

#### Summary of Recommendations

- Funds collected by sponsors must be promptly remitted 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 to reconcile funds collected with the costs of the trip.

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 Mr. Eric A. Wilson, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Mr. Wilson 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 school administrative secretary to support you with developing a well-defined plan to address the findings.

RWP:GWB:lsh

Attachment

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  
Mr. Reilly  
Mr. Tallur  
Mr. Wilson  
Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> FY19	<b>Fiscal Year:</b> FY19
<b>School:</b> Rosemary Hills ES - 794	<b>Principal:</b> Debbie Ryan
<b>OSSI Associate Superintendent:</b> Diane Morris	<b>OSSI Director:</b> Eric Wilson

**Strategic Improvement Focus:**

As noted in the financial audit for the period 2/1/16 - 2/28/19, strategic improvements are required in the following business processes :

IAF: Funds collected & Field trip records.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Funds collected by sponsors will be promptly remitted with MCPS Form 280-34 to the administrative secretary. (One instance: A teacher started collecting money for a trip, remitted funds daily, then went on long-term leave. The substitute for this teacher started a new form with her own name, and did not promptly remit the funds).	Ms. Dutch, Administrative Secretary, All Sponsors	Form 280-34	MCPS Form 280-34 with prompt remittance of funds to the Administrative Secretary.	Administrative secretary for each remittance. Sponsors will include instructions in substitute plans.	Completed Form 280-34 with signature of Administrative Secretary. Receipts of funds submitted and bank deposit statements.
Field trip records prepared by sponsors will include how much each student has paid, including the date of collection, and any waivers or scholarships for students. At the completion of the field trip, sponsors will work with the administrative secretary to verify that the trip account history report matches with the funds they have collected.	Ms. Dutch, Administrative Secretary, Ms. Ryan, Principal, All Sponsors	Form 280-41	MCPS Form 280-41 and any additional documents relevant to each trip.	Field trip planning reviewed by Principal and Administrative Secretary for each trip.	All sponsors will use Form 280-4, providing completed financial information to the Administrative Secretary at the end of the trip.

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: 5/28/19