

Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

April 29, 2022

MEMORANDUM

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

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



Subject: Report on Audit of Independent Activity Funds for the Period
March 1, 2019, through February 28, 2022

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 April 22, 2022, meeting with you, and Mrs. Sheila E. Dutch, school administrative secretary (secretary), we reviewed the prior audit report dated May 1, 2019, 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

The monthly bank statement shall be delivered directly to the principal for review of the statement, canceled checks, and other documents. The principal should have electronic access to the cleared

checks through the bank's online banking system in order to identify the payee on any questionable checks if check images have not been provided by the bank (refer to the *MCPS Financial Manual*, chapter 20, page 9). Documents supporting the IAF reports are part of the financial records and must be maintained in the school office. Supporting documents include bank statements and copies of canceled checks. We noted that during the audit period, the school was not receiving copies of canceled checks from the bank, which prohibited us from reviewing checks written during the audit period. You must request that the bank provide images of canceled checks each month or provide access to cleared checks through the online banking system. Check images must be printed each month and presented to the principal for review along with the bank statement.

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). In your action plan, you indicated that sponsors would remit funds collected promptly. We found that at times, staff were holding funds and not remitting to the secretary when received. We also noted that funds had been held by the secretary over the allowable *Cash Holding Authority* (CHA). In addition, we noted that MCPS Form 280-34, *Remittance Slip*, was not always filled completely by the sponsor and at times was missing the date, description, signature, and total amount collected. We recommend that all sponsors complete the remittance slip in full and to minimize the risk of loss; all funds collected must be remitted daily and deposited to the bank promptly.

Sponsors of field trips must have a complete class 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 at the completion of a field trip sponsors would work with the secretary to reconcile the trip. We found that not all sponsors are providing completed data at the conclusion of each trip, and so that data cannot be compared to the final account history report. We recommend that all sponsors be required to use MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and submit it to the secretary at the completion of the trip, and this data be reconciled by the secretary with remittances recorded in activity accounts.

Notice of Findings and Recommendations

- Monthly bank statement review must include copies of cleared checks.
- Cash and checks (funds) collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the secretary (**repeat**).
- Cash and checks (funds) remitted by sponsors must be promptly receipted and deposited in the bank by the secretary in accordance with Chapter 7 of the *MCPS Financial Manual*.
- Field trip records prepared by sponsors must provide comprehensive data to account for all eligible to participate, including volunteers and chaperones, and the secretary must reconcile funds collected with the account history report (**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 Mr. Sean P. McGee, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Mr. McGee 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:BK:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. D'Andrea

Dr. Dawson

Ms. Reuben

Mrs. Williams

Mrs. Morris

Mr. Reilly

Mrs. Chen

Mrs. Eader

Mr. Klausling

Mr. McGee

Mrs. Ripoli


Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY22	Fiscal Year: FY22
School: Rosemary Hills ES - 794	Principal: Ms. Debbie Ryan
OTLS Associate Superintendent: Ms. Diane Morris	OTLS Director: Mr. Sean McGee
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>3/1/19 - 2/28/22</u>, strategic improvements are required in the following business processes :</p> <p>IAF: 1. Copies of cleared checks 2. Funds collected , receipted, deposited. 3. Field trip records.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Bank to provide images of canceled checks on the bank statement. Monthly bank statement review must include copies of cleared checks.	Administrative Secretary Principal	Bank statement with copies of cleared checks	Monthly bank statement w/canceled checks Electronic bank statement and check images	Principal and Administrative Secretary Future bank statements	Request made following audit
Cash and checks (funds) collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the secretary and receipted and deposited daily.	Administrative Secretary All Sponsors	MCPS Form 280-34 Deposit slip SFO	Funds collected by sponsors will be documented on form and turned in every day. Admin secretary will verify and sign form as receipt.	Admin secretary for each remittance. Sponsors daily as funds are collected Principal	Receipts of funds submitted and bank deposit statements
Field trip records prepared by sponsors must provide comprehensive data to account for all eligible to participate, including volunteers and chaperones, and the secretary must reconcile funds collected with the account history report.	Administrative Secretary All Sponsors	MCPS Form 280-41	Field trip planning reviewed by Principal & Admin Secretary for each trip	Administrative Secretary Principal	Verification of completed 280-41

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OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL	
<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: <i>I have reviewed and approved the plan with Rosemary Hills ES staff.</i>	
Director: _____ 	Date: <u>5/16/22</u>