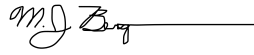


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

July 15, 2021

MEMORANDUM

To: Dr. Alana D. Murray, Principal  
Shady Grove Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
July 1, 2019, through April 30, 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 July 9, 2021, virtual meeting with you and Mrs. Sharon A. Buyukcan, school financial specialist (financial specialist), we reviewed the prior audit report dated October 31, 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

Cash and checks collected by sponsors and others for IAF activities must be remitted promptly to the financial specialist. 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, pp. 4-5). We noted that sponsors continue to hold fees collected rather than remitting them to the financial specialist on a daily basis. We also noted that the financial specialist is not always making deposits on the last working day of each month and before each weekend or holiday. To minimize the risk of loss, all funds collected must be remitted daily. We recommend that staff be encouraged to submit cash and checks collected for IAF activities to the financial specialist for prompt deposit in accordance with MCPS policy and procedures.

Sixth-grade students at each middle school in MCPS participate in a three-day, two-night residential Outdoor Environmental Education Program (OEEP) for which they are assessed an activity fee to reimburse MCPS for personal expenses associated with the program. Students unable to pay the OEEP activity fee receive waivers. Any waivers must be reported to MCPS so that the total amount of the invoice billed to schools is adjusted accordingly. We found that the school did not correctly report all funds collected from students who were identified as needing assistance that resulted in an underpayment to MCPS. We recommend that you review the procedures for reporting students needing financial assistance with the sponsor, and that financial assistance forms are reviewed for accuracy before they are submitted. The financial specialist must reconcile the account to resolve any discrepancies prior to paying the invoice. We also noted several students were not counted or billed by OEEP and so you will need to remit these funds to the Smith Center. A worksheet has been provided to the school as a reference.

#### Notice of Findings and Recommendations

- Cash and checks (funds) collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the school financial specialist.
- Cash and checks (funds) remitted by sponsors must be promptly receipted and deposited in the bank by the financial specialist (in accordance with Chapter 7 of the *MCPS Financial Manual*.)
- OEEP sponsor records must correctly report funds collected and waivers granted for all participating students.
- Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate, and the financial specialist must reconcile funds collected with an 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 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. Sarah E. Sirgo, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Dr. Sirgo 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 financial Specialist 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

Ms. Dawson

Ms. Reuben

Mrs. Williams

Mrs. Dyson

Mr. Reilly

Mrs. Chen

Mr. Klausling

Dr. Sirgo

Mr. Tallur

Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b>	<b>Fiscal Year:</b>
<b>School:</b>	<b>Principal:</b>
<b>OTLS Associate Superintendent:</b>	<b>OTLS Director:</b>
<p><b><u>Strategic Improvement Focus:</u></b>          As noted in the financial audit for the period _____, strategic improvements are required in the following business processes :</p>	

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

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

OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL	
<input type="checkbox"/> <b>Approved</b>	<input type="checkbox"/> <b>Please revise and resubmit plan by</b> _____
Comments: _____ _____	
Director: _____	<i>Sarah Sirgo</i> Date: _____