


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

May 18, 2022

MEMORANDUM

To: Mrs. Dina E. Brewer, Principal
Sherwood 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 March 31, 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, 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 May 16, 2022, virtual meeting with you; Mrs. Karin Muise, school administrative secretary (secretary); and Ms. Dorothy McGeever, school visiting bookkeeper, we reviewed the prior audit report dated May 2, 2019, and the status of the 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 a complete MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, to the secretary on the day the funds are received. These funds must then be verified in the presence of the remitter and a receipt that is supported by the MCPS Form 280-34, must be issued promptly (refer to the *MCPS Financial Manual*, chapter 7, page 4). 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). Every

receipt must be attached to the remittance slip, and any other source documentation, and be filed in sequential order together with a copy of the deposit slip validated by the bank. We noted that staff collecting funds were holding, rather than remitting, the funds to the secretary in a timely manner. In addition, the secretary was not always making timely deposits and was holding money in excess of permitted amounts. Infrequent deposits increase the possibility of a loss of funds, diminish the school’s ability to fund activities, and are contrary to the *MCPS Financial Manual*. To minimize the risk of loss and to provide assurance that available funds will be fully utilized to meet school needs, all funds collected must be remitted to the secretary daily and entered into the accounting software. In addition, all remittances on hand must be deposited promptly, and always before each weekend, end of the month, or holiday.

Notice of Findings and Recommendations

- Cash and checks (funds) collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the secretary.
- Cash and checks (funds) remitted by sponsors must be promptly received and deposited in the bank by the secretary in accordance with Chapter 7 of the *MCPS Financial Manual*.

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. Christophe Turk, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Mr. Turk 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:YSG:lsh

Attachment

Copy to:

- | | |
|-----------------------------------|--------------|
| Members of the Board of Education | Mr. Reilly |
| Dr. McKnight | Mrs. Chen |
| Mr. D’Andrea | Mrs. Eader |
| Dr. Dawson | Mr. Klausung |
| Ms. Reuben | Mrs. Ripoli |
| Mrs. Williams | Mr. Turk |
| Mr. Koutsos | Ms. Webb |

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY2022	Fiscal Year: FY2022
School: Sherwood ES - 501 <input type="checkbox"/>	Principal: Dina Brewer
OTLS Associate Superintendent: J. Koutsos	OTLS Director: Christopher Turk
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>03/1/19-03/31/22</u>, 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
Cash and checks (funds) collected by sponsors will be promptly remitted intact with MCPS Form 280-34 to the admin secretary	Classroom teachers and admin secretary	280-34	Daily reminder email to teachers @ 2:00 pm to bring any monies to Main office.	Principal Daily	Daily remittance
Cash and checks (funds) remitted by sponsors will be promptly receipted and deposited in the bank by the admin secretary in accordance with Chapter 7 of the MCPS Financial Manual	Admin Secretary	n/a	Daily bank visit by admin secretary	Principal will follow up daily	Daily deposits

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 checked="" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments:	
Director: <u>Christophe Turk</u>	Date: <u>6/9/22</u>