


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 19, 2017

MEMORANDUM

To: Mrs. Linda M Jones, Principal
Stonegate Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
August 1, 2014, through August 31, 2017

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 and are 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 MCPS policies, regulations, and procedures.

The IAF audits are conducted regularly to evaluate compliance with MCPS 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 there is compliance with MCPS policies, regulations, and procedures and that any significant errors or omissions in the financial records are detected.

At our December 13, 2017, meeting with you, Dr. Kimberly A. Thompson , assistant principal; and Mrs. Mary D. Tegethoff, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated September 18, 2014, 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

Fund-raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund Raiser*. Each fund-raiser should be approved by the principal in writing and the approval retained in the school office. Any costs associated with fund-raising activities must be

paid from the fund-raiser account. A completion report for an activity involving the sale of items should include the total number of items for sale and cost of each, selling prices, and any remaining inventories to determine whether all funds collected were remitted to the school administrative secretary. We found that fund-raiser request and completion reports were not consistently prepared for all fund-raisers, and some completion reports submitted at the conclusion of the activity did not fully evaluate results. Activity sponsors sometimes reimbursed themselves for expenses from proceeds of the fund-raiser and remitted only the remaining profit, rather than remitting the entire proceeds and requesting reimbursement, so that we could not always determine actual receipts and expenses. We recommend that staff follow internal control procedures to provide for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion of the activity (refer to *MCPS Financial Manual*, chapter 20, page 13).

MCPS Regulation DMB-RA, *Control of Admission Receipts*, sets forth procedures for the control of admission receipts for school events. The accounting for these events must be controlled with serially numbered tickets, separation of duties, use of the required MCPS Form 280-50, *Tickets and Cash Report of Admissions Manager*, for tracking and reconciling sales, and perpetual inventory of tickets (refer to *MCPS Financial Manual*, chapter 20, page 13). We noted two events where admissions were charged, but not controlled by the sale of tickets. We recommend that procedures for sale of tickets be reviewed with appropriate staff prior to events for compliance with the above cited MCPS requirements.

Summary of Recommendations

- Fund-raising must conform to *Guidelines for Sponsoring an IAF Fund Raiser* (**repeat**).
- Admission events must be conducted in accordance with MCPS Regulation DMB-RA (**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 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 Ms. Audra M. Fladung, director of school support and improvement of elementary schools. Based on the audit recommendations, Ms. Fladung 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.

RWP:DKH:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Dr. Kimball

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Reilly

Ms. Fladung

Mr. Tallur

Mr. Ikheloa

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 12/19/17

Fiscal Year: 12/19/17

School: Stonegate ES - 316

Principal: Linda M. Jones

OSSI

Associate Superintendent: Dr. LaVerne Kimball

OSSI

Director: Audra Fladung

Strategic Improvement Focus:

As noted in the financial audit for the period 8/1/14-8/31/17, strategic improvements are required in the following business processes :

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Review with appropriate staff the Guidelines for Sponsoring an IAF fundraiser including use of the fundraiser request and completion forms.	Linda M. Jones Diane Tegethoff	MCPS Financial Manual, Chapter 20, page 13		Pre-Service and or as needed	
Submit complete fundraiser request form including proposed dates, purpose, desired amount to raise, vendor, cost of items, sale price per item, intended use of proceeds, prior to advertising or ordering of merchandise.	Fundraiser sponsor	Fundraiser request form		Prior to fundraiser	
All costs will be paid or reimbursed from funds collected and deposited in IAF fundraiser account.	Diane Tegethoff	280-54 Independent Activity Funds Request for Purchase		Diane Tegethoff During and after fundraiser	
Fundraiser completion report will be prepared and submitted at completion of fundraiser.	Fundraiser sponsor	Fundraiser completion report form		At completion of fundraiser	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Funds will be collected, counted and deposited in IAF fundraiser account in timely manner.	Fundraiser sponsor, Diane Tegethoff	280-34 IAF Remittance Slip		During fundraiser	
Events charging admission will be controlled by use of serially numbered tickets.	Fundraiser sponsor	Serially numbered tickets		Fundraiser sponsor	

OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL

☒ Approved

☐ Please revise and resubmit plan by _____

Comments:

Director: _____

Date: _____