

Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

October 15, 2020

MEMORANDUM

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

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

Subject: Report on Audit of Independent Activity Funds for the Period
September 1, 2017, through August 31, 2020

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 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 October 06, 2020, virtual meeting with you; Ms. Anita B. Knuth, school administrative secretary; and Mrs. Ann Alban, visiting bookkeeper, we reviewed the prior audit report dated December 19, 2017, 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*. We found that there was a lack of adherence to these guidelines and that not all sponsors were preparing fundraiser request forms to obtain principal approval prior to the start

of an activity. Those that did prepare a request form were using an outdated version. We also noted that sponsors were not submitting a completion report when the fundraiser was finalized. Following these internal control procedures provides for accountability of funds raised, as well as the opportunity to evaluate the results at the conclusion of the event. Each fund-raiser must be approved by the principal in writing and the approval retained in the school office. Financial activities for each fund raising activity should be recorded in a separate account in the 7000 series and a completion report prepared that analyzes the results (refer to the *MCPS Financial Manual*, chapter 20, page 13).

Admission receipts for school events should be controlled according to MCPS Regulation DMB-RA, *Control of Admission Receipts*. 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 a perpetual inventory of tickets. For ticketed events, the forms on file appeared to have been initiated after the conclusion of the activity, rather than when tickets were issued by the ticket controller to the admissions manager. Handwritten forms prepared by the ticket controller to issue tickets to the admissions manager were not retained on file. We recommend that procedures for the sale of tickets be reviewed with appropriate staff prior to events, all tickets be serially numbered and issued by the ticket controller, and a perpetual inventory is maintained.

Notice of Findings and Recommendations

- Fund-raisers must be approved by the principal prior to advertising or conducting the activity.
- Fund-raiser completion reports prepared by sponsors must provide sufficient information to analyze results.
- Admission events must be conducted in accordance with MCPS Regulation DMB-RA.

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 Dr. Donna Redmond Jones, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools. Based on the audit recommendations, Dr. Redmond Jones 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.

MJB:ABP:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Ms. Stratman

Dr. Wilson

Mrs. Ahn

Mrs. Dyson

Mrs. Camp

Mrs. Chen

Mr. Marella

Dr. Jones

Mr. Reilly

Mr. Tallur

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY 18-20

Fiscal Year: FY 18-20

School: Stonegate ES - 316

Principal: Linda M. Jones

OTLS

Associate Superintendent: Mrs. Cheryl L. Dyson

OTLS

Director: Dr. Donna Redmond Jones

Strategic Improvement Focus:

As noted in the financial audit for the period 9/1/17 - 8/31/20, strategic improvements are required in the following business processes :

Fund-raisers and Admission events.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Fund-raisers must be approved by the principal at least 2 weeks prior to the start of fundraising activities. Procedures will be reviewed during pre-service meetings with teachers and as needed with staff prior to fundraising activities. Current version of request forms will be used by checking the myMCPS business site.	Sponsor, Administrative Secretary, Principal	Fundraiser Request Form on myMCPS, Financial Manual Ch. 20, p 13	Fundraiser Request forms must be completed and approved at least 2 weeks prior to the start of fundraising activities.	Administrative Secretary, Principal, on-going	Completed Fundraiser Request Forms dated at least 2 weeks prior to starting fundraiser, filed by fundraising activities.
Fund-raiser completion reports prepared by sponsors must provide sufficient information to analyze results. Administration will follow up with sponsors to ensure timely completion of reports. Current versions of reports have been upload to the school's google drive for staff use. Principal and admin sec. will review for completeness.	Sponsor, Administrative Secretary, Principal	Fundraiser Completion Report on myMCPS Business	Fundraiser Completion Reports must be completed within 7 days of the end of the fundraiser	Admin Sec, Sponsors. The end dates of fundraisers noted on Master Calendar in order to follow up	Completed and timely Fundraiser Completion Reports will be filed by fundraising activity.
Admission Events: The ticket controller issues the ticket rolls to the admissions manager before the event using Form 280-50. The ticket controller maintains a perpetual inventory count of admissions tickets. Report Auditor completes 280-50.	Principal, designated admissions manager, ticket controller, report auditor	MCPS Regulation DMB-RA, Control of Admission Receipts	MCPS 280-50, inventory count of serially number tickets	Admissions manager, ticket controller, report auditor complete 280-50 immediately after event	Completed and timely 280-50 in file for event. Perpetual inventory log maintained in office.

