MEMORANDUM

To: Mr. Patrick E. Scott, Principal
Strawberry Knoll Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
February 1, 2017, through July 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 20, 2020, virtual meeting with you; Mrs. Jenna M. Patterson, assistant principal;
Ms. Karim M. Quintanilla, school administrative secretary; and Ms. Ann Myers, visiting
bookkeeper, we reviewed the prior audit report dated March 14, 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.

Finding and Recommendation

Cash and checks collected by sponsors and others for IAF activities must be remitted promptly to
the school administrative 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, pp. 4-5). In your action plan, you indicated that
sponsors would remit funds on a daily basis to the school administrative secretary, and she would
make prompt deposits, including on the last working day of the month and before each weekend or holiday. We found that some sponsors were holding funds collected rather than remitting them to the school administrative secretary on a daily basis. We also noted that the school administrative secretary was 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 staff be instructed to submit cash and checks collected for IAF activities to the administrative secretary for prompt deposit in accordance with MCPS policy and procedures.

Notice of Finding and Recommendation

- Funds collected by sponsors must be promptly remitted to the school administrative secretary for prompt deposit (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. Nicole A. Sosik, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools. Based on the audit recommendations, Ms. Sosik 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:RCM:ls

Attachment

Copy to:
Members of the Board of Education
Dr. Smith
Dr. McKnight
Ms. Stratman
Dr. Wilson
Mrs. Ahn
Mr. Koutsos
Mrs. Camp
Mrs. Chen
Mr. Marella
Ms. Sosik
Mr. Reilly
Mr. Tallur
Ms. Webb
FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 2020-2021
Fiscal Year: 2020-2021

School: Strawberry Knoll ES - 569
Principal: Mr. Patrick Scott

OTLS
OTLS
Associate Superintendent: Mr. James Koutsos
Director: Mrs. Nicole Sosik

**Strategic Improvement Focus:**
As noted in the financial audit for the period 2/1/17-7/31/20, strategic improvements are required in the following business processes:

1. Money collected by sponsors will be turned in daily. 2. Admin secretary will deposit funds collected by the end of the month and before holidays.

<table>
<thead>
<tr>
<th>Action Steps</th>
<th>Person(s) Responsible</th>
<th>Resources Needed</th>
<th>Monitoring Tools / Data Points</th>
<th>Monitoring: Who &amp; When</th>
<th>Results/Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Sponsors will be notified by the Principal the correct financial procedures to remit funds on a daily basis to the school administrative secretary. This notification will be by staff meeting and email.</td>
<td>Principal/Admin Secretary</td>
<td>Email/Staff meeting</td>
<td>Staff will remit funds on a daily basis</td>
<td>Admin Secretary/Principal as needed.</td>
<td>Sponsors will submit funds collected daily.</td>
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<tr>
<td>2. Admin secretary will deposit funds by the last working day of the month and before each weekend or holiday.</td>
<td>Admin</td>
<td>Bank deposit</td>
<td>Admin will deposit funds collected daily</td>
<td>Admin Secretary/Principal as needed.</td>
<td>Money collected will be deposited in a timely manner.</td>
</tr>
<tr>
<td>Action Steps</td>
<td>Person(s) Responsible</td>
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| OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL |
| □ Approved □ Please revise and resubmit plan by _______________ |
| Comments: |
| Director: **Nicole Sosik** Date: 1/5/2021 |