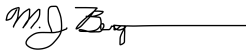


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

June 16, 2021

MEMORANDUM

To: Dr. Amy J. Alonso, Principal
Washington Grove Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
July 1, 2018, 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 June 14, 2021, meeting with you; Mrs. Michelle A. Robey, school administrative secretary (secretary); and Ms. Linda Chrisler, visiting bookkeeper, we reviewed the prior audit report dated October 18, 2018, 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

To properly control funds, all cash and checks collected by sponsors for IAF activities must be remitted promptly to the secretary. These funds must then be verified in the presence of the remitter and a receipt that is supported by MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, must be issued promptly (refer to the *MCPS Financial Manual*, chapter 7, page 4). In your action plan, you indicated that sponsors would remit funds on a daily basis to the

secretary, and the secretary would make prompt deposits, including on the last working day of the month and before each weekend or holiday. We found instances in which funds were held by the sponsors rather than being remitted daily to the secretary and they were not always promptly deposited into the school's bank account. To minimize the risk of loss and provide availability of funds to meet school needs, all funds collected must be remitted daily to the secretary for prompt deposit.

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. 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 must 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).

Notice of Findings and Recommendations

- Funds collected by the sponsors must be remitted daily to the secretary for the prompt deposit (**repeat**).
- Fund-raising must conform to Guidelines for Sponsoring an IAF Fund-raiser.

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 Ms. Nicole A. Sosik, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. 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 secretary to support you with developing a well-defined plan to address the findings.

MJB:AMB:lsh

Attachment

Copy to:

Members of the Board of Education
Dr. McKnight

Mrs. Ferrell
Dr. Wilson
Mrs. Williams
Mr. Koutsos
Mrs. Chen
Mr. Klausning
Mr. Marella
Mr. Reilly
Ms. Sosik
Mr. Tallur
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 2021	Fiscal Year: 2021
School: Washington Grove ES - 552	Principal: Dr. Amy J. Alonso
OTLS Associate Superintendent: Mr. James Koutsos	OTLS Director: Ms. Nicole Sosik
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>7/2018 - 6/2021</u>, strategic improvements are required in the following business processes :</p> <p>Remittance of all monies daily following MCPS protocols; Conform to the Guidelines for Sponsoring an IAF Fund-raiser</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Funds collected by sponsors must be submitted on a daily basis using MCPS Form 280-34 and the administrative secretary will deposit the money on the same day.	Sponsors Classroom Teachers Mrs. Michelle Robey (Secretary)	Written protocol; MCPS Form 280 - 34	Completed MCPS Form 280-34; Receipts of funds submitted and bank deposit statements.	December and May Dr. Alonso Mrs. Linda Chrisler (Bookkeeper)	
Teachers will provide class rosters and note how much each student has paid, including the date. They will note any waivers or scholarships for students. Teachers will include if a student is not attending the trip or activity. Teachers will provide the administrative secretary MCPS Form 280 - 41 at the completion of the trip.	Sponsors Classroom Teachers Mrs. Robey	Written protocol; MCPS Form 280 - 41	Field trip records prepared by sponsors must provide comprehensive data to account for all students and to reconcile funds collected with costs of trip.	December and May Dr. Alonso Mrs. Chrisler	
Trip planning will be reviewed by the administrative secretary and the principal to ensure that fees are appropriate.	Mrs. Robey Dr. Alonso	Completed MCPS Forms 280 - 34 and 280 - 41	All documentation is included in field trip packet (including approval form, bus forms, and MCPS Forms 280 - 34 and 280 - 41).	December and May Dr. Alonso Mrs. Robey Mrs. Chrisler	
Sponsors will prepare and submit fundraiser request forms to the principal to obtain written approval prior to the start of an activity. This permission will be maintained in the main office.	Sponsors Classroom Teachers Mrs. Robey		Completed fundraiser request forms		

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Sponsors will submit MCPS form 281-25 when the fundraiser is finalized.	Sponsors Classroom Teachers Mrs. Robey	Completed MCPS Form 281-25	Completed MCPS Form 281-25	December and May Dr. Alonso Mrs. Chrisler	
Administrative secretary will ensure all financial activities for each fund-raising activity is recorded in a separate account in the 7000 series.	Mrs. Robey	Completed monthly financial report	Completed MCPS Form 281-25 and completed monthly financial report	December and May Dr. Alonso Mrs. Chrisler	
Bookkeeper will prepare the final report and will analyze the results with the principal and administrative secretary.	Mrs. Chrisler	Completed monthly financial report	All documentation is included in fundraising packet.	December and May Dr. Alonso Mrs. Robey Mrs. Chrisler	

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> <i>Nicole Sosik</i> </u>	Date: <u>7/14/2021</u>