


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

January 17, 2019

MEMORANDUM

To: Ms. Carol L. Goddard, Principal  
Watkins Mill High School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
May 1, 2017, through August 31, 2018

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, 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 December 21, 2018, meeting with you and Mrs. Julia A. Broyles, school business administrator, we reviewed the status of the conditions described in our prior audit report dated July 05, 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

Cash and checks collected for IAF activities by sponsors and other authorized individuals must be remitted intact with MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, to the school financial specialist on the day the funds are received. The school financial specialist should count the funds received in the presence of the purchaser, issue a receipt, restrictively endorse any checks "for deposit only," and promptly deposit the funds in the school's bank account (refer to

*MCPS Financial Manual*, chapter 7, page 4). Funds not promptly remitted for deposit become susceptible to loss or theft and are not available to disburse from the school's checking account to pay for school requirements. We found instances in which staff collecting funds for school activities held the funds rather than remitting them promptly to the school financial specialist. We recommend that all staff who collect cash and checks for school activities be reminded to remit these funds promptly to the school financial specialist for prompt deposit in the bank.

### Summary of Recommendations

- Funds collected by sponsors must be promptly remitted to the school financial specialist **(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 Dr. Michael J. Zarchin, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Zarchin 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 school financial agents to support you with developing a well-defined plan to address the findings.

RWP:RCM:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Dr. Williams

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Tallur

Dr. Zarchin


Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> 1/17/19	<b>Fiscal Year:</b> 1/17/19
<b>School:</b> Watkins Mill HS - 545	<b>Principal:</b> Carol Goddard
<b>OSSI Associate Superintendent:</b> Dr. Darryl Williams	<b>OSSI Director:</b> Dr. Michael Zarchin
<p><b>Strategic Improvement Focus:</b>          As noted in the financial audit for the period <u>5/1/17-8/31/18</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
Funds collected by sponsors must be promptly remitted to the school financial specialist (repeat).	Financial Specialist, Business Administrator, Principal	All sponsors will be reminded that timely deposits are required.	Deposits will be monitored for timeliness on a daily basis. Financial specialist will create a weekly report of all sponsors not remitting deposits in a timely manner.	Business administrator and principal will review weekly reports and discuss all inadequate	Deposits will be remitted in a timely manner.
				findings with sponsors.	

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OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL	
<input type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments:	
Director: 	Date: 3-6-19