


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

November 4, 2016

MEMORANDUM

To: Ms. Alison L. Serino, Principal  
Westland Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
July 1, 2014, through August 31, 2016

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. 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 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.

In our meeting on November 2, 2016, with you and Mrs. Susan V. Baumgardner, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated August 13, 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

Fundraising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fundraiser*. We found that there was a lack of adherence to these guidelines. 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 fundraiser should be

approved in advance by the principal in writing and the approval retained in the school office. We recommend that fundraisers be approved in advance by the principal and that transactions for each fundraising activity be recorded in a separate School Funds Online account in the 7000 series and a completion report prepared that analyzes the results (refer to *MCPS Financial Manual*, chapter 20, page 13).

#### Summary of Recommendations

- Fundraisers must be approved in writing by the principal prior to advertising or conducting the activity.
- Fundraiser completion reports must be prepared by the sponsor for analysis by the financial specialist and the principal's review.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff. In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, please provide a response to the Internal Audit Unit within 30 calendar days of this report, with a copy to Dr. Michael J. Zarchin, director of school support and improvement of middle schools. In your response, please share a detailed plan for addressing these issues including appropriate staff training and support. The Office of School Support and Improvement will follow up on this audit.

RWP:DKH:lsh

#### Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Dr. Johnson

Mr. Civin

Dr. Williams

Mrs. Camp

Mrs. Chen

Mrs. DeGraba

Ms. Diamond

Dr. Zarchin

Mr. Ikheloa

**Fiscal Management Action Plan**

School: Westland MS

Principal: Alison L. Serino

Approved by director of school support and improvement: \_\_\_\_\_ Date of approval: \_\_\_\_\_

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Fundraisers must be approved in writing by the principal prior to advertising or conducting the activity. Fundraiser completion reports must be prepared by the sponsor for the analysis by the financial specialist and the principal's review.	<p>A school fundraiser process has been established and documented on a process map. The fundraiser process and related audit requirements will be communicated to all staff via email in November 2016. The email will include a copy of the fundraiser process map and a link to the fundraiser request and completion forms.</p> <p>Beginning in August 2017, staff will be required to sign a document acknowledging the school's fundraising process and MCPS fundraiser requirements at the annual preservice meeting.</p>	<p>Email to staff on November 10, 2016</p> <p>Pre-service August, 2017</p>	<p>Copy of email (forwarded to Dr. Zarchin on November 10, 2016</p> <p>Copy of financial overview</p>

*Note: A copy of the approved plan is to be sent to the Internal Audit Office, URSC suite 3380*